

Special Condition C9: Allocation of revenues and costs for calculations under the price control in respect of the NTS transportation owner activity and NTS system operation activity

1. Unless the Authority otherwise directs any allocation or attribution of revenues, costs, assets and liabilities performed by the licensee in order to calculate any of the values referred to in Special Condition C8B (Restriction of revenue in respect of the NTS transportation owner activity, and the NTS system operation activity) shall conform to the following principles:

- (a) The licensee shall in so far as is reasonably practicable allocate or attribute revenues, costs, assets and liabilities in accordance with the activities which cause the revenues to be earned, costs to be incurred, the assets to be acquired or the liabilities to be incurred.
- (b) The licensee shall perform allocations and attributions:
 - (i) on an objective basis; and
 - (ii) in a manner calculated not to unduly benefit the licensee (and/or any other business held by Transco plc or its affiliates or related undertakings under a separate licence) or any other company or organisation.
- (c) The licensee shall perform, wherever practicable, all allocations and attributions on a consistent basis from one formula year to the next.

2. The licensee will allocate or attribute all revenue earned and costs incurred by the transportation business to the following activities:

- (a) the NTS transportation owner activity;
- (b) the NTS system operation activity;
- (c) the metering activities; or

(d) excluded services in accordance with the principles set out in Special Condition C10 (Supplementary provisions of the revenue restrictions in respect of the NTS transportation owner activity and NTS system operation activity).

Deleted: 30

3. The licensee shall on or before 1 October 2002 or such later date as the Authority may direct and thereafter before 1 July in each subsequent formula year (or such longer period as the Authority may approve) prepare and submit to the Authority a statement in a form approved by the Authority setting out (consistently with the licensee's duty under paragraph 1 and 2 of this condition and consistently with its other duties under the Act, and the standard, Standard Special and Special Conditions) the methods it intends to use in the allocation and attribution of revenues and costs. As a minimum, the statement shall distinguish from each other the allocation or attribution of, revenues, costs, assets and liabilities to each of the activities listed in paragraph 2 of this condition and where such allocations and attributions have changed from one year to the next, the licensee shall indicate how and why such basis has been changed.

Deleted: of this Special Condition

Deleted: amended s

Deleted: of this Special Condition

4. The licensee shall re-allocate or re-attribute revenues earned by the licensee and costs incurred by the licensee to the activities undertaken by the licensee listed in paragraph 2 of this condition in accordance with any direction made in writing by the Authority within three months of receipt of the statement prepared pursuant to paragraph 3 of this condition so as to bring such re-allocation or attribution into compliance with paragraph 1 of this condition.

Deleted: of this Special Condition

Deleted: of this Special Condition

Deleted: of this Special Condition

5. (a) The licensee shall no later than three months after the end of each formula year prepare and submit to the Authority a report on the manner in which and the extent to which the licensee has, during that formula year, complied with the statement prepared pursuant to paragraph 3 of this condition as modified pursuant to paragraph 4 of this condition and whether any modification should be made to that statement to reflect more closely the practice of the licensee.

Formatted: Indent: Left: 0 pt, Hanging: 53.3 pt, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 5 + Alignment: Left + Aligned at: 0 pt + Tab after: 18 pt + Indent at: 18 pt

Deleted: of this Special Condition

Deleted: of this Special Condition

(b) The report shall be accompanied by a statement from appropriate auditors that they have carried out an investigation, the scope and objectives of which shall have been established by the licensee and approved by the Authority, and giving their opinion as to the extent to which the licensee has properly prepared the report submitted pursuant to paragraph 5(a) in accordance with paragraphs 3 and 4 of this condition.

Deleted: of this Special Condition

6. The licensee shall take all reasonable steps to comply with the statement for the time being in force pursuant to paragraphs 3 and 4 of this condition.

Deleted: of this Special Condition

7. To the extent the licensee earns revenues or incurs costs in the provision of de minimis activities in accordance with Standard Special Condition A36 (Restriction on Activity and Financial Ring-fencing), the licensee shall report on these revenues and costs in accordance with this condition.

Deleted: s

Deleted: c

Deleted: 2

Deleted: Special Condition

Deleted: Special Condition

8. In this condition:

Deleted: shall have the meaning given to that term in Special Condition 28A (Revenue restriction definitions in respect of the NTS transportation owner activity and NTS system operation activity);

Deleted: appropriate auditors

transportation business means any activity or engagement undertaken by the licensee or any affiliate or related undertaking of the licensee related to the operation, planning, expansion and maintenance of Transco’s transportation system and shall include the NTS transportation owner activity, the NTS system operation activity, the metering and meter reading activity and excluded services;

NTS transportation owner activity shall have the meaning given to that term in Special Condition C8A (Revenue restriction definitions in respect of the NTS transportation activity and NTS system operation activity);

Deleted: 28

metering activities shall have the meaning given to that term in Standard Special Condition A46 (Non-discrimination in the provision of metering activities);

Deleted: y

Deleted: 32

excluded services means any activity or engagement undertaken by the licensee or any affiliate or related undertaking of the licensee that has been determined by the Authority to be an excluded service in line with the principles outlined in Special Condition C10 (Supplementary provisions of the revenue restrictions in respect of the NTS transportation owner activity and NTS system operation activity).

Deleted: 30

Special Condition C10: Supplementary provisions of the revenue restrictions in respect of the NTS transportation owner activity and NTS system operation activity

Deleted: 30

1. There may be treated as excluded services services provided by the licensee in the provision of its NTS TO activity or its NTS SO activity in respect of which charges are made which:

(a) do not fall within Special Condition C8B (Restriction of revenue in respect of the NTS transportation owner activity and the NTS system operation activity); and

Deleted: 28

(b) may be determined by the licensee as falling under one of the principles set out in paragraphs 2 to 4 of this condition.

Deleted: of this Special Condition

2. No service provided by the licensee as part of its NTS TO activity or NTS SO activity shall be treated as an excluded service in so far as it relates to the provision of services remunerated through charges levied pursuant to:

(a) paragraph 2 of Part 1 a of Special Condition C8B (Restriction of revenue in respect of the NTS transportation owner activity and the NTS system operation activity); and

Formatted: Indent: Left: 20.85 pt, Hanging: 33.15 pt, Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 20.85 pt + Tab after: 38.85 pt + Indent at: 38.85 pt, Tabs: Not at 38.85 pt

(b) paragraph 13 of Part 2 of Special Condition C8B (Restriction of revenue in respect of the NTS transportation owner activity and the NTS system operation activity).

Deleted: 28

Deleted: 28

3. The whole or an appropriate proportion of the charges received for the following may be treated as excluded services:

(a) subject in each case to paragraphs 11 and 12 of Standard Special Condition A48 (Last Resort Supply: Payment Claims), an amount equal to the increases in its charges pursuant to paragraph 5 of said Standard Special Condition A48; or

Deleted: standard condition 48

Deleted: are of

Deleted: standard condition 48

(b) derive from charges in respect of the provision of emergency services under contracts entered into pursuant to Standard Special Condition A41, (Emergency services to or on behalf of another gas transporter); or

Deleted: ¶
(b) derive from supplemental charges within the meaning of amended standard condition 4C (Charging Gas Shippers – Supplemental Connection Charges); or

Deleted: c

Deleted: 19

(c) represent revenue equal to any allowance made or charges (in respect of gas treated as not having been taken out of its pipeline system) required to be foregone for the purpose of paragraphs 5 and 6 of standard condition 7 (Provision of Information Relating to Gas Illegally Taken); or

Deleted: d

(d) derive from the execution of works in connection with the provision of, or the carrying out of modifications to, points at which gas may be introduced into or taken off the transportation system.

Deleted: e

4. There may with the approval of the Authority be treated as an excluded service any service of a type not referred to which:

(a) consists in the provision of services for the specific benefit of a third party requesting the same; and

(b) is not made available by the licensee as a normal part of its NTS TO activity or NTS SO activity.

5. Where the Authority is satisfied that in light of the principles set out in paragraphs 2 to 4 inclusive of this condition any service treated by the licensee as an excluded service should not be so treated, the Authority shall issue directions to that effect and such service shall cease to be treated as an excluded service with effect from the date of issue of such directions or such earlier date as specified in the directions being not earlier than the commencement of the relevant year to which the statement last furnished to the Authority pursuant to paragraph 3 of Special Condition C9, (Allocation of revenues and costs for calculations under the Price Control in respect of the NTS transportation owner activity and NTS system operation activity) prior to issue of such directions related, unless such statement or the accompanying report or certificate referred to in paragraph 5 of that Special Condition or any earlier such statement, report or certificate was incorrect or misleading in any material aspect.

Deleted: of this Special Condition

Deleted: 29

Special condition C14: Information to be provided to the Authority in connection with the transportation system revenue restriction in respect of the NTS transportation owner activity and NTS system operation activity

1. The licensee shall provide statements to the Authority of the information specified in the following table for the periods identified in that table and by the dates specified in that table. Where information is derived from a formula defined in the licence, the component parameters of that formula shall also be reported. Where information is requested in respect of periods of less than a full formula year, the licensee shall provide such information on a reasonable endeavours basis. All revenue and information provided shall comply with Special Condition C9 (Allocation of revenue and costs for calculations under the price control in respect of the NTS transportation owner activity and NTS system operation activity).

Description	Licence definition	Period	Reporting deadline
NTS transportation owner activity			
TOR _t	NTS transportation owner revenue	Formula years	By 30 June in formula year t+1
TOREVBEC _t	Revenue derived from the sale of NTS SO baseline entry capacity	Formula years	By 30 June in formula year t +1
TOExRF _t	Revenue derived in respect of the provision of NTS firm baseline exit capacity	Formula years	By 30 June in formula year t+1
TOEx _t	Revenue derived in respect of the provision of NTS firm exit capacity	Formula years	By 30 June in formula year t+1
TOTFEx _t	Volume of NTS firm exit capacity	Formula years	By 30 June in formula

			year t+1
<u>REVBExC_t</u>	<u>Revenue derived from the sale of NTS baseline exit capacity</u>	<u>Formula years</u>	<u>By 30 June in formula year t +1</u>
<u>REVBFF_t</u>	<u>Revenue derived from the sale of NTS baseline exit flow flexibility</u>	<u>Formula years</u>	<u>By 30 June in formula year t +1</u>
TOK _t	NTS TO revenue adjustment	Formula years	By 30 June in formula year t+1

Emergency Services			
	Revenues earned and costs incurred in the provision of emergency services to other gas transporters, by gas transporter, including a description of the services provided.	Formula years	By 30 June in formula year t+1

NTS system operation revenue information			
SOMR _t	Maximum NTS system operation revenue	Formula years	By 30 June in formula year t+1
SOIR _t	NTS system operation incentive revenue	Formula years	By 30 June in formula year t+1

SOIC _t	NTS system operation costs	Formula years	By 30 June in formula year t+1
SORA _t	Any allowance in respect of approved income adjusting events (whether of a positive or negative volume)	Formula years	By 30 June in formula year t+1
SOK _t	NTS SO revenue adjustment factor	Formula years	By 30 June in formula year t+1

Exit capacity investment incentive information			
ExCIIR _t	Exit capacity investment incentive revenue	Formula years	By 30 June in formula year t+1
ExCP _t	Exit performance measure	Formula years	By 30 June in formula year t+1
ExCC _t	Costs incurred in use of constrained storage facilities to avoid transportation constraints	Formula years	By 30 June in formula year t+1
	Volumes, prices paid and charges forgone in respect of NTS exit capacity curtailment rights for all NTS connected sites, aggregated by exit zone	Formula years	By 30 June in formula year t+1
	Volumes and payments made in respect of the curtailment of rights to off-take gas from the NTS on plus 15 curtailment days, for all	Formula years	By 30 June in formula year t+1

	NTS connected sites, aggregated by exit zone		
	Volume and price of capacity bookings in constrained storage facilities	Monthly	2 weeks after month end
IExR _t	Incremental exit capacity revenue	Formula years	By 30 June in formula year t+1
TExC _t	Actual NTS exit capacity	Formula years	By 30 June in formula year t+1
AExNTSIIC _t	Weighted average charge payable in respect of the curtailment of rights to off-take gas from the NTS on plus 15 curtailment days	Formula years	By 30 June in formula year t+1

Entry capacity buy-back incentive information			
IECCC _t	Total entry capacity constraint management costs	Formula year	By 30 June in formula year t+1
IECCC _t	Total entry capacity constraint management costs	Year to date	Monthly 2 weeks after month end
BBIR _t	Entry capacity buy-back incentive revenue	Formula year	By 30 June in formula year t+1
BBIR _t	Cumulative balance and end of year forecast of entry capacity buy-back incentive revenue	Year to date	Monthly 4 weeks after month end

BBCP _t	Entry capacity buy-back performance measure	Formula year	By 30 June in formula year t+1
BBCP _t	Entry capacity buy-back performance measure	Year to date	Monthly 4 weeks after month end
BBC _{d,t}	Entry capacity buy back costs	day	D+1
	Volume and prices of entry capacity buy-backs by terminal	day	D+1
ECCC _{d,t}	Entry capacity constraint payments	day	D+1
	Revenue from daily sales of obligated entry capacity	day	D+1
	Volumes and prices of obligated entry capacity sold daily by terminal	day	D+1
	Revenue from sales of interruptible entry capacity	day	D+1
	Volumes and prices of sales of interruptible entry capacity identifying volumes of use it or lose it entry capacity by terminal	day	D+1
	Revenue from sales of non-obligated incremental system entry capacity	day	D+1
	Volumes and prices of non-obligated incremental system entry capacity by terminal	day	D+1

RLOC _t	Revenue from locational sell actions	Formula year	For formula years t ≥ 3 by 30 June in formula year t + 1
	Volumes, locations and prices of locational actions by trade	day	For formula years t ≥ 3 D + 1
RCOR _t	Revenue from system entry overrun charges	Monthly	4 weeks after month end
	Volume and prices of system entry capacity overruns by terminal	Monthly	4 weeks after month end
	Volume of system entry capacity terminal flow advice issued by Transco plc and any associated costs	Monthly	4 weeks after month end

Residual balancing incentive information			
STIP _t	Sum of total daily residual balancing incentive payments	Formula years	By 30 June in formula year t+1
STIP _t	Sum of total daily residual balancing incentive payments	Year to date	Monthly 2 weeks after month end
RBIR _t	Residual gas balancing incentive revenue	Formula years	By 30 June in formula year t+1
RBIR _t	Cumulative balance and end of year forecast of residual gas	Year to date	Monthly 2 weeks after

	balancing incentive revenue		month end
$SDPIP_t$	Sum of daily price incentive payments	Formula years	By 30 June in formula year t+1
$SDPIP_t$	Sum of daily price incentive payments	Year to date	Monthly 2 weeks after month end
$SDLIP_t$	Sum of daily linepack incentive payments	Formula years	By 30 June in formula year t+1
$SDLIP_t$	Sum of daily linepack incentive payments	Year to date	Monthly 2 weeks after month end
$DPIP_{d,t}$	Daily price incentive payment	For each day in the month in question	2 weeks after month end
$DLIP_{d,t}$	Daily linepack incentive payment	For each day in the month in question	2 weeks after month end
$PPM_{d,t}$	Daily residual balancing price performance measure	For each day in the month in question	2 weeks after month end
$LPM_{d,t}$	Linepack performance measure	For each day in the month in question	2 weeks after month end
$OLP_{d,t}$	Opening linepack levels NTS linepack at 06:00 hours on day D	For each day in the month in question	2 weeks after month end

CLP _{d,t}	Closing linepack levels NTS linepack at 06:00 hours on day D+1	For each day in the month in question	2 weeks after month end
SAP _{d,t}	System average price	Daily	D+1
TMIBP _{d,t}	Highest market offer price in relation to an eligible market balancing action	Daily	D+1
TMISP _{d,t}	Lowest market offer price in relation to an eligible market balancing action	Daily	D+1

System balancing incentive information			
SBIR _t	System balancing incentive revenue	Formula years	By 30 June in formula year t+1
SBIR _t	Cumulative balance and end of year forecast of system balancing incentive revenue	Year to date	Monthly 4 weeks after month end
GCIR _t	Gas cost incentive revenue	Formula years	By 30 June in formula year t+1
GCIR _t	Cumulative balance and end of year forecast of gas cost incentive revenue	Year to date	Monthly 4 weeks after month end
	Daily system gas balancing volumes	For each day in the month in question	2 weeks after month end

SRIR _t	System reserve incentive revenue	Formula years	By 30 June in formula year t+1
SRIR _t	Cumulative balance and end of year forecast of system reserve incentive revenue	Year to date	Monthly 4 weeks after month end
GCCP _t	Gas cost incentive performance measure	Formula years	By 30 June in formula year t+1
GCCP _t	Gas cost incentive performance measure	Year to date	Monthly 4 weeks after month end
SRCP _t	System reserve performance measure	Formula years	By 30 June in formula year t+1
SRCP _t	System reserve performance measure	Year to date	Monthly 4 weeks after month end
	Volume and price of Transco plc's storage bookings by storage facility	For each day in the month in question	2 weeks after month end

Internal cost incentive information			
ICIR _t	Internal cost incentive revenue	Formula year	By 30 June in formula year t+1
ICCP _t	Internal costs performance measure	Formula year	By 30 June in formula year t+1

$SOOC_t$	NTS SO operating cost	Formula year	By 30 June in formula year t+1
$SODCP_t$	Depreciation on the NTS SO regulatory asset base	Formula year	By 30 June in formula year t+1
$SORCP_t$	Deemed return on the NTS SO regulatory asset base	Formula year	By 30 June in formula year t+1

Other information required for general market monitoring			
	Daily system demand	Daily	D+1
	Daily interconnector flows at Bacton and at Moffat	For each day in the month in question	Two weeks after month end
	Daily system allocations by entry terminal by <u>gas</u> shipper	For each day in the month in question	Four weeks after month end
	Daily <u>gas</u> shipper imbalances	For each day in the month in question	Four weeks after month end
	<u>Gas</u> shipper system entry capacity holdings excluding daily sales by <u>gas</u> shipper by terminal by day	For each day in the week in question	One week after week end

Deleted: S

2. If, prior to the fulfilment of its obligations under paragraph 3 of this condition, the licensee becomes aware of any inaccuracies in respect of information it has provided to the Authority in pursuance of its obligations under paragraph 1 of this condition it shall notify such inaccuracies to the Authority together with details of why such information is inaccurate and of the correct information.

Deleted: of this Special Condition

Deleted: of this Special Condition

3. As soon as reasonably practical after the end of each formula year and in any event no later than three months after the end of the formula year the licensee shall send to the Authority a reconciliation of the information provided in accordance with paragraph 1 ~~of this condition~~ for periods of less than the formula year with that provided for the full formula year together with a written explanation of any discrepancies.

Deleted: of this Special Condition

4. The reconciliations provided by the licensee under paragraph 3 ~~of this condition~~ shall be accompanied by a report prepared by appropriate auditors addressed to the Authority which indicates whether, in their opinion:

Deleted: of this Special Condition

- that statement fairly presents so far as it reasonably possible to do so the licensee's performance against each of the performance measures provided for in Special Condition ~~C8B~~ (Restriction of revenue in respect of the NTS transportation owner activity and the NTS system operation activity) in respect of the formula year to which the statement relates; and

Deleted: 28

- that statement used data compiled in accordance with Special Condition 29 (Allocation of revenues and costs for calculations under the price control in respect of the NTS transportation owner activity and NTS system operation activity) and is consistent with the licensee's accounting records; and

- any explanations given by the licensee under paragraphs 2 and 3 ~~of this condition~~ in respect of the formula year in question were reasonable and consistent with the information supplied.

Deleted: of this Special Condition

5. The licensee shall provide a statement of the following information to the Authority and publish that statement not later than seven (7) days prior to the start of any allocation of entry capacity rights in respect of capacity rights offered for sale for a consecutive period of more than one (1) day:

(a) the terminal to which such allocation relates;

(b) the amount of unallocated NTS SO baseline entry capacity and unallocated obligated incremental entry capacity at the terminal (both as defined in Special Condition ~~C8A~~ (Revenue restriction definitions in respect of the NTS transportation owner activity and NTS system operation activity)) that is available

Deleted: 28

on the day that the statement is published which the licensee will offer for sale in the allocation and the period to which such capacity relates;

- (c) the reserve price if any to be applied to such allocations;
- (d) the licensee's opinion as to future levels of entry capacity at the terminal to which the allocation relates accompanied by background information (if any) in support of such opinion including the licensee's opinion as to future aggregate volumes of gas to be transported through the NTS;
- (e) the commencement time and date of the allocation; and
- (f) when the gas shippers shall be informed of the outcome of the allocation;

6. The licensee shall provide a statement of the following information, by terminal and by the month to which it relates, to the Authority and publish that statement not later than fourteen (14) days after the close of any allocation of entry capacity rights in respect of capacity rights offered for sale for a consecutive period of more than one (1) day:

- (a) the volume of NTS SO baseline entry capacity, obligated incremental entry capacity and non-obligated incremental entry capacity allocated;
- (b) the total amount of the revenue derived and to be derived by the licensee in respect of the NTS SO baseline entry capacity, obligated incremental entry capacity and non-obligated incremental entry capacity allocated;
- (c) the highest price accepted by the licensee for a unit of entry capacity allocated;
- (d) the lowest price accepted by the licensee for a unit of entry capacity allocated; and
- (e) the weighted average price accepted by the licensee for a unit of entry capacity allocated.

Special Condition C15: Licensee's methodology for determining incremental entry capacity volumes

Deleted: 34

1. In this condition:

Deleted: Special Condition

incremental entry capacity

means capacity that is in excess of the obligated entry capacity current at that time as determined in line with paragraph 14(5)(g) of Part 2 of Special Condition C8B (Restriction of revenue in respect of the NTS transportation owner activity and the NTS system operation activity).

Deleted: 28

2. The licensee shall before 1 October 2002 or such later date as the Authority may direct and thereafter before 1 July in each subsequent formula year (or such longer period as the Authority may approve) prepare and submit for approval by the Authority an incremental entry capacity release methodology statement setting out (consistently with the licensee's duty under the Act, and the standard, Standard Special and Special Conditions) the methodology by which it will determine whether to make incremental entry capacity available for sale to gas shippers.

Deleted: in a form approved by the Authority

Deleted: amended s

3. The statement shall be accompanied by a statement from appropriate auditors confirming that they have carried out an investigation, the scope and objectives of which shall have been established by the licensee and approved by the Authority, and giving their opinion as to the extent to which the licensee has developed a methodology that is in line with the licensee's duty under the Act, and the standard, Standard Special and Special Conditions.

Deleted: the licensee's

Deleted: amended

Deleted: s

4. Unless the Authority otherwise directs within 2 months, the licensee shall take all reasonable steps to apply the methodology set out in the statement produced pursuant to paragraph 2 of this condition in making any decisions on whether to release incremental entry capacity for sale to gas shippers.

Deleted: of this Special Condition

5. Except where the Authority directs otherwise, before revising the incremental entry capacity release methodology statement the licensee shall:

- (i) send a copy of the proposed revisions to the Authority and to any person who asks for one;

(ii) consult gas shippers and allow them a period of not less than 28 days in which to make representations;

(iii) within 7 days of the close of the consultation referred to in sub-paragraph 5(ii) of this condition submit to the Authority a report setting out:

Deleted: of this Special Condition

- the revisions originally proposed,
- the representations (if any) made to the licensee,
- any change to the revisions; and

(iv) where the Authority directs that sub-paragraphs (i), (ii) and (iii) of this paragraph or any of them shall not apply, comply with such other requirements as are specified in the direction.

6. The licensee shall not revise the incremental entry capacity release methodology statement:

(i) where paragraph 5(iv) in this condition applies, before the day (if any) specified in the direction made pursuant to that sub-paragraph;

Deleted: Special Condition

(ii) where there is no such direction, or no date is specified in such direction, until the expiry of 28 days from the date on which the Authority receives the report referred to in sub-paragraph 5(iii) in this condition; or

Deleted: Special Condition

(iii) if within the period referred to in paragraph 5(ii) of this condition the Authority directs the licensee not to make the revision.

Deleted: of this Special Condition

7. (a) The licensee shall if so directed by the Authority but in any event at least once a year review the statement prepared pursuant to paragraph 2 of this condition in consultation with gas shippers and other interested persons likely to be affected thereby and allow them a period of not less than 28 days in which to make representations.

Deleted: of this Special Condition

(b) Within 7 days of the close of the consultation referred to in paragraph 7(a) of this condition, the licensee shall send to the Authority:

Deleted: of this Special Condition

- (i) a report on the outcome of the review;
- (ii) any revision to the statement proposed (having regard to the outcome of the review) by the licensee in order to ensure that the statement remains consistent with the licensee's duties under the Act and the standard, ~~Standard, Special and~~ Special Conditions; and

Deleted: conditions, amended s

Deleted: conditions

- (iii) any written representations or objections from gas shippers and other interested parties, including proposals for revision not accepted by the licensee, arising during the consultation and subsequently maintained.

- (c) The licensee may revise the statement only in accordance with any revision within paragraph 7(b)(ii) of this condition and only if the Authority consents to such revision.

Deleted: of this Special Condition

- 8. The licensee shall take all reasonable steps to comply with the statement for the time being in force pursuant to paragraph 2 of this condition.

Deleted: of this Special Condition

- 9. The licensee shall send to the Authority a copy of each of the statements and reports prepared pursuant to paragraphs 2, 3, 4, 5, 6 and 7 of this condition and of all revisions to any such statements and reports.

Deleted: of this Special Condition

10. The licensee shall:

- (a) publish (in such manner as the Authority may approve) the statements prepared pursuant to paragraph 2 of this condition and each revision thereof, and

Deleted: of this Special Condition

- (b) send a copy of each statement and report prepared pursuant to paragraphs 2, 3, 4, 5, 6 and 7 of this condition or the latest revision of any such statement and report to any person who requests the same, provided that the licensee shall exclude therefrom, 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,

Deleted: of this Special Condition

and, for the purposes of paragraph 10(b) of this condition, the licensee shall refer for determination by the Authority any question as to whether any matter would or might

Deleted: of this Special Condition

seriously and prejudicially affect the interests of any person (unless the Authority consents to the licensee not doing so).

11. The licensee may make a charge for any copy of a statement, report or revision sent pursuant to paragraph 10(b) of this condition of an amount reasonably reflecting the licensee's reasonable costs of providing such a copy which shall not exceed the maximum amount specified in directions issued by the Authority for the purpose of this condition.

Deleted: of this Special Condition

Deleted: of this Special Condition

Deleted: 35

Special Condition C16: NTS performance reporting

1. The principal purpose of this condition is to secure the collection of information to an appropriate degree of accuracy, by the licensee so as:

Deleted: of this Special Condition

- (a) to monitor the environmental performance of the NTS; and
- (b) to facilitate the development of an expenditure monitoring framework.

2. The licensee shall establish appropriate systems, processes and procedures to measure and record specified information from the dates specified in paragraph 4 of this condition and in accordance with regulatory instructions and guidance (including any associated information specified therein).

Deleted: of this Special Condition

3. For the purposes of this condition:

Deleted: of this Special Condition

revenue restriction means the NTS TO activity revenue restriction in Special Condition C8B Part 1 a (The NTS transportation owner activity revenue restriction);

Deleted: 28

charging review date means any date from which modifications to Special Condition C8B Part 1 a (The NTS transportation owner activity revenue restriction) relating to the NTS have effect.

Deleted: 28

(a) whether before or after the date upon which the modifications are made; and

(b) where such modifications have been proposed by the Authority following a review by the Authority of the revenue restrictions in Special Condition C8B Part 1 a (The NTS transportation owner activity revenue restriction) (or that Part to which the modifications relate) in relation to the licensee;

Deleted: 28

Deleted: NTS

Deleted: means the licensee's national transmission system (having the meaning given to that term in the licensee's Network Code);¶

regulatory instructions
and guidance

means any instructions and guidance issued by the Authority for the purposes ~~of this condition~~ as modified from time to time by notice under paragraph 9 and may include:

Deleted: of this Special Condition

- (a) instructions and guidance as to the establishment of different systems, processes, procedures and manners for providing and recording information and of standards for different classes of information;
- (b) a timetable for the development of the systems, processes and procedures required to achieve the appropriate standards of accuracy and reliability with which specified information shall be recorded;
- (c) the meaning of words and phrases used in defining specified information;
- (d) requirements for the recording of information associated with specified information which is reasonably necessary to enable an examiner to determine the accuracy and reliability of specified information;
- (e) requirements as to the form and manner in which specified information shall be provided to the Authority; and
- (f) requirements as to the manner in which specified information shall be recorded and as to the standards of accuracy and reliability with which it shall be recorded;

specified information means:

- (a) information regarding environmental measures including:
 - (i) methane emissions from the NTS in each formula year measured in kilograms per gigawatt hour; and
 - (ii) carbon dioxide emissions from gas powered compressor stations in each formula year measured in kilograms per gigawatt hour; and
 - (iii) nitrogen oxide emissions from gas powered compressor stations in each formula year in the formal manner specified in the regulatory instructions and guidance.
- (b) an analysis of trends observable from the NTS environment measures;
- (c) supporting information including
 - (i) information regarding all new connections from the NTS to premises or pipeline systems operated by an authorised gas transporter to the NTS;
 - (ii) information regarding all rechargeable diversions from the NTS;
 - (iii) information regarding the accuracy of one and three-year ahead annual demand forecasts; and,

- (d) such other information as may from time to time be specified by the Authority, by notice to the licensee in accordance with paragraph 9

4. The licensee shall collect specified information in respect of:
 - (a) the matters specified in sub-paragraphs (a) – (c) of the definition of specified information from and including 1 April 2002; and
 - (b) any matter specified under sub-paragraph (d) of that definition from the date specified in a notice given in accordance with paragraph 9.
5. (a) The licensee shall provide to the Authority the information referred to in sub-paragraphs (a) – (c) of the definition of specified information on or before 31 July 2003 and 31 July in each succeeding year (or such later date as the Authority may by notice specify) in respect of the period of 12 months ending on the preceding 31 March; and
 - (b) the information referred to in sub-paragraph (d) of the definition of specified information in respect of such period and by such date as shall be specified in the relevant notice in accordance with that sub-paragraph.
6. The licensee shall permit a person or persons nominated by the Authority (in each case “an examiner”) to examine the systems, processes and procedures referred to in paragraph 2 and their operation, the specified information and the extent to which each complies, and is in accordance, with regulatory instructions and guidance.
7. The licensee shall (and shall procure, insofar as it is able to do so, that any affiliate of the licensee, any person by whom it procures the performance of the obligation in paragraph 2 and any auditor of such person or of the licensee shall) cooperate fully with an examiner so as to enable him to carry out, complete and report to the Authority on any examination carried out in accordance with paragraph 6.
8. The licensee’s obligation under paragraph 7 to cooperate or procure cooperation with an examiner shall include, without limitation and insofar as necessary or expedient for such purpose, in each case subject to reasonable prior notice to the licensee:

- (a) providing access to management, employees, agents or independent contractors of the licensee sufficient to enable the examiner to make any enquiries and to discuss any matters which he reasonably considers to be relevant to the carrying out of the examination;
- (b) giving to the examiner access at reasonable hours to any premises occupied by the licensee or any other person in performing the obligations set out in this condition; and
- (c) allowing the examiner at reasonable hours:
 - (i) to inspect and make copies of, and take extracts from, any documents and records of the licensee maintained in relation to specified information (other than information which is subject to legal privilege);
 - (ii) to carry out inspections, measurements and tests on or in relation to any systems maintained and operated for or in relation to the requirements of this condition; and
 - (iii) to take onto such premises or onto or into any assets used for the purpose of the NTS such other persons and such equipment as may be necessary or expedient for the purpose of carrying out the examination.

Deleted: Special Condition

Deleted: of this Special Condition

9. A notice published by the Authority which adds to the categories of specified information or which modifies regulatory instructions and guidance (in each case, an “amendment”) shall have effect where the Authority has:

- (a) given prior notice to the licensee:
 - (i) stating that it proposes to make the amendment and setting out its effect, and the date it is proposed it should take effect;
 - (ii) stating the reasons why it proposes to make the amendment; and

(iii) specifying the time (not being less than 28 days from the date of publication of the notice) within which representations or objections with respect to the proposed amendment may be made; and

(b) considered any representations or objections which are duly made and not withdrawn.

10. A notice under paragraph 9 may not, where the amendment relates to a requirement in the regulatory instructions and guidance to provide any specified information to a greater level of accuracy or the introduction of an additional category of specified information, specify a date for the purpose of paragraph 9(a)(i) other than the charging review date nor be given less than 12 months prior to that date unless the licensee has agreed an alternative date or period of notice.

11. The reasons for proposing an amendment which relates to any change in regulatory instructions and guidance (other than that referred to in paragraph 10) in respect of specified information may have regard in particular to the desirability of:

(a) improving the presentation or style of the regulatory instructions and guidance or of the form and manner in which the specified information is to be provided;

(b) summarising the terms of reference and instructions from time to time given to an examiner; or

(c) setting out any of the matters referred to in paragraphs (a) to (f) of the definition of regulatory instructions and guidance in respect of any additional category of specified information,

so as more effectively to achieve the purposes ~~of this condition~~.

Deleted: of this Special Condition

12. Nothing in this ~~condition~~ shall require the licensee to produce any documents or give information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

Deleted: Special Condition

SCHEDULE A: NTS OUTPUT MEASURES FOR THE PRICE CONTROL

1. With regard to the maximum revenue allowances provide to the licensee pursuant to Part I a and Part 2 of Special Condition **C&B** (Restriction of revenue in respect of the NTS transportation owner activity and the NTS system operation activity), the following baseline output measures shall apply.

Deleted: 28

Table A1: NTS TO baseline entry capacity (GWh/day)

Terminal	2002/3	2003/4	2004/5	2005/6	2006/7
Bacton	1527	1646	1839	1939	1939
Barrow	812	790	790	791	791
Easington	1105	985	1141	1180	1180
St. Fergus	1689	1721	1809	1831	1863
Teesside	910	823	834	845	845
Theddlethorpe	758	628	879	942	942
Glenmavis	110	110	110	110	110
Partington	239	239	239	239	239
Avonmouth	165	165	165	165	165
Isle of Grain	243	243	243	243	243
Dynevor Arms	55	55	55	55	55
Hornsea	195	195	195	195	195
Hatfield Moor (storage)	60	60	60	60	60
Hatfield Moor (onshore)	1.1	1.1	1.1	1.1	1.1
Cheshire	0	0	119	179	238
Hole House Farm	29	29	29	29	29
Wytych Farm	3.6	3.6	3.6	3.6	3.6
Burton Point	61.3	61.3	61.3	61.3	61.3
Milford Haven	0	0	0	0	0
Barton Stacey	0	0	0	0	0
Garton	0	0	0	0	0

Table A2: Initial NTS SO baseline entry capacity (GWh/day)

	MONTH				
	1≤m≤12	13≤m≤24	25≤m≤36	37≤m≤48	m≥49
Terminal	2002/3	2003/4	2004/5	2005/6	2006/7
Bacton	1374	1481	1655	1745	1745
Barrow	731	711	711	712	712
Easington	995	887	1027	1062	1062
St. Fergus	1520	1549	1628	1648	1677
Teesside	819	741	751	761	761
Theddlethorpe	682	565	791	848	848
Glenmavis	99	99	99	99	99
Partington	215	215	215	215	215
Avonmouth	149	149	149	149	149
Isle of Grain	218	218	218	218	218
Dynevor Arms	50	50	50	50	50
Hornsea	175	175	175	175	175
Hatfield Moor (storage)	54	54	54	54	54
Hatfield Moor (onshore)	1	1	1	1	1
Cheshire	0	0	107	161	214
Hole House Farm	26	26	26	26	26
Wyitch Farm	3.2	3.2	3.2	3.2	3.2
Burton Point	55	55	55	55	55
Milford Haven	0	0	0	0	0
Barton Stacey	0	0	0	0	0
Garton	0	0	0	0	0

Table A3: NTS baseline firm exit capacity (GWh/day)

	2002/3	2003/4	2004/5	2005/6	2006/7
Firm exit capacity by LDZs					
Scotland	343	348	355	362	367
Northern	265	271	278	283	287
North West	538	550	557	563	568
North East	279	283	287	290	293
East Midlands	464	470	477	483	488
West Midlands	454	459	464	470	475
Wales North	51	52	54	55	57
Wales South	198	201	204	208	211
Eastern	359	366	372	377	382
North Thames	508	512	516	520	525
South East	516	523	526	529	532
Southern	380	394	402	409	414
South West	279	284	290	295	299
Total firm exit capacity for LDZ loads	4633	4713	4782	4844	4897
Firm exit capacity for NTS loads	1488	1529	1592	1653	1691
Total firm baseline NTS exit capacity	6121	6241	6374	6497	6588

Table A4: NTS baseline interruptible exit capacity (GWh/day)

	2002/3	2003/4	2004/5	2005/6	2006/7
Interruptible exit capacity by LDZs					
Scotland	47	54	56	58	60
Northern	33	34	37	38	39
North West	72	75	77	78	78
North East	38	40	41	42	43
East Midlands	75	77	89	93	99
West Midlands	35	36	37	37	37
Wales North	7	7	8	8	9
Wales South	28	29	31	32	32
Eastern	36	36	37	37	37
North Thames	40	45	47	48	49
South East	40	44	44	51	61
Southern	36	37	38	38	40
South West	32	33	34	34	34
Total interruptible exit capacity for LDZ loads	521	548	576	595	619
Interruptible exit capacity for NTS loads	1073	1141	1142	1147	1148
Total interruptible NTS baseline exit capacity	1594	1689	1718	1742	1767

Table A5: NTS baseline exit flow flexibility

	<u>2002/3</u>	<u>2003/4</u>	<u>2004/5</u>	<u>2005/6</u>	<u>2006/7</u>
<u>Flow Flexibility</u>					