The background of the slide features a close-up, slightly blurred image of electrical components, including what appears to be a circuit board with various components and a connector. The image is overlaid with a semi-transparent blue gradient.

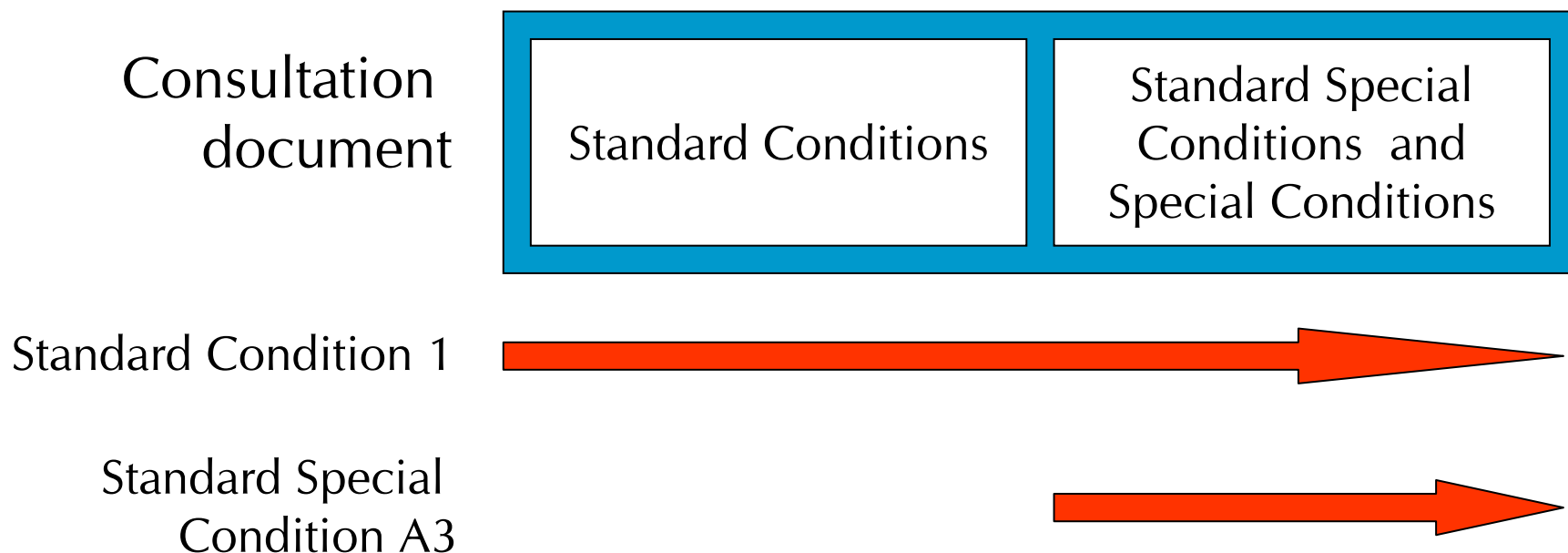
Potential sale of gas distribution networks

- General principles and proposed treatment of definitions within the licence

Development & Implementation Steering Group
18 January 2005

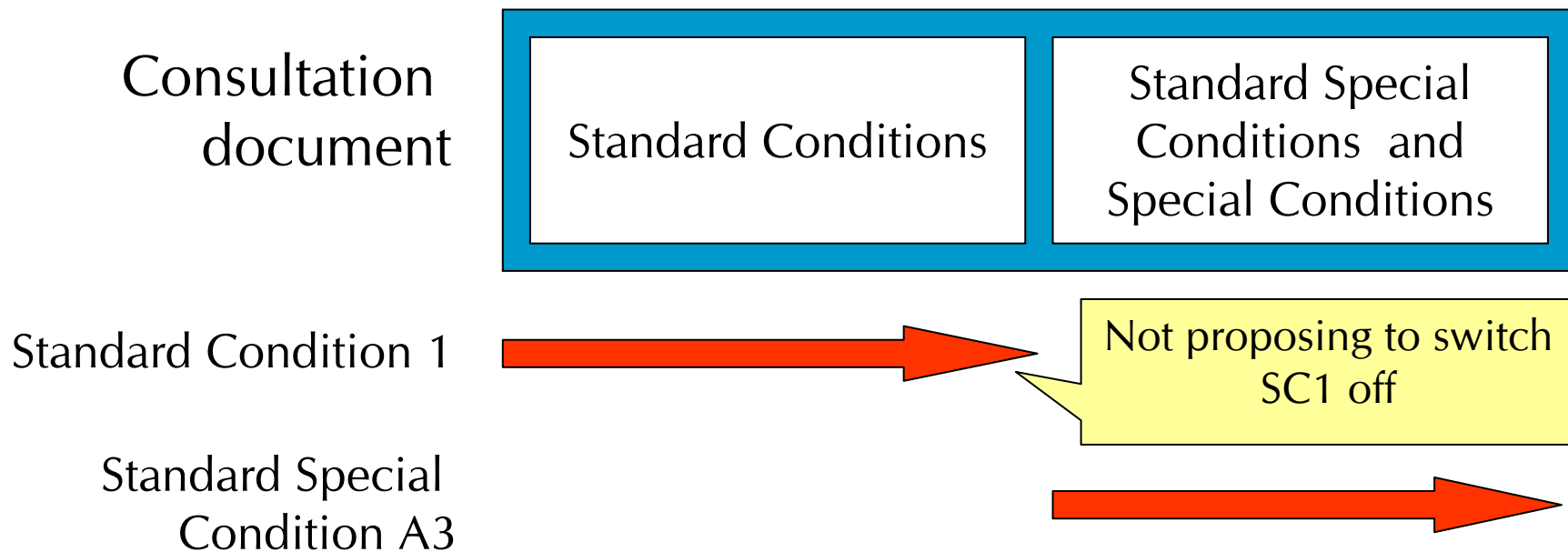
Treatment of definitions (1)

- Treatment of definitions within consultation document drafting:



Treatment of definitions (2)

- Proposed treatment of definitions within Section 8AA drafting:



Overview of changes to A3 (1)

- Bring forward definitions used in SC1 that also required for Standard Special Conditions and Special Conditions into A3
- Clarify that definitions in A3 apply to Parts B, C, D, and E of the licence, as well as Part A
- In general, bring definition used in more than one condition into A3
- Note that there will continue to be condition specific definitions

Overview of changes to A3 (2)

- Delete definitions in A3, not used e.g. consolidated transportation business
- Introduce new definitions as appropriate
- Address issues associated with capitalisation of definitions
- Make it clear that cross-references to Standard Conditions in the licence should be to the replacement Standard Special Condition or Special Condition if that Standard Condition is switched off.

General issues

- GT / shipper distinction as discussed last week
- Transco business separation and clarification given:
 - 2 licences within same legal entity; and
 - 1 short form code for Transco plc
- Network Code definitions and references

GT/shipper: new definitions (1)

- DN Operator:
means a licence-holder who is obliged to comply with one or more conditions in Part D: Standard Special Conditions (in whole or in part) applicable to all DN licensees as a result of any direction issued pursuant to Standard Special Condition D1 (Application/Disapplication of standard conditions in Section A (Interpretation and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to DN licensees)

GT/shipper: new definitions (2)

- NTS Operator:
means a licence-holder who is obliged to comply with one or more conditions in Part B: Standard Special Conditions (in whole or in part) applicable to all NTS licensees as a result of any direction issued pursuant to Standard Special Condition B1 (Application/Disapplication of standard conditions in Section A (Interpretation and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to NTS licensees)

GT/shipper: new definitions (3)

- Relevant gas transporter:
means the licensee and any other gas transporter who is a DN operator or NTS operator

Business separation amendments (1)

Licensee's pipe-line system

→ pipe-line system to which this licence relates

Definition of licensee:

→ means the holder of this licence in its capacity as:

(i) NTS operator; or

(ii) DN operator;

and, for the avoidance of doubt, nothing in this definition shall prevent a single legal entity being both an NTS operator and a DN operator.

Business separation amendments (2)

Further clarification of key definitions:

- Transportation arrangements
 - Definition tweaked to incorporate relevant gas transporters
 - Pipe-line system to which this licence relates
 - Update cross-references within definition
- Transportation system
 - Means the facilities **to which this licence relates** which are used by the licensee for the conveyance of gas within Great Britain

Business separation amendments (3)

- Transportation business: Current licence has two definitions (one in lower case and one in upper case)
 - transportation business: means the activities of the licensee connected with the development, administration, maintenance and operation of its pipe-line system....
 - Transportation Business: means the Transportation and LNG Storage Business except the LNG Storage Business
 - Transportation and LNG Storage Business: means the activities of the licensee connected with the development, administration, maintenance and operation of:
 - (a) the Transportation System and with the Supply of Transportation Services; and
 - (b) the LNG Storage Facilities and with the Supply of LNG Storage Services
- But excluding the Metering Business and the Meter Reading Business

Business separation amendments (4)

- Transportation business:
 - Means the activities of the licensee connected with the development, administration, maintenance, and operation of the transportation system and with the supply of transportation services but excluding the metering business and meter reading business.....
 - Update cross-references within the definition

Network Code related tweaks (1)

- Rationalise definitions:
 - “uniform network code”: definition remains largely unchanged
 - “individual network code” definition removed
 - “network code” (A11): “references in the conditions of this licence to the network code include the uniform network code (as the same may be varied from time to time) as so incorporated, unless otherwise stated”.
 - Short form code: “network code prepared for or on behalf of each relevant gas transporter (excluding the terms of the uniform network code incorporated within it)”.
 - References throughout licence reconsidered and tweaked as appropriate

Network Code related tweaks (2)

- References to specific sections of Transco plc's Network Code at a particular point in time:
 - Looked at rationalising / avoiding such cross-references
 - BUT, not practical – see handouts
 - Definition of Meter-Related Services Business (A33) – refs definition in A10: refs Section M, para 1.2 of Transco plc's Network Code as at date para effective (12 July 2004)
 - Metering equipment definition in A3: refs Section M, para 1.2 of Transco plc's Network Code as at 1 April 1997

 - Metering Business \neq Meter-Related Services Business

Network Code related tweaks (3)

- daily metered supply meter points (C12, E5): means a supply meter point which is read on a daily basis in accordance with section M paragraph 1.3.1 or section G 1.5.1(b) or section G paragraph 1.5.3 of the licensee's Network Code having effect as such on 1 April 2002;

Other definitions amended

Domestic premises:

- Move into A3
- Sub-paragraph (a) – time-expired post January 1 2002
- Revised definition:
means premises at which a supply is taken wholly or mainly for domestic purposes

Independent system (discussed next agenda item)

Investment & permitted purpose:

- Remove definitions to Section C
- Refer instead to Standard Special Conditions affected

A large version of the ofgem logo, featuring the word "ofgem" in white lowercase letters on an orange rounded rectangular background. The background of the slide is a faded image of electrical outlets and a person's face.

ofgem

Promoting choice and value for all
gas and electricity customers