

## **Standard Special Condition A[ ] [A] (Network Code)**

### *Transportation Arrangements*

1. The licensee shall establish transportation arrangements, in respect of matters other than those to which Standard Special Conditions A[ ] (Charging Gas Shippers – General) and A[ ] (Obligations as Regards Charging Methodology) relate, which are calculated, consistently with the licensee's duties under section 9 of the Act, to facilitate the achievement of the relevant objectives.

### *Network Code*

2. The licensee shall prepare a document (the **Network Code**) setting out (together with the terms of any other arrangements which the licensee considers it appropriate to set out in the document):
  - (a) the terms of the arrangements made in pursuance of paragraph 1 save in so far as they relate to matters regulated by standard condition 4B (Connection Charges etc) or 4C (Charging Gas Shippers – Supplemental Connection Charges) or are contained in such an agreement, or an agreement of such a case or description, as may be designated by the Authority for the purposes of this condition;
  - (b) the network code modification procedures established pursuant to paragraph [6] and, subject to paragraph 7, incorporated by reference into the Network Code

and the licensee shall furnish the Authority with a copy thereof.

3. [With the consent of the Authority] the Network Code may incorporate by reference all or part of the terms of the Uniform Network Code; and references in the conditions of this licence to the Network Code include the Uniform Network Code as so incorporated.

### *Uniform Network Code*

4. The licensee shall, together with the other relevant gas transporters, prepare a document (the **Uniform Network Code**) which:
  - (a) sets out the terms of transportation arrangements established by the licensee and other relevant gas transporters, to the extent to which such terms are common, or are not in conflict, as between relevant gas transporters;
  - (b) sets out the network code modification procedures established pursuant to paragraph 6; and
  - (c) is capable of being incorporated by reference into each relevant gas transporter's Network Code

and the licensee shall furnish the Authority with a copy thereof.

*Determinations by the Authority*

5. Where a provision of the Network Code requires that, in circumstances specified in the provision, a determination by the licensee in pursuance of that provision in a particular case should be such as is calculated to facilitate the achievement of the relevant objectives, any question arising thereunder as to whether the licensee has complied with that requirement shall be determined by the Authority.

*Network Code Modification procedures*

6. The licensee shall, together with the other relevant gas transporters, establish and operate procedures (**network code modification procedures**), for the modification of the Uniform Network Code and of an Individual Network Code (including modification of the network code modification procedures themselves) so as to better facilitate, consistently with the licensee's duties under section 9 of the Act, the achievement of the relevant objectives.
7. Unless the Authority agrees otherwise, the network code modification procedures shall be contained in the Uniform Network Code (and incorporated by reference into the Network Code).
8. The network code modification procedures shall be such as provide for:
  - (a) the reviewing of the Uniform Network Code and each Individual Network Code;
  - (b) the making of proposals for the modification of the Uniform Network Code or an Individual Network Code by the licensee, another relevant gas transporter, a relevant shipper, [an offtake connected person], or any other person (a **third party participant**) identified (individually or as a member of a class of persons) in the network code modification procedures as being entitled to propose a modification;
  - (c) where a proposal is made for a modification to an Individual Network Code, the making by or on behalf of the licensee and other relevant gas transporters of an alternative proposal (in equivalent terms) for the modification of the Uniform Network Code, except in a case where the Authority otherwise consents;
  - (d) the giving of adequate publicity to any such proposal including, in particular, drawing it to the attention of all relevant gas transporters, relevant shippers [and offtake connected persons] and sending a copy of the proposal to any person who asks for one;
  - (e) the seeking of the views of the Authority on any matter connected with any such proposal;
  - (f) the consideration of any representations relating to such a proposal made (and not withdrawn) by [the licensee, any other relevant gas

transporter], a relevant shipper, a connected person, or any gas shipper or other person likely to be materially affected were the proposal to be implemented;

- (g) [in connection with the Offtake Code:
  - (i) an assessment of whether any connected modification of the Offtake Code would be necessary or appropriate in relation to such a proposal;
  - (ii) the making by or on behalf of the licensee [and the other relevant gas transporters] (in the absence of any other person making such a proposal) of a proposal for a connected modification of the Offtake Code which is so assessed to be necessary or appropriate; and
  - (iii) the coordination, in relation to proposals for connected modifications, of the implementation of the network code modification procedures and the offtake code modification procedures; and
- (h) where the Authority accepts that the Uniform Network Code or an Individual Network Code may require modification as a matter of urgency, the exclusion, acceleration or other variation, subject to the Authority's approval, of any particular procedural steps which would otherwise be applicable.

9. The network code modification procedures:

- (a) may include provisions which differ as between proposed modifications to the Uniform Network Code and proposed modifications to an Individual Network Code;
- (b) may provide for one relevant gas transporter to make any modification to the Uniform Network Code on behalf of all relevant gas transporters.

*Modification of Network Code and Uniform Network Code*

10. The licensee shall not make any modification to the Network Code or make or permit any modification to the Uniform Network Code except:

- (a) to comply with paragraph [12(b) or 13]; [or
- (b) with the consent of the Authority];

and shall furnish or cause to be furnished to the Authority a copy of any such modification made.

11. Where:

- (a) the Health and Safety Executive have given a notice to the licensee in pursuance of this paragraph referring to a matter relating to the

protection of the public from dangers arising from the conveyance of gas through its pipe-line system, and

- (b) a modification to the Uniform Network Code or the licensee's Individual Network Code could, consistently with the relevant objectives, appropriately deal with the matter

the licensee shall propose such a modification in accordance with the network code modification procedures, and any requirement that a modification be such as to better facilitate the achievement of the relevant objectives shall be treated as met if the modification is consistent with those objectives.

12. Where a proposal is made in accordance with the network code modification procedures to modify the Uniform Network Code or an Individual Network Code, the licensee shall:

- (a) as soon as is reasonably practicable, give notice to the Authority:<sup>1</sup>
  - (i) giving particulars of the proposal;
  - (ii) where the proposal is made by a person other than a relevant gas transporter, drawing attention to any alternative proposal to modify the Uniform Network Code or Individual Network Code in respect of the same matter which has been made by a relevant gas transporter;
  - (iii) giving particulars of any representations by the licensee, another relevant gas transporter, a gas shipper, [an offtake connected person] or any other person with respect to those proposals;
  - (iv) including a recommendation (on the part of such person or body as may be provided for in the network code modification procedures) as to whether any proposed modification should or should not be made, and the factors which (in the opinion of such person or body) justify the making or not making of a proposed modification; and
  - (v) giving such further information as may be required to be given to the Authority by the network code modification procedures;
- (b) comply with any direction of the Authority to make a modification to the Uniform Network Code or the licensee's Individual Network Code in accordance with a proposal described in a notice given to the Authority under paragraph [12(a)] which, in the opinion of the Authority, will, as compared to the existing provisions of the Uniform Network Code or (as the case may be) Individual Network Code, or any alternative proposal, better facilitate, as mentioned in paragraph [6], the achievement of the relevant objectives.

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<sup>1</sup> All or part of 12 could be collapsed into 8 as requirements of the content of the modification procedures.

13. Where any directions are given to the licensee under section 19 or 21(1) of the Act, the licensee shall make such modifications to [the Uniform Network Code or] its Individual Network Code as may be necessary to enable the licensee to comply with the directions under section 19 or 21(1) of the Act without contravening Standard Special Condition A[ ] (Requirement to Enter into Transportation Arrangements in Conformity with Network Code).
14. The licensee shall:
  - (a) prepare and publish a summary of the Uniform Network Code and the licensee's Individual Network Code as modified or changed from time to time in such form and manner as the Authority may from time to time direct; and
  - (b) make available a copy of the Uniform Network Code and the licensee's Individual Network Code as modified from time to time to any person who asks for one and makes such payment to (or to a person nominated by) the licensee in respect of the cost thereof as it may require not exceeding such amount as the Authority may from time to time approve for the purposes hereof.
15. The network code modification procedures shall provide that any question arising under the network code modification procedures as to:
  - (a) whether a gas shipper or other person is likely to be materially affected by a proposal to modify the Uniform Network Code or an Individual Network Code were it to be implemented; or
  - (b) whether representations relating to such a proposal and made in pursuance of the rules have been properly considered by the licensee,shall be determined by the Authority.
16. In relation to the Uniform Network Code, the licensee shall be taken to have complied:
  - [(a) with the requirements in paragraph [4] to furnish to the Authority a copy of the Uniform Network Code, if such a copy is furnished to the Authority],
  - (b) with the requirement in paragraph [10] to furnish to the Authority a copy of any modification made, if such a copy is furnished to the Authority,
  - (c) with the requirement in paragraph [11] to propose a modification, if such a modification is proposed,
  - (d) with the requirement in paragraph [12(a)] to give notice to the Authority, if such notice is given to the Authority,
  - (e) with the requirement in paragraph [12(b)] to comply with a direction to make a modification, if such a modification is made,

- (f) with the requirement in paragraph [13]] to make a modification, if such a modification is made,
- (g) with the requirements in paragraph [14] to prepare and publish a summary, and to send a copy, if such a summary is prepared and published or (as the case may be) such a copy is sent,

by or on behalf of the relevant gas transporters collectively pursuant to the network code modification procedures and/or Joint Governance Arrangements.

#### *Common network code systems*

17. The licensee shall:

- (a) together with the other relevant gas transporters, make arrangements (**common systems arrangements**) which ensure that all such licensees use the same systems and processes for the implementation and administration of each of their Network Codes (so far as incorporating the terms of the Uniform Network Code), to the extent of those systems and processes which are identified in the statement entitled "Statement of Common Systems" delivered by or on behalf of the licensee and the other relevant gas transporters to the Authority on or before the effective date of this condition; and
- (b) enter into an agreement (**CSA Agreement**) with the other relevant gas transporters providing for the establishment and operation of the **common systems arrangements** .

18. Except where the Authority consents to an appropriate amendment of the Statement of Common Systems, the licensee shall not change or permit a change to the common systems arrangements which has the effect that any of the systems and processes which:

- (a) it uses for the implementation and administration of its Network Code (so far as incorporating the terms of the Uniform Network Code), and
- (b) is identified in the Statement of Common Systems

ceases to be the same as that used for the equivalent purpose by the other relevant gas transporters.

#### *Miscellaneous*

19. In this condition “transportation arrangements” includes storage arrangements which relate to the utilisation of-

- (a) an offshore gas storage installation;
- (b) storage cavities in natural strata; or
- (c) containers for the storage of gas in a liquid state.

***NOTE: the above provisions will apply to DN GT licensees only and will need to be amended in the context of the NTS licence in order to reference LNG storage as per the current ASC 9 in Transco's GT licence. Such amendments will be incorporated within the NTS licence by way of inclusion in the special condition for the NTS licensee which amends the provisions of the standard special conditions applicable to it. The amendment will have the effect of replacing the provisions of this paragraph [19] with the following text:***

“In this condition “transportation arrangements” includes LNG storage arrangements”].

20. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in particular categories of the facilities mentioned in paragraph [19(a).(b) or (c)] and its view on that question, considers it appropriate that paragraph [19] should be modified by the omission of sub- paragraphs (a),(b) or (c) then the sub- paragraph in question shall be omitted with effect from a date specified in a notice published by the Authority for the purposes of this condition generally; and, if all three sub – paragraphs come to be omitted, paragraph [19] and the reference thereto in the definition of “transportation arrangements” in standard condition 1 (Definitions and Interpretation) shall cease to have effect.

***NOTE: the above provisions will apply to DN GT licensees only and will need to be amended in the context of the NTS licence in order to reference LNG storage as per the current ASC 9 in Transco's GT licence. Such amendments will be incorporated within the NTS licence by way of inclusion in the special condition for the NTS licensee which amends the provisions of the standard special conditions applicable to it. The amendment will have the effect of replacing the provisions of this paragraph [20] with the following text:***

“If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in LNG Storage Facilities and its view on that question, considers it appropriate that this condition should be modified by the omission of paragraph [19] then the paragraph shall be omitted with effect from a date specified in a notice published by the Authority for that purpose; and, the reference thereto in the definition of “transportation arrangements” in standard condition 1 (Definitions and Interpretation) shall cease to have effect”.

21. If and in so far as the Authority so consents, this condition shall have effect as if the definition of “transportation arrangements” in standard condition 1 (Definitions and Interpretation) referred only to gas consisting wholly or mainly of methane.

22. [Any reference to “relevant shipper” in any of paragraphs [8(b), 8(d), or 8(f) shall where it relates to any proposed modification which could have been proposed by a third party participant under the network code modification procedures be treated as if it were also a reference to all such third party participants.]