

Standard Special Condition A16. Independence of the independent market for balancing

1. In this condition,

“total system” means the pipe-line system to which this licence relates, together with any other pipe-line system operated by the licensee and the pipe-line systems of all other relevant gas transporters to which the uniform network code applies;

“energy balancing gas transporter” means the relevant gas transporter in whose licence Special Condition C6 (Independent Market for Balancing) is effective; and

“energy balancing” means the balancing of inputs of gas to, and offtakes of gas from, the total system.

“operator of the independent market for balancing” means a person who is independent of the energy balancing gas transporter

2. This condition applies where the network code makes provision for the energy balancing of the total system by the energy balancing gas transporter through the operator of the independent market for balancing.
3. Unless the Authority otherwise consents, neither the licensee, nor any affiliate or related undertaking of the licensee shall hold (directly or indirectly) any ownership interest in the operator of the independent market for balancing nor shall it act in any manner which may prejudice the independence of the operator of the independent market for balancing from all relevant gas transporters.

Special Condition C6. Independent Market for Balancing

1. Standard Special Condition A11 (Network Code and Uniform Network Code) shall be amended by the insertion of the following paragraphs after paragraph 22:

“22A. Where the network code makes provision for the energy balancing by:

the licensee as the energy balancing gas transporter of the total system (as such terms are defined in Standard Special Condition A16 (Independence of the Independent Market for Balancing) through a market established by a person who is independent of the licensee (the “**operator of the independent market for balancing**”) then the following paragraphs 22B, 22C and 22D shall apply.”

“22B. The licensee shall, in appointing any such operator as is mentioned in paragraph 22A, use all reasonable endeavours to appoint a person having:

- (a) financial resources,
- (b) skilled and experienced personnel, and
- (c) systems

adequate to ensure that the market is conducted in an orderly and proper manner according to clear and fair rules with a clearing function that enables the licensee and relevant shippers to offset any sale to any one participant in the market against any equivalent purchase from that or any other participant in the market.”

“22C. The requirement in paragraph 22B shall be treated as satisfied in respect of any appointment if the licensee appoints as operator a person who, at the time of appointment, is:

- (a) a person recognised by the Financial Services Authority under the Financial Services and Markets Act 2000 as an investment exchange;
- or

- (b) a person designated by the Authority for the purposes of that paragraph and if that designation has not expired or been revoked.”

“22D. If a person appointed by the licensee in reliance on paragraph 22C ceases to be recognised as provided in sub-paragraph (a) or to be designated as provided in sub-paragraph (b) of that paragraph then the licensee shall use all reasonable endeavours to terminate the appointment of that person and, if the licensee elects that the market operated by that person shall continue to be established, to appoint another person in place of the first person in accordance with paragraph 22B.”

VERSION 0.3