

## **THE STANDARD SPECIAL AND SPECIAL CONDITIONS**

### **STORAGE RELATED PROVISIONS (DISG DISCUSSION)**

#### **Standard Special Condition A4. Charging-General**

1. The licensee shall furnish the Authority with a statement of -
  - (a) the charges to be made in pursuance of transportation arrangements with specified descriptions of gas shippers in different specified cases or descriptions of cases;
  - (b) the reserve price, if any, to be applied in any auction in respect of transportation arrangements; and
  - (c) the methods by which, and the principles on which, those charges or reserve prices are determined in accordance with the methodology referred to in paragraph 5;

and, without prejudice to paragraph 2, if any change is made in the charges to be so made, or in the reserve prices to be applied, or in the methods by which, or the principles on which, those charges or reserve prices are to be so determined, the licensee shall, before the change takes effect or, if that is not reasonably practicable, as soon as is reasonably practicable thereafter, furnish the Authority with a revision of the statement or, if the Authority so accepts, with amendments to the previous statement, which reflect the change.

2. The licensee shall –
  - (a) use its reasonable endeavours:
    - (i) not to make any changes to the charges or reserve prices mentioned in paragraph 1 more frequently than twice in each formula year; and
    - (ii) only to make changes to the charges or reserve prices mentioned in paragraph 1 on 1 April and 1 October in each formula year;
  - (b) comply with the Joint Governance Arrangements (as defined in Standard Special Condition A12 (Joint Office Governance Arrangements)) to the

extent that such arrangements relate to the administration of any proposals referred to in sub-paragraph (a) made by the licensee with any such proposals made by any other licensed gas transporter in whose licence the condition corresponding to this condition has effect;

- (c) give the Authority notice of any proposals which it is considering to change the charges or reserve prices mentioned in paragraph 1, together with a reasonable estimate of the effect of the proposals (if implemented) on those charges or auctions for which the reserve prices are to be applied, and shall use all reasonable endeavours to do so at least 150 days before the proposed date of their implementation; and
- (d) where the licensee has decided to implement any proposals to change the charges or reserve prices mentioned in paragraph 1, give the Authority notice of this decision and the date on which the proposals will be implemented which shall not, unless the Authority otherwise consents, be less than a month after that on which the notice required by this sub-paragraph was given.

3. The licensee shall -

- (a) publish any statement, or revision or amendment of a statement, furnished, or notice given, under paragraph 1 or 2 in such manner as will, in its reasonable opinion, secure adequate publicity for it; and
- (b) send a copy of any such statement, revision, amendment or notice so published to any person who asks for one.

4. Except in a case in which the Authority accepts otherwise, the licensee shall only enter into transportation arrangements which either

- (a) secure that the charges in pursuance thereof will be in conformity with the statement last published under paragraph 3 either -
  - (i) before it enters into the arrangements; or
  - (ii) before the charges in question from time to time fall to be made,and, for the purposes of this paragraph, the reference to the statement last published under paragraph 3 shall be construed, where that statement is subject to amendments so published before the relevant time, as a reference to that statement as so amended; or

- (b) are subject to prices set in an auction process which include either –
  - (i) a reserve price in conformity with the statement last published under paragraph 3 before the auction took place; or
  - (ii) no reserve price.
- 5. Subject to paragraph 6, **if applicable**, the licensee shall -
  - (a) establish a methodology showing the methods by which, and the principles on which (except in a case in which the Authority accepts otherwise) such charges as are mentioned in paragraph 1(a) and such reserve prices as are mentioned in paragraph 1(b) are to be determined; and
  - (b) conform to the methodology so established as from time to time modified in accordance with Standard Special Condition A5 (Obligations as Regards Charging Methodology).
- 6. **NOT USED**
- 7. **NOT USED**
- 8. References in paragraphs 1 to 5 to charges do not include references to -
  - (a) charges related to the acquisition or disposal of gas for purposes connected with the balancing of the licensee’s pipe-line system; or
  - (b) to the extent (if any) to which the Authority has accepted that they should, as respects certain matters, be so determined, to charges determined by reference to provisions in that behalf set out in the Network Code,and, subject as aforesaid, references in this condition and in Standard Special Condition A5 (Obligations as Regards Charging Methodology) and Standard Condition 4B (Connection Charges etc) to charges-
  - (i) include references to the means whereby charges may be ascertained; and
  - (ii) exclude references to supplemental charges within the meaning of standard condition 4C (Charging Gas Shippers – Supplemental Connection Charges).

9. **NOT USED**

10. **NOT USED**

11. In this condition

“transportation arrangements” shall have the meaning given in Standard Special Condition A3 (Definitions and Interpretation) save that references therein to the term “pipe-line system” shall be amended so as to refer to “pipe-line system or any part thereof”.

## **Standard Special Condition A5. Obligations as Regard Charging Methodology**

1. Except in so far as the Authority consents to the licensee not doing so, the licensee shall, subject to paragraphs 2, 2A and 3, from time to time make such modifications of the methodology established in pursuance of paragraph 5 of Standard Special Condition A4 (**Charging – General**) (“the charging methodology”) as may be requisite for the purpose of achieving the relevant methodology objectives.
2. Except in so far as the Authority otherwise approves, the licensee shall not make a modification of the charging methodology unless it has -
  - (a) consulted the gas shippers on the proposed modification and allowed them a period of not less than 28 days within which to make written representations; and
  - (b) furnished the Authority with a report setting out -
    - (i) the terms originally proposed for the modification;
    - (ii) the representations (if any) made by gas shippers; and
    - (iii) any change in the terms of the modification intended in consequence of such representations,and unless 28 days have elapsed since the said report was furnished without the Authority having given the licensee a direction requiring that the modification be not made.
- 2A. The licensee shall –
  - (a) use its reasonable endeavours:
    - (i) not to make any changes to the charging methodology more frequently than twice in each formula year; and
    - (ii) only to make changes to the charging methodology on 1 April and 1 October in each formula year or at such other time as the Authority may by notice in writing direct;
  - (b) for the purposes of ensuring that the charging methodology achieves the relevant methodology objectives, keep the charging methodology at all times under review; and

- (c) comply with the Joint Governance Arrangements (as defined in Standard Special Condition A12 (Joint Office Governance Arrangements)) to the extent that such arrangements relate to the administration of any proposals referred to in sub-paragraph (a) made by the licensee with any such proposals made by any other licensed gas transporter in whose licence the condition corresponding to this condition has effect.
3. Subject to paragraph 4, the licensee shall in each formula year furnish the Authority with a report on the application of the charging methodology during the 12 months preceding 1st October in that year including a statement as to -
    - (a) the extent to which, in the licensee’s opinion, the relevant methodology objectives have been achieved during the period to which it relates;
    - (b) whether those objectives could more closely be achieved by modification of the charging methodology; and
    - (c) if so, the modifications which should be made for that purpose.
  4. As respects the formula year in which this licence came into force:
    - (a) if it came into force on or after 1 October in that year, paragraph 3 shall not apply; or
    - (b) if it came into force before that date, paragraph 3 shall have effect as if for the reference to the 12 months preceding that date there were substituted a reference to the period preceding that date beginning with the date on which the licence came into force.
  5. In paragraphs 1 and 3 “the relevant methodology objectives” means, subject to paragraph 6, the following objectives -
    - (a) save in so far as paragraph (aa) applies, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;
    - (aa) that, in so far as prices in respect of transportation arrangements are established by auction, either:
      - (i) no reserve price is applied, or
      - (ii) that reserve price is set at a level -

- (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and
  - (II) best calculated to promote competition between gas suppliers and between gas shippers;
- (b) that, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business; and
- (c) that, so far as is so consistent, compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers.

6. Where -

- (a) the charging methodology results in charges which, or the revenue derived from which, are, in the main, not controlled or limited in pursuance of any standard condition of this licence other than Standard Special Condition A4 (Charging – General); and
- (b) the Authority has not accepted that, for a specified period, this paragraph should not apply or has so accepted subject to standard conditions which are not satisfied,

“the relevant methodology objectives” shall include the following objective, namely, that the charging methodology results in charges which, taking one charge with another and one year with another, permit the licensee to make a reasonable profit, and no more, from its transportation business so, however, that, for the purposes of this paragraph, there shall be disregarded -

- (i) costs incurred for the purposes of that business in connection with the construction of pipe-lines for the benefit of an area for the time being designated for the purposes of standard condition 4C (Charging of Gas Shippers – Supplemental Connection Charges);
- (ii) revenue derived from that business by way of charges (within the meaning of standard condition 4B (Connection Charges etc)) to which any provisions of that standard condition have effect and which are in respect of premises within an area for the time being so designated;

- (iii) revenue derived from that business by way of supplemental charges (within the meaning of standard condition 4C (Charging of Gas Shippers – Supplemental Connection Charges)); and
- (iv) any payments made by the licensee in connection with the proposed development of an area for the time being not so designated to a person who has an interest in land in that area, other than by way of reasonable consideration for an interest in land or for goods or services with which the licensee is provided,

and, for the purposes of this paragraph, “costs” and “revenue” mean costs and revenue determined on an accrual basis.

7. The licensee shall comply with any direction given from time to time by the Authority requiring the licensee -
  - (a) subject to paragraphs 8 and 9 to publish such information as may be specified or described in the direction -
    - (i) as to any of the costs incurred by the licensee in its transportation business, or
    - (ii) relating to the charging methodology as modified from time to time in accordance with paragraph 1; and
  - (b) to do so in such form and manner and with such frequency as may be so specified.
8. The licensee shall not be required by paragraph 7 to publish any information or any document -
  - (a) which it could not be compelled to give in evidence or produce in civil proceedings before the court; or
  - (b) so far as it comprises information relating to costs incurred in connection with the construction of pipe-lines for the benefit of an area for the time being designated for the purposes of standard condition 4C (Charging of Gas Shippers – Supplemental Connection Charges) or so incurred in preparation for the area becoming so designated.
9. In publishing any information in pursuance of paragraph 7 the licensee shall have regard to the need for excluding, so far as is practicable, any matter which relates to

the affairs of any person where the publication of that matter would or might seriously and prejudicially affect his interests.

10. Any question arising under paragraph 9, as to whether the publication of some matter which relate to the affairs of a person would or might seriously and prejudicially affect his interests, shall be determined by the Authority.

11. In this condition:

“transportation arrangements” shall have the meaning given in Standard Special Condition A3 (Definitions and Interpretation) save that references therein to the term “pipe-line system” shall be amended so as to refer to “pipe-line system or any part thereof”;

“Supply of Transportation Services” shall have the meaning given in Standard Special Condition A3 (Definitions and Interpretation) save that references therein to “Transportation System” shall be construed as meaning the facilities which are used by the licensee for the conveyance of gas within Great Britain or any part thereof.”

## **Standard Special Condition A6. Conduct of Transportation Business**

1. The licensee shall conduct its transportation business in the manner best calculated to secure that neither -
  - (a) the licensee or any affiliate or related undertaking of the licensee, nor
  - (b) any gas shipper or gas supplier,obtains any unfair commercial advantage including, in particular, any such advantage from a preferential or discriminatory arrangement, being, in the case of such an advantage accruing to the licensee, one in connection with a business other than its transportation business.
2. In this condition “transportation business” includes –
  - (a) the Provision of Metering Services and Meter Reading Services; and
  - (b) if the licensee has been designated as the Designated Registrar of Pipes pursuant to standard condition 33 (Designated Registrar of Pipes), the functions of the Designated Registrar of Pipes.
3. **NOT USED**
4. 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 either metering or meter reading and its view on that question, considers it appropriate that references to either the provision of metering services or of meter reading services should be deleted for the purpose of paragraph 2 of this condition, those references shall cease to have effect from the date or dates specified in a notice published by the Authority for that purpose.

**Standard Special Condition A7. Requirement to Enter into Transportation Arrangements in Conformity with Network Code**

1. Except in a case in which the Authority accepts otherwise, the licensee shall only enter into transportation arrangements which are in conformity with any relevant provisions of the Network Code.
2. **NOT USED**
3. **NOT USED**
4. If and in so far as the Authority so consents, this condition shall have effect as if the definition of “transportation arrangements” in Standard Special Condition A3 (Definitions and Interpretation) referred only to gas consisting wholly or mainly of methane.
5. The licensee shall comply with any obligation in the Network Code to disclose information relating to:
  - (i) the operation of the licensee’s pipe-line system; or
  - (ii) any market relating to the licensee’s pipe-line system.

## **Standard Special Condition A11. Network Code**

### *Transportation Arrangements*

1. The licensee shall establish transportation arrangements, in respect of matters other than those to which Standard Special Conditions A4 (**Charging – General**) and A5 (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 following objectives –
  - (a) the efficient and economical operation of the licensee's pipe-line system;
  - (b) so far as is consistent with (a), the coordinated, efficient and economical operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other gas transporter;
  - (c) so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;
  - (d) so far as is consistent with sub-paragraphs (a) to (c), the securing of effective competition between relevant shippers and between relevant suppliers;
  - (e) so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards (within the meaning of paragraph 4 of standard condition 32A (Security of Supply – Domestic Customers) of the standard conditions of Gas Suppliers' licences) are satisfied as respects the availability of gas to their domestic customers; and
  - (f) so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the Network Code;

hereinafter referred to as the “relevant objectives”.

2. In relation to a proposed modification of the network code modification procedures, a reference to the relevant objectives is a reference to the requirements in paragraphs 9 and 13 of Standard Special Condition A11 (Network Code) (to the extent that those requirements do not conflict with the objectives set out in paragraph 1).

#### *Network Code*

3. 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 7 and, subject to paragraph 8, incorporated by reference into the Network Code

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

4. The Network Code shall incorporate by reference the terms of the Uniform Network Code except where the Authority agrees otherwise; and references in the conditions of this licence to the Network Code include the Uniform Network Code as so incorporated.

#### *Uniform Network Code*

5. 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 7; 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*

- 6. 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*

- 7. 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.
- 8. 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).
- 9. 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)
  - (i) the making of proposals for the modification of the Uniform Network Code by the licensee, another relevant gas transporter, a relevant shipper, 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;
  - (ii) the making of proposals for the modification of an Individual Network Code by the licensee, a relevant shipper, 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 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, or any gas shipper or other person likely to be materially affected were the proposal to be implemented;
- (g) 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.

10. 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*

11. 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 13(b) or 14; 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.

12. 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 pipeline 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.

13. 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:
  - (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, 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 13(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 7, the achievement of the relevant objectives.

14. 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 A7 (Requirement to Enter into Transportation Arrangements in Conformity with Network Code).

15. 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.
  
16. 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.
  
17. In relation to the Uniform Network Code, the licensee shall be taken to have complied:
  - (a) with the requirements in paragraph 5 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 11 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 12 to propose a modification, if such a modification is proposed,

- (d) with the requirement in paragraph 13(a) to give notice to the Authority, if such notice is given to the Authority,
- (e) with the requirement in paragraph 13(b) to comply with a direction to make a modification, if such a modification is made,
- (f) with the requirement in paragraph 14 to make a modification, if such a modification is made,
- (g) with the requirements in paragraph 15 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.

*Miscellaneous*

18. **NOT USED**

19. **NOT USED**

20. 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.

21. Any reference to “relevant shipper” in any of paragraphs 9(b), 9(d), or 9(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.

22. (a) In this condition:

“**relevant gas transporter**” means the licensee and any other licensed gas transporter in whose licence the condition corresponding to this Standard Special Condition A11 (Network Code) is effective;

**“Individual Network Code”** means a relevant gas transporter's Network Code, to the extent of any provision contained in such Network Code which is not contained in (and incorporated by reference from) the Uniform Network Code.

**“combined pipe-line system”** means the licensee's pipe-line system and the pipe-line system of each other relevant gas transporter taken as a whole;

**“network code modification procedures”** means the modification procedures referred to in paragraph 8 of this condition;

- (b) Where the context requires,
  - (i) references to a Network Code shall include the equivalent document prepared by each other relevant gas transporter (as from time to time modified) pursuant to the condition in its licence corresponding to this condition; and
  - (ii) references to transportation arrangements shall include the corresponding arrangements made by each other relevant gas transporter.
- (c) For the purposes of this condition, references to a relevant shipper include any gas shipper which is a relevant shipper for the purposes of the licence of any relevant gas transporter.

## **Standard Special Condition A26. Provision of Information to the Authority**

1. Subject to paragraphs 5 and 7, the licensee shall furnish the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and furnish to it such reports, as the Authority may reasonably require or as may be necessary for the purpose of performing -
  - (a) the functions conferred on the Authority by or under the Act; and
  - (b) any functions transferred to or conferred on the Authority by or under the Utilities Act 2000.
2. The licensee shall procure from each company or other person which the licensee knows or reasonably should know is at any time an ultimate controller of the licensee a legally enforceable undertaking in favour of the licensee in a form specified by the Authority that that ultimate controller (“the information covenantor”) will give to the licensee, and will procure that any person (including, without limitation, a corporate body) which is a subsidiary of, or is controlled by, the information covenantor (other than the licensee and its subsidiaries) will give the licensee, all such information as may be necessary to enable the licensee to comply fully with the obligation imposed on it in paragraph 1. Such undertaking shall be obtained within 7 days of such corporate body or other person in question becoming an ultimate controller of the licensee and shall remain in force for so long as the licensee remains the holder of this licence and the information covenantor remains an ultimate controller of the licensee.
3. The licensee shall deliver to the Authority evidence (including a copy of each such undertaking) that the licensee has complied with the obligation to procure undertakings pursuant to paragraph 2, and shall comply with any direction from the Authority to enforce any undertaking so procured.
4. The licensee shall not, save with the consent in writing of the Authority, enter (directly or indirectly) into any agreement or arrangement with any ultimate controller of the licensee or, where the ultimate controller is a corporate body, any of the subsidiaries of such a corporate ultimate controller (other than the subsidiaries of the licensee) at a time when:

- (a) an undertaking complying with paragraph 2 is not in place in relation to that ultimate controller; or
  - (b) there is an unremedied breach of such undertaking; or
  - (c) the licensee is in breach of the terms of any direction issued by the Authority under paragraph 3 of this condition.
5. The licensee shall not be required by the Authority to furnish it under this condition with information for the purpose of the exercise of its functions under section 34 of the Act.
6. The licensee shall, if so requested by the Authority, give reasoned comments on the accuracy and text of any information or advice (so far as relating to its activities as holder of a gas transportation licence) which the Authority proposes to publish pursuant to section 35 of the Act.
7. This condition shall not require the licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court.
8. The power of the Authority to call for information under this condition is in addition to the power of the Authority to call for information under or pursuant to any other condition. There shall be a presumption that the provision of information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.

## **Standard Special Condition A27. Disposal of Assets**

1. The licensee shall not dispose of or relinquish operational control over any transportation asset otherwise than in accordance with the following paragraphs of this condition.
2. Save as provided in paragraph 3, the licensee shall give to the Authority not less than two months' prior written notice of its intention to dispose of or relinquish operational control over any transportation asset, together with such further information as the Authority may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto of the person proposing to acquire such asset or operational control over such asset.
- 2A. The following provisions of this paragraph shall apply where the transportation asset comprises a significant part of an independent system operated by the licensee on the appointed day.
  - (a) Save where the Secretary of State otherwise agrees, the licensee shall neither agree to dispose of, nor dispose of, its right to operate such a transportation asset unless it has put in place or procured, or will with effect from no later than the date of such disposal put in place or procure, a suitable alternative arrangement and any question arising under this subparagraph as to whether an alternative arrangement is or will be suitable shall be determined by the Secretary of State.
  - (b) The licensee shall notify the Secretary of State no less than 60 days in advance of the proposed disposal and if the Secretary of State directs the licensee within 30 days of such notification, not to proceed with the disposal on grounds that a suitable alternative arrangement has not been or will not be put in place or procured, the licensee shall comply with the direction.
  - (c) In this paragraph, "alternative arrangement" means, in respect of relevant premises (as defined in Special Condition 18 (Conveyance to independent systems)), an arrangement for the conveyance of gas which has the like effect for the purpose of protecting the interests of consumers at such premises as the aforesaid Special Condition 18.

3. Notwithstanding paragraphs 1 and 2, the licensee may dispose of or relinquish operational control over a transportation asset –
  - (a) where:
    - (i) the Authority has issued directions for the purposes of this condition generally containing a general consent (whether or not subject to conditions) to:
      - (aa) transactions of a specified description; or
      - (bb) the disposal of or relinquishment of operational control over an asset of a specified description; and
    - (ii) the transaction or the assets are of a description to which such directions apply and the disposal or relinquishment is in accordance with any conditions to which the consent is subject; or
  - (b) where the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation.
4. Notwithstanding paragraph 1, the licensee may dispose of or relinquish operational control over any transportation asset as is specified in any notice given by the licensee under paragraph 2 where:
  - (a) the Authority confirms in writing that it consents to such disposal or relinquishment (which consent may be made subject to acceptance, by the licensee or any third party in favour of whom the asset is proposed to be disposed or operational control is proposed to be relinquished to, of such conditions as the Authority may specify); or
  - (b) the Authority does not inform the licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in paragraph 2.
5. If the transportation asset comprises a significant part of the gas conveyance system in Great Britain, notwithstanding that the disposal of or relinquishment of operational

control over the asset is permitted under paragraph 3 or 4, the licensee shall notify the Secretary of State at least 60 days in advance of the proposed disposal of or relinquishment of operational control over the asset; and if the Secretary of State directs the licensee, within 30 days of such notification, not to proceed with the disposal of or the relinquishment of operational control over the asset, the licensee shall comply with the direction.

6. In this condition-

- “disposal”:
- (a) in relation to disposal of a transportation asset situated in England and Wales includes, any sale, gift, exchange, assignment, lease, licence, loan, mortgage, charge, or the grant of any other encumbrance, or the permitting of any encumbrance to subsist or any other disposition to a third party
  - (b) in relation to disposal of a transportation asset situated in Scotland, includes the grant of any disposition, conveyance, contract of excambion, any lease, assignation, licence, the grant of any right of possession, loan, standard security, floating charge to a third party or the grant of any servitude right, wayleave or any other transaction or event which is capable under any enactment or rule of law of affecting the title to a registered interest in land

and “dispose” and “cognate” expressions shall be construed accordingly;

“relinquishment of operational control” includes, without limitation, entering into any agreement or arrangement whereby operational control of a transportation asset or transportation assets is not or ceases to be under the sole management of the licensee.

“transportation asset” means any part of the licensee’s pipe-line system or any part of any facility being one –

- (i) used by the licensee only for the diurnal storage of gas or for the storage of gas in connection with the operation of its independent systems; and
- (ii) required for the proper performance of its duty under section 9(1) of the Act, together with any estate or interest in land required for the utilisation of that system or of such a facility.

### **Standard Special Condition A30. Regulatory Accounts**

1. The following paragraphs of this condition apply for the purpose of ensuring that the licensee (and any affiliate or related undertaking) maintains accounting and reporting arrangements which enable regulatory accounts to be prepared for –
  - (a) the transportation business;
  - (b) the Metering Business; and
  - (c) the Meter Reading Businessshowing the financial affairs of each such business in respect of each Distribution Network (as defined in Special Condition E2A) or the NTS (as defined in Special Condition C8A), where applicable.
  
2. The licensee shall, in respect of each such business:
  - (a) keep or cause to be kept, for the period referred to in section 222(5)(b) of the Companies Act 1985 and in the manner referred to in that section such accounting records in respect of each of the businesses referred to in paragraph 1 so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each such business are separately identifiable in the accounting records of the licensee (and any affiliate or related undertaking) from those of any other business of the licensee;
  - (b) prepare on a consistent basis from such accounting records in respect of:
    - (i) each financial year, accounting statements comprising a profit and loss account, a statement of total recognised gains and losses, a cash flow statement, and in respect of each of the businesses referred to in paragraph 1, a statement of net assets at the end of the period, together with notes thereto, and showing separately in respect of each of the businesses referred to in paragraph 1 and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has either been:
      - (aa) charged from any ultimate controller of the licensee, together with any subsidiary of such ultimate controller (other than the

licensee or its subsidiaries) in relation to the provision of goods or services to the licensee

- (bb) charged from the licensee in relation to the provision of goods or services to any ultimate controller of the licensee together with any subsidiaries of such ultimate controller (other than the licensee or its subsidiaries); or
- (cc) determined by apportionment or allocation between any of the businesses referred to in paragraph 1 and any other business of the licensee or affiliate or related undertaking together with a description of the basis of the apportionment or allocation;

provided that the obligations in (aa), (bb) and (cc) above shall only apply to goods and services received or supplied for the purposes of the Metering Business and the Meter Reading Business; and

- (ii) the first six months of each financial year, an interim profit and loss account; and
  - (iii) each financial year, sufficient accounting information in respect of each of the businesses referred to in paragraph 1 to allow the preparation of consolidated accounting statements of the licensee or, where applicable, the ultimate controller of the licensee. Such information shall include a profit and loss account, a statement of total recognised gains and losses, a balance sheet, and a cash flow statement together with notes thereto;
- (c) procure, in respect of the accounting statements prepared in accordance with this condition in respect of each financial year, a report by the auditors and addressed to the Authority stating whether in their opinion those statements have been properly prepared in accordance with this condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the businesses referred to in paragraph 1 to which the statements relate; and
  - (d) deliver to the Authority a copy of the account referred to in sub-paragraph (b)(ii), the auditors' report referred to in sub-paragraph (c), the accounting statements

referred to in sub-paragraph (b)(i) and the accounting information referred to in sub-paragraph (b)(iii), as soon as reasonably practicable, and in any event not later than three months after the end of the period to which it relates in the case of the account referred to in sub-paragraph (b)(ii) and six months after the end of the financial year to which they relate in the case of the accounting statements, auditors' report and accounting information referred to in sub-paragraphs (b)(i), (b)(iii) and (c).

3. Unless the Authority so specifies in directions issued for the purposes of this condition, or with the Authority's prior written approval, the licensee shall not in relation to the accounting statements in respect of a financial year change the bases of charge or apportionment or allocation referred to in sub-paragraph 2(b)(i) from those applied in respect of the previous financial year.
4. Where, in relation to the accounting statements in respect of a financial year, the licensee has changed such bases of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the licensee shall, if so directed in directions issued by the Authority, in addition to preparing accounting statements on those bases which it has adopted, prepare such accounting statements on the bases which applied in respect of the immediately preceding financial year.
5. Accounting statements and information in respect of a financial year prepared under sub-paragraph 2(b)(i) and (b)(iii) shall, so far as reasonably practicable and unless otherwise approved by the Authority having regard to the purposes of this condition:
  - (a) have the same content and format as the statutory accounts of the licensee prepared under Section 226 and, where appropriate, Section 227 of the Companies Act 1985 and conform to the best commercial accounting practices including all relevant accounting standards issued or adopted by the Accounting Standards Board currently in force;
  - (b) state the accounting policies adopted; and

- (c) with the exception of the part of such statements and information which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively, be published with the statutory accounts of the licensee.
6. Unless the accounting statements and information prepared under sub-paragraph 2(b)(i) and (b)(iii) are prepared on the current cost basis as provided by the alternative accounting rules, the licensee shall, unless otherwise agreed by the Authority, in addition to preparing those accounting statements under that paragraph, prepare accounting statements for each of the businesses referred to in paragraph 1 covering the same period, which shall comprise and show separately:
- (a) a profit and loss account, statement of total recognised gains and losses, a balance sheet, and a cash flow statement, together with notes thereto, which shall:
    - (i) include in respect of current cost assets amounts determined on the current cost basis as provided by the alternative accounting rules; and
    - (ii) show or disclose the information and other matters required by the alternative accounting rules to be shown or disclosed in accounts where the amounts included in respect of assets covered by any items shown in those accounts have been determined on any basis mentioned in paragraph 31 of section C of Part II of Schedule 4 to the Companies Act 1985;
  - (b) in respect of each of the businesses referred to in paragraph 1 the adjusted amount of any such provision for depreciation as is referred to in paragraph 32(2) of section C of Part II of Schedule 4 to the Companies Act 1985 and the items shown in the profit and loss account of those businesses for the relevant period which are affected by the determination of amounts on the current cost basis as provided by the alternative accounting rules, including the profit (or loss) before taxation; and
  - (c) such other current cost information as is referred to in the handbook as the Authority may reasonably require;

and shall deliver the same, together with an auditors' report prepared in relation to the current cost basis accounting statements in the form referred to in sub-paragraph 2(c), to the Authority within the time limit referred to in sub-paragraph 2(d), and shall (with the exception of the part of such statements and information which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively) publish the same with the statutory accounts of the licensee.

7. References in this condition to costs or liabilities of, or reasonably attributable to, any of the businesses referred to in paragraph 1 shall be construed as excluding taxation and capital liabilities which do not relate principally to the particular business, and interest thereon; and references to any profit and loss account shall be construed accordingly.

8. Without prejudice to paragraph 5 of the terms of this licence, references in this condition to sections of the Companies Act 1985 are references to those provisions as amended, substituted or inserted by the relevant provisions of the Companies Act 1989 and if such provisions of the Companies Act 1989 are not in force at the date of grant of this licence shall be construed as if such provisions were in force at such date.

9. For the purposes of this condition:

“alternative accounting rules” means the rules set out in section C of Part II of Schedule 4 to the Companies Act 1985.

“current cost assets” means assets of any description mentioned in paragraph 31 of Section C of Part II of Schedule 4 to the Companies Act 1985.

“the handbook” means the handbook issued by the Accounting Standards Committee of the Consultative Committee of Accounting Bodies (CCAB Limited) or any successor body entitled “Accounting for the effects of changing prices: a handbook” in its

current edition for the time being or in the event that no such handbook shall be in issue such guidance or publication as may be issued in replacement or substitution therefore.

9. This condition shall not require the publication of any accounting statements for the Metering Business or the Meter Reading Business where publication would or might seriously and prejudicially affect the interests of the licensee, any ultimate controller of the licensee or any subsidiary of any ultimate controller and for this purpose the licensee shall (except in so far as the Authority consents to the licensee not doing so) refer for determination by the Authority any question as to whether any such publication would or might so affect the interests of the licensee or any ultimate controller of the licensee or any subsidiary of any ultimate controller.
  
10. 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 either metering or to meter reading and its view on the subject considers it appropriate that references to either the Metering Business or to the Meter Reading Business should be deleted for the purpose of this condition then for the purpose of this condition those references shall cease to have effect from the date or dates specified in a notice published by the Authority for that purpose.

## **Standard Special Condition A32. Definition of permitted purpose**

1. In this **licence**, unless the context otherwise requires:

“permitted purpose” means the purpose of all or any of the following:

- (a) the transportation business;
- (b) the Metering Business;
- (c) the Meter Reading Business;
- (d) or any other business or activity within the limits of paragraph 4 of Standard Special Condition A36 (Restriction on Activity and Financial Ringfencing);
- (e) without prejudice to the generality of paragraph (a) to (d), any payment or transaction lawfully made or undertaken by the licensee for a purpose within subparagraphs 1(b)(i) to (vii) of Standard Special Condition A39 (Indebtedness).

**Standard Special Condition A33. Restriction on Use of Certain Information and Independence of the Transportation Business**

1. In this Condition, and in Standard Special Condition A34 (Appointment of Compliance Officer):

“**Confidential information**” means information relating to, or derived from, the transportation business which is not published or otherwise legitimately in the public domain;

“**relevant supplier**” means the holder of an electricity or gas supply licence which is an affiliate or related undertaking of the licensee;

“**relevant shipper**” means the holder of an electricity or gas supply licence or a gas shipper’s licence which is an affiliate or related undertaking of the licensee;

“**trading business**” means:

- (a) activities connected with the acquisition and disposal of gas in Great Britain;
- (b) activities connected with the storage of gas at an offshore storage installation or storage cavities in natural strata; or
- (c) activities connected with arranging with a gas transporter for gas to be introduced into, conveyed by means of or taken out of a pipe-line system operated by that transporter other than:
  - (i) such activities relating to gas intended for consumption outside Great Britain as designated for the purposes of this condition by the Authority;
  - (ii) in the case of the licensee, such activities in connection with either the efficient operation of its pipe-line system or the replacement of gas lost from that system; or
  - (iii) such activities as the licensee may engage in with a gas shipper or with a person who benefits from an exemption under section 6A of the Act from the prohibition under section 5(1)(c) of the Act;

“**Meter-Related Services Business**” means the activities of the licensee in connection with the provision of Meter-Related Services as defined in paragraph 1A of Standard Special Condition A10 (Provision and Return of Meters); and

**“Transportation business” includes the licensee’s Metering Business other than its Meter-Related Services Business.**

2. The licensee shall put in place and at all times maintain managerial and operational systems which prevent any relevant supplier, relevant shipper, any trading business, its Meter-Related Services Business or its Meter Reading Business from having access to confidential information except and to the extent that such information:
  - (a) is made available on an equal basis to any gas or electricity supplier or gas shipper; or
  - (b) appertains to a customer who at the time to which the information relates was a customer of the relevant supplier; **or**
  - (c) **is of a type that has been confirmed by the Authority in writing as corporate.**
3. The licensee shall at all times manage and operate the transportation business in a way calculated to ensure that it does not restrict, prevent or distort competition in the supply of electricity or gas, the shipping of gas, the generation of electricity, any trading business, or the supply of meter-related services or meter reading.
4. Unless otherwise directed by the Authority, the licensee shall no later than 1 May 2005 have in place a statement (in this Condition “**the statement**”), approved by the Authority, describing the practices, procedures and systems which the licensee has adopted (or intends to adopt) to secure compliance with paragraphs 2 and 3.
5. Where the Authority does not indicate otherwise within 60 days of receipt of the statement, the statement shall be deemed to be approved by the Authority.
6. The statement shall in particular (but without prejudice to the generality of paragraphs 2 and 3) set out how the licensee shall:
  - (a) maintain the full managerial and operational independence of the transportation business from any relevant supplier, relevant shipper, any trading business, its Meter-Related Services Business and its Meter Reading Business;
  - (b) maintain the branding of the transportation business so that it is fully independent from the branding used by any relevant supplier, relevant shipper, any trading business, its Meter-Related Services Business or its Meter Reading Business;

- (c) secure that any arrangements for the use of or access to:
  - (i) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the transportation business;
  - (ii) systems for the recording, processing or storage of data to which persons engaged in, or in respect of, the management or operation of the transportation business also have access;
  - (iii) equipment, facilities or property employed for the management or operation of the transportation business; or
  - (iv) the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management of operation of the transportation business;

by any relevant supplier, relevant shipper, any trading business, its Meter-Related Services Business or its Meter Reading Business or by any person engaged in or in respect of the activities of such a relevant supplier, relevant shipper, any trading business, its Meter-Related Services Business or its Meter Reading Business shall be such as to prevent any breach of the requirements of those paragraphs; and

- (d) manage the transfer of employees from the transportation business to any relevant supplier, relevant shipper, any trading business, its Meter-Related Services Business or its Meter Reading Business.

7. The licensee may, with the approval of the Authority, revise the statement prepared in accordance with paragraph 4.
8. The licensee shall take all reasonable measures to ensure compliance with the terms of the statement as from time to time revised and approved by the Authority.
9. The licensee shall publish a copy of the approved statement prepared in accordance with paragraph 4 (or the latest approved version) on its company's website within five working days of its approval by the Authority.

### **Standard Special Condition A37. Availability of Resources**

1. The licensee shall at all times act in a manner calculated to secure that it has available to it all such resources, including (without limitation) management and financial resources, personnel, fixed and moveable assets, rights, licenses, consents and facilities on such terms and with all such rights as shall ensure that it is at all times able:
  - (a) to properly and efficiently carry on the transportation business; and
  - (b) to comply in all respects with its obligations under this licence and such of its obligations under the Act as apply to those businesses including, without limitation, its duty to develop and maintain an efficient and economical system of gas transportation.
  
2. The licensee shall submit a certificate as to the adequacy (or otherwise) of its management resources and financial resources and facilities for the period of 12 months commencing on the date of the certificate addressed to the Authority, approved by a resolution of the board of directors of the licensee and signed by a director of the licensee pursuant to that resolution. Such certificate shall be submitted on 30 June of each year. Each certificate shall be in one of the following terms:
  - (a) “After making enquiries, the directors of the licensee have a reasonable expectation that the licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, sufficient management resources and financial resources and financial facilities to enable the licensee to carry on the activities authorised by the licence in accordance with its obligations under the Act and under the licence for a period of 12 months from the date of this certificate.”
  - (b) “After making enquiries, the directors of the licensee have a reasonable expectation, subject to the factors set out below, that the licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, sufficient management resources and financial resources and

financial facilities to enable the licensee to carry on the activities authorised by the licence in accordance with its obligations under the Act and under the licence for a period of 12 months from the date of this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the licensee to carry on the activities authorised by the licence as aforesaid.”

(c) “In the opinion of the directors of the licensee, the licensee will not have available to it sufficient management resources and financial resources and financial facilities to enable the licensee to carry on the activities authorised by the licence in accordance with its obligations under the Act and under the licence for a period of 12 months from the date of this certificate.”

3. The licensee shall submit to the Authority with that certificate a statement of the main factors which the directors of the licensee have taken into account in giving that certificate.
4. The licensee shall –  
inform the Authority in writing immediately if the directors of the licensee become aware of any circumstance that causes them no longer to have the reasonable expectation expressed in the then most recent certificate given under paragraph 2.
5. Save in so far as they relate to management resources, the licensee shall use its best endeavours to obtain and submit to the Authority with each certificate provided for in paragraph 2 a report prepared by its auditors and addressed to the Authority stating whether or not the auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it and, on the other hand, any information which they obtained during their audit work.
6. The directors of the licensee shall not declare or recommend a dividend, nor shall the licensee make any other form of distribution within the meaning of section 263 of the Companies Act 1985, unless prior to the declaration, recommendation or making of the distribution (as the case may be) the licensee shall have issued to the Authority a certificate complying with the following requirements of this paragraph.

(a) The certificate shall be in the following form:

“After making enquiries, the directors of the licensee are satisfied:

- (i) that the licensee is in compliance in all material respects with all obligations imposed on it by paragraphs (2), (3) and (4) of Standard Special Condition A26 (Provision of Information to the Authority), standard condition 45 (Undertaking from Ultimate Controller), and paragraph 1 of Standard Special Condition A39 (Indebtedness), Standard Special Condition A36 (Restriction on Activity and Financial Ring-fencing), Standard Special Condition A37 (Availability of Resources), Standard Special Condition A38 (Credit Rating of Licensee), paragraph 1 of Standard Special Condition A39 (Indebtedness) of the licence; and
  - (ii) that the making of a distribution of [INSERT AMOUNT] on [DATE] will not, either alone or when taken together with other circumstances reasonably foreseeable at the date of this certificate, cause the licensee to be in breach to a material extent of any of these obligations in the future”.
- (b) The certificate shall be signed by a director of the licensee and approved by a resolution of the board of directors of the licensee passed not more than 14 days before the date on which the declaration, recommendation or payment will be made.
- (c) Where the certificate has been issued in respect of the declaration or recommendation of a dividend, the licensee shall be under no obligation to issue a further certificate prior to payment of that dividend.

**Standard Special Condition A41. Emergency Services to or on Behalf of Another Gas Transporter**

1. If so directed by the Authority after consultation with the Health and Safety Executive, the licensee shall offer to enter into an agreement with such other person for the time being holding a licence granted under section 7 of the Act as a gas transporter or any applicant for such a licence, as may be specified in the direction, relating to the provision of emergency services to or on behalf of that person (including where necessary the repair of pipes) where a major loss of supply has occurred.
2. For the purposes of paragraph 1, the terms of such an offer shall be such as are reasonable in all the circumstances, but may at the discretion of the licensee include terms providing for the recovery of all costs reasonably related to such emergency service provision, a reasonable commercial profit and appropriate indemnities against third party claims.
3. Nothing in this condition shall require the licensee to employ more staff or to maintain any stock of spares or equipment more extensive than it would otherwise employ or maintain for the purposes of its transportation business.
4. Any dispute over the terms of any offer made pursuant to this condition may be referred to the Authority for determination at the request of the licensee or the person named in the direction referred to in paragraph 1.