

STANDARD SPECIAL CONDITIONS APPLICABLE TO ALL DN LICENSEES:
PART D

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Standard Special Condition D1. Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to DN licensees.

1. With the exception of,
 - (i) paragraphs 1 to 4 inclusive and paragraph 8 of this condition;
 - (ii) any new condition introduced into this Part D: Standard Special Conditions applicable to all DN licensees or a modification of a condition in this Part D proposed by the Authority under Standard Special Condition D2 (Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to DN licensees) following the introduction of this condition; and
 - (iii) any new condition introduced into this Part D: Standard Special Conditions applicable to all DN licensees following the introduction of this condition by way of a direction under the Act issued by the Authority or any modification made by the Secretary of State under the Energy Act 2004,

until the Authority has issued a direction to the licensee pursuant to paragraph 2 of this condition, the Standard Special Conditions applicable to DN licensees, shall not have effect in this licence and the licensee

 - (a) shall not be obliged to comply with any of the requirements of the Standard Special Conditions applicable to DN licensees contained in this licence; and
 - (b) shall be obliged to comply with the requirements of the standard conditions contained in Sections A (Interpretation, Application and Payments) and B (General) of this licence.
2. (a) Subject to paragraphs 3 and 4 of this condition, the Authority may, with the consent of the licensee, issue a direction (a “**Standard Special Conditions Part D direction**”).

- (b) A Standard Special Conditions Part D direction may specify which:
 - (i) Standard Special Conditions applicable to DN licensees are to have effect in this licence, either as a whole or in part;
 - (ii) Standard Special Conditions applicable to DN licensees are not to have effect in this licence, either as a whole or in part;
 - (iii) standard conditions in Sections A (Interpretation, Application and Payments) and/or B (General) shall not have effect in this licence, either as a whole or in part; and/or
 - (iv) standard conditions in Sections A (Interpretation, Application and Payments) and/or B (General) shall have effect in this licence, either as a whole or in part,from the date specified in the direction.

3. The power to make a direction under paragraph 2 of this condition permits the Authority to bring into effect or to suspend the effect of, as a whole or in part (as the case may be):

- (a) this Part D: Standard Special Conditions applicable to all DN licensees as a whole with the exception of paragraphs 1 to 4 inclusive and paragraph 8 of this condition;
- (b) any individual condition or conditions in this Part D: Standard Special Conditions applicable to all DN licensees with the exception of paragraphs 1 to 4 inclusive and paragraph 8 of this condition;
- (c) Section A (Interpretation, Application and Payments) and/or Section B (General) as a whole; and/or
- (d) any individual standard condition or conditions in Section A (Interpretation, Application and Payments) and/or Section B (General).

4. Notwithstanding references in this condition to the consent of the licensee being required to issue or vary a Standard Special Conditions Part D direction, where a Standard Special Condition is:

(a) modified; or

(b) a new Standard Special Condition is introduced,

in accordance with Standard Special Condition D2 (Private Collective Licence Modification Procedure in Respect of Standard Special Conditions applicable to DN licensees) the consent of the licensee to introduce such new condition or modification to a condition shall not be required where the procedure for introduction or modification set out in Standard Special Condition D2 (Private Collective Licence Modification Procedure in Respect of Standard Special Conditions applicable to DN licensees) has been complied with and the Authority shall be able, consistent with the private collective licence modification procedure (as defined in that condition) to introduce such a condition or modification without the consent of the licensee and make any incidental or consequential variation to the licence as it considers necessary or expedient.

5. Where the Authority has issued a Standard Special Conditions Part D direction to the licensee in accordance with paragraph 2,

(a) the conditions in this Part D: Standard Special Conditions applicable to all DN licensees (as a whole or, as the case may be, in part) shall have effect within this licence from the date specified in such direction and the licensee shall be obliged to comply with the requirements of the Standard Special Conditions applicable to DN licensees (as a whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction;

(b) the conditions in this Part D: Standard Special Conditions applicable to all DN licensees (as a whole or, as the case may be, in part) shall not have effect within this licence from the date specified in such direction and the licensee

shall not be obliged to comply with the requirements of the Standard Special Conditions applicable to DN licensees (as a whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction;

- (c) the standard conditions in Sections A (Interpretation, Application and Payments) and/or B (General) (as a whole or, as the case may be, in part) shall not have effect within this licence from the date specified in such direction and the licensee shall not be obliged to comply with the requirements of the standard conditions (as a whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction; and/or
 - (d) the standard conditions in Sections A (Interpretation, Application and Payments) and/or B (General) (as a whole or, as the case may be, in part) shall have effect within this licence from the date specified in such direction and the licensee shall be obliged to comply with the requirements of the standard conditions (as a whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction.
6. Subject to paragraph 4 of this condition, the Authority may, with the consent of the licensee, issue such further Standard Special Conditions Part D directions in accordance with paragraph 2 to:
- (a) vary the terms (as set out in the Standard Special Conditions Part D direction or elsewhere) under which the Standard Special Conditions applicable to DN licensees (or parts thereof) and/or the standard conditions set out in Section A (Interpretation, Application and Payments) and/or Section B (General) (or parts thereof) have effect or cease to have effect in this licence; or
 - (b) provide for the Standard Special Conditions applicable to DN licensees (or parts thereof) to cease to have effect or to have effect in this licence and/or the standard conditions set out in Section A (Interpretation, Application and Payments) and/or Section B (General) (or parts thereof) to have effect or cease to have effect in this licence.

No such direction shall be capable of affecting the operation and effect of paragraphs 1 to 4 inclusive and paragraph 8 of this condition.

7. The variation or cessation provided for in paragraph 6 shall take effect from the date specified in the variation or cessation notice given to the licensee by the Authority under that paragraph of this condition.
8. With effect from the date contained in the notice issued under paragraph 6 of this condition, paragraphs 5 to 7 of this condition shall, to the extent specified in the notice, be suspended for the period specified in the notice and shall cease to have effect in this licence during the period of suspension, but the Authority may at any time thereafter, with the consent of the licensee, give to the licensee a notice ending the suspension and providing for those paragraphs to have effect again in this licence with effect from the date specified in the notice.

Standard Special Condition D2. Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to DN licensees

1. For the purposes of this condition, the following words shall have the meaning set out below:

“modifications”

includes additions, alterations, and omissions and cognate expressions shall be construed accordingly;

“private collective licence modification procedure”

means the procedure set out in this condition and the corresponding provisions of other relevant gas transporter licences for modifying collectively only the Standard Special Conditions in Part D: Standard Special Conditions applicable to all DN licensees;

“relevant gas transporter licence”

means in relation to this condition a licence granted under section 7 of the Act which contains Part D: Standard Special Conditions applicable to all DN licensees;

“relevant licence holder”

in relation to proposed modifications under this condition, means the holder of a relevant gas transporter licence which:

(a) is to be modified under the proposals by the inclusion of any new condition in Part D: Standard Special Conditions applicable to all DN licensees; or

(b) includes any condition in Part D: Standard Special Conditions applicable to all DN licensees to which the proposals relate, other

than conditions in Part D: Standard Special Conditions applicable to all DN licensees which are not in effect (by virtue of any direction issued pursuant to Standard Special Condition D1 (Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to DN licensees) at the time specified in the relevant notice under paragraph 3(a) of this condition;

“relevant notice”

means a notice given by the Authority pursuant to paragraph 3(a) of this condition which contains the Authority’s proposals for the modification of conditions contained in, or the inclusion of new conditions into Part D: Standard Special Conditions applicable to all DN licensees;

“relevant time”

means 06.00 hours on the day which is thirty (30) days prior to the day on which the Authority gives relevant notice;

“statutory CLM procedure”

means the licence modification procedure set out in section 23 of the Act for standard conditions of licences granted under section 7 of the Act; and

“weighted according to market share”

means multiplied by a factor which is, in the case of relevant licence holders who have given notice of objection, the total

quantity of gas conveyed to the premises of consumers by those relevant licence holders during the twelve month period ending at the relevant time divided by the total quantity of gas conveyed to the premises of consumers during the twelve month period ending at the relevant time by all relevant licence holders, as calculated by the Authority on the basis of information available to it.

2. The purpose of this condition is to set out (pursuant to section 7B(7)(b) of the Act) a procedure under which Standard Special Conditions in Part D: Standard Special Conditions applicable to all DN licensees in this licence and other relevant gas transporter licences only may be collectively modified or new conditions inserted into such Part D.
3. Without prejudice to any other method of modification set out in the Act, Standard Special Conditions in Part D: Standard Special Conditions applicable to all DN licensees in this licence and other relevant gas transporter licences) may be modified or new conditions inserted into such Part D in the following manner:
 - (a) before making modifications under this condition, the Authority shall give notice (a “relevant notice”):
 - (i) stating that it proposes to make the modifications and setting out their effect;
 - (ii) stating the reasons why it proposes to make the modifications; and
 - (iii) specifying the time (not being less than twenty-eight (28) days from the date of publication of the relevant notice) within which representations or objections with respect to the proposed modifications may be made,and the Authority shall consider any representations or objections which are duly made and not withdrawn.

- (b) A relevant notice under paragraph 3(a) above shall be given:
 - (i) by publishing the relevant notice in such manner as the Authority considers appropriate for the purpose of bringing the relevant notice to the attention of persons likely to be affected by the making of the modifications; and
 - (i) by sending a copy of the relevant notice to the relevant licence holders, to the Secretary of State, to the Health and Safety Executive and to the Consumer Council.
- (c) If, within the time specified in the relevant notice under paragraph 3(a) above, the Secretary of State directs the Authority not to make any modification, the Authority shall not be entitled to make such a modification.
- (d) The Authority may not make any modifications to any Standard Special Conditions in Part D: Standard Special Conditions applicable to all DN licensees in this licence or any corresponding condition in such other relevant gas transporter licence or insert any new conditions in this Part D or any corresponding Part D of any other relevant gas transporter licences pursuant to this condition, unless:
 - (i) no notice of objection to those modifications set out in the relevant notice is given to the Authority within the time specified in the relevant notice under paragraph 3(a) above by any relevant licence holder;
 - (ii) if one or more relevant licence holders gives notice of objection to the Authority within that time:
 - (aa) the proportion (expressed as a percentage) of the relevant licence holders who have given notice of objection is less than twenty (20) per cent of all relevant licence holders; and
 - (bb) the proportion (expressed as a percentage) of the relevant licence holders who have given notice of objection, weighted according to their market share, is less than twenty (20) per cent;

or

- (iii) the Authority is of the opinion:

- (aa) that the effect of the Standard Special Conditions in Part D: Standard Special Conditions applicable to all DN licensees in relevant gas transporter licences only is such as to impose a burden affecting relevant licence holders in the carrying on of activities to which the modifications relate; and
 - (bb) that the modifications would remove or reduce the burden without removing any necessary protection.
- 4. Where at any time the Authority modifies under this condition the Standard Special Conditions in Part D: Standard Special Conditions applicable to all DN licensees in this licence or inserts new conditions into such Part D of this licence and makes equivalent changes to the corresponding Part D of other relevant gas transporter licences only, it:
 - (a) shall also include the same conditions as so modified in relevant gas transporter licences granted after that modification; and
 - (b) may make such incidental or consequential modifications as it considers necessary or expedient of any conditions of relevant gas transporter licences granted before that time.
- 5. Where at any time the Authority modifies conditions under paragraph 4 of this condition for the purposes of their incorporation in relevant gas transporter licences granted after that time, it shall publish the modifications in such manner as it considers appropriate.
- 6. This condition is intended largely to replicate, in relation to the Standard Special Conditions in Part D: Standard Special Conditions applicable to all DN licensees in this licence and other relevant gas transporter licences only, the statutory CLM procedure. The Authority may issue guidance following consultation with relevant licence holders on the procedures that the Authority will follow in proposing and making collective licence modifications pursuant to the private collective licence modification procedure set out in this condition.

Standard Special Condition D3. Long Term Development Statement

1. The licensee shall comply with a direction given by the Authority to prepare an annual statement, in respect of each Distribution Network (as defined in Special Condition E2A (Revenue Restriction Definitions in respect of the Distribution Network)) in such form and at such a time as may be specified in the direction giving, with respect to each of the 10 succeeding years beginning with 1 October, such information by way of forecasts of -
 - (a) the use likely to be made of the pipe-line system to which this licence relates; and
 - (b) the likely developments of that system and those facilities which the licensee expects from time to time to be taken into account in determining the charges for making connections to that system and in pursuance of transportation arrangements,as it is reasonably practicable for the licensee to provide and which will assist a person who contemplates -
 - (i) seeking the connection of a pipe-line of his to the pipe-line system to which this licence relates;
 - (ii) entering into transportation arrangements with the licensee; or
 - (iii) seeking the connection of the pipe-line system to which this licence relates to premises which would reasonably be expected to be supplied with gas at a rate exceeding 2,196,000 kilowatt hours a year,in identifying and evaluating the opportunities for doing so.
2. Except in so far as the Authority consents to the licensee not doing so, the licensee shall use its reasonable endeavours to prepare a revision of any statement prepared under paragraph 1 so as to ensure that the information in the statement is up to date.
3. The licensee shall, subject to any requirement to comply with the listing rules (within the meaning of the Financial Services and Markets Act 2000) and with paragraph 4 below -

- (a) furnish the Authority with a copy of each statement prepared under paragraph 1 and of each revision of the statement prepared under paragraph 2;
 - (b) furnish such other gas transporter as the Authority may direct with a copy of each statement prepared under paragraph 1 and of each revision of the statement prepared under paragraph 2;
 - (c) in such form and manner as the Authority may direct, publish such a summary of each statement or, as the case may be, of a revision of the statement as will assist a person in deciding whether to ask for a copy of the version mentioned in sub-paragraph (d); and
 - (d) prepare a version of each statement or revision which excludes, so far as is practicable, any such matter as is mentioned in paragraph 4 and send a copy thereof to any person who asks for one and makes such payment to 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.
4. In complying with the requirements of paragraph 3(c), the licensee shall have regard to the need for excluding, so far as is practicable, any matter which relates to the affairs of a person where the publication of that matter would or might seriously and prejudicially affect his interests.
5. Any question arising under paragraph 4 as to whether the publication of some matter which relates to the affairs of a person would or might seriously and prejudicially affect his interests shall be determined by the Authority.

Standard Special Condition D4. Prohibited Procurement Activities

1. Except with the prior written consent of the Authority, or in accordance with its functions under the network code, the licensee shall not and shall procure that:

- (a) any affiliate or related undertaking of the licensee; and/or
- (b) any other business operated by the holder of this licence or its affiliates or related undertakings under a separate gas transporter licence for a relevant gas transporter,

shall not, either on its own account or on behalf of anyone specified in sub-paragraphs (a) and (b) purchase, enter into agreements for or otherwise acquire capacity rights, gas or gas derivatives with the intention of subsequently selling, assigning or otherwise disposing of such assets to third parties.

2. The prohibition in paragraph 1 of this condition shall not apply to the purchase, entering into agreements for, or acquisition by, the licensee or any affiliate or related undertaking including, for the avoidance of doubt, any other business operated by the holder of this licence or its affiliates or related undertakings under a separate gas transporter licence for a relevant gas transporter, on the account of the licensee of capacity rights, gas or gas derivatives with the intention of selling, assigning or otherwise disposing of such capacity rights, gas or gas derivatives for the purpose of facilitating shrinkage procurement and constraint management so long as such transactions:

- (a) are conducted on economic and efficient terms; and
- (b) facilitate the economic and efficient operation of the transportation system.

3. In this condition:

**“shrinkage
procurement”**

means the balancing of the pipe-line system to which this licence relates through the acquisition or disposal of gas to replace gas lost from the pipe-line system to which this licence relates or from the pipe-line system of a DN operator that is an affiliate in respect of shrinkage (having the meaning given to that term in the network code).

Standard Special Condition D5. Licensee's procurement and use of system management services

1. The licensee shall operate each of the pipe-line systems to which its licence relates in an efficient, economic and co-ordinated manner.
2. The licensee shall ensure that it and its affiliates or related undertakings (and/or any other business operated by the holder of this licence or its affiliates or related undertakings under a separate gas transporter licence for a relevant gas transporter) shall neither unduly discriminate nor unduly prefer in its procurement or use of system management services as between any persons or classes of persons.
3. The licensee shall before 1 October 2002 or such later date as the Authority may direct in writing and thereafter before 1 April in each subsequent formula year (or such longer period as the Authority may approve) prepare a statement in a form approved by the Authority setting out (consistently with the licensee's duties 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 kinds of system management services which it may be interested in purchasing in the period until the next statement is due, to be published pursuant to paragraph 10(a) in this condition and the mechanisms by which it envisages purchasing, entering into or otherwise acquiring them, and the licensee shall revise such statement during any such period if its intentions change during that period.
4. Within one month after the date on which each statement, prepared pursuant to paragraph 3 of this condition (other than the first one) is due to be published pursuant to paragraph 10(a) of this condition the ("**due date**"), the licensee shall prepare a report in a form approved by the Authority in respect of the system management services which the licensee has bought or acquired in the period of 12 months (or such longer period as the Authority may approve or require) ending on the due date.

5. The licensee shall before 1 October 2002 or such later date as the Authority may direct in writing, prepare a statement in a form approved by the Authority setting out the principles and criteria (consistent with the licensee's duties under paragraph 1 and 2 of this condition and consistent with its other duties under the Act, and the standard, Standard Special and Special Conditions) by which the licensee will determine, at different times and in different circumstances, which system management services the licensee will use to assist it in the operation of the pipe-line system to which this licence relates, and for what purpose, and when the licensee would resort to measures not involving the use of system management services in the operation of the pipe-line system to which this licence relates.
6.
 - (a) The licensee shall as soon as practicable after the end of each formula year prepare 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 5 of this condition and whether any modification should be made to that statement to reflect more closely the practice of the licensee.
 - (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 complied with the statement prepared pursuant to paragraph 5 of this 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 5 of this condition in consultation with gas shippers and/or the NTS operator 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.
 - (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:
 - (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 conditions, Standard Special Conditions and Special Conditions; and

- (iii) any written representations or objections from gas shippers, the NTS operator 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 sub-paragraph 7(b)(ii) of this condition, and only if the Authority consents to such revision.
- 8. The licensee shall take all reasonable steps to comply with the statement for the time being in force pursuant to paragraph 5 of this condition.
- 9. The licensee shall send to the Authority a copy of each of the statements and reports prepared pursuant to paragraphs 3, 4, 5, 6 and 7 of this condition and of all revisions to any such statements and reports.
- 10. The licensee shall:
 - (a) publish by such date (and in such manner) as the Authority may approve the statements prepared pursuant to paragraphs 3 and 5 of this condition and each revision thereof; and
 - (b) send a copy of each statement and report prepared pursuant to paragraphs 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,

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 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.
12. The licensee shall, unless the Authority otherwise consents, maintain for a period of seven years:
 - (a) particulars of all system management services offered to it;
 - (b) particulars of all contracts for system management services which it entered into; and
 - (c) records of all system management services called for and provided.
13. The licensee shall provide to the Authority such information as the Authority shall request concerning the procurement and use of system management services.
14. In this condition:

“relevant system management services”

; means system management services other than those which the Authority directs the licensee not to treat as relevant system management services; and

“system management services”

means services in relation to constraint management services and the acquisition or disposal of gas to replace gas lost from the pipe-line system to which this licence relates in respect of shrinkage (having the meaning given to that term in the network code).

Standard Special Condition D6. Provision of First Call Emergency Response to the NTS operator

1. The licensee shall provide the NTS operator with a first call emergency response service in the event of an emergency on the NTS which involves an actual or suspected release of gas.
2. The licensee shall not be required to carry out any work on, or exercise any control over, any part of the NTS under the obligation contained in paragraph 1 unless requested and/or authorised to do so by the NTS operator.
3. The licensee shall make arrangements which shall ensure that the provision by it of a first call emergency response service to the NTS operator is effected by a competent person or persons who have been adequately trained and possess appropriate expertise to provide that service on behalf of the licensee.
4. 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.
5. Any dispute over obligations of the licensee pursuant to this condition may be referred to the Authority for determination at the request of the licensee or the NTS operator.

6. In this condition:

“First call emergency response”

means a response by the licensee to attend at the site of an emergency on the NTS which involves an actual or suspected release of gas and to act in a manner best designed to minimize the risk to life and property subject to paragraph 2;

Standard Special Condition D7. Exit Code Statement

1. By 30 June 2003 and by 30 June in each subsequent formula year (or such other date as the Authority may direct in writing), the licensee shall prepare and submit to the Authority an exit code statement (“**the exit code statement**”).
2. Except to the extent the Authority shall otherwise specify, the exit code statement referred to in paragraph 1 shall include:
 - (i) a description of the services which have been provided to (1) the NTS TO activity and/or the NTS SO activity by the Distribution Network transportation activity; and (2) the Distribution Network transportation activity by the NTS TO activity and/or the NTS SO activity in the previous formula year; and
 - (ii) provide details of any revenue received or charges made by (1) the Distribution Network transportation activity from the NTS TO activity and/or NTS SO activity; and (2) the NTS SO activity and/or the NTS TO activity from the Distribution Network transportation activity in respect of each of the services referred to in sub-paragraph (i) above in the previous formula year.
3. The terms “**NTS TO activity**”, “**NTS SO activity**”, “**Distribution Network transportation activity**” and “**Distribution Network**” shall have the meaning given in Special Condition E2A (Revenue restriction definitions in respect of the Distribution Network).

Standard Special Condition D8. Reform of Distribution Network interruption arrangements

1. The licensee shall use all reasonable endeavours to review and develop proposals for the reform of transportation arrangements insofar as they relate to the interruption of supply points within the licensee's Distribution Network(s) for implementation by 1 April 2006, consistent with its licence and statutory obligations.
2. If despite using all reasonable endeavours, the licensee is unable to review and develop proposals in compliance with paragraph 1 of this condition, the licensee shall use all reasonable endeavours to ensure that such arrangements are implemented as soon as reasonably practicable thereafter.
3. In this condition "**Distribution Network**" shall have the meaning given in Special Condition E2A (Revenue restriction definitions in respect of the Distribution Network).

Standard Special Condition D9. Distribution Network transportation activity incentive scheme and performance reporting

1. The principal purpose of this condition is to secure the collection of information on a common basis as between relevant gas transporters and to an appropriate degree of accuracy, by the licensee so as:
 - (a) to facilitate the establishment and operation of an incentive scheme (“**the scheme**”) to improve the operation of, and delivery of appropriate outputs from each Distribution Network; and
 - (b) to monitor delivery of appropriate outputs from each Distribution Network.
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).
3. For the purposes of this condition:

“charging review date”

means any date from which modifications to Special Condition E2B (Restriction of revenue in respect of the Distribution Network transportation activity) Part 1 b relating to each of the licensee’s Distribution Networks have effect:

- (a) whether before or after the date upon which the modifications are made;
- (b) where such modifications have been proposed by the Authority following a review by the Authority of the revenue restrictions in Special Condition E2B (Restriction of revenue in respect of the Distribution Network transportation activity) Part 1 b (or that part to which the modifications relate) in relation to the

licensee;

“customer satisfaction survey” means a postal survey comprising only questions relating to the specified matters in this condition which is carried out by an independent third party on behalf of the licensee;

“Distribution Network” has the meaning given in Special Condition E2A (Revenue Restriction Definitions in respect of the Distribution Network);

“Distribution Network peak demand” means the peak aggregate daily demand (bearing the meaning of that expression in Standard Special Condition A9 (Pipe-Line System Security Standards)) in respect of each Distribution Network;

“independent third party” means a suitable company with expertise in the conduct of market research and customer surveys appointed by the licensee using terms of reference approved in advance by the Authority;

“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 10 and may include:

- (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;
- (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; and
- (g) a statement as to whether and to what extent each category of specified information is required for the purposes of the scheme;

“revenue restriction” means the Distribution Network transportation activity revenue restriction in Special Condition E2B (Restriction of revenue in respect of the Distribution Network transportation activity) Part 1 b;

“specified information” means:

- (a) information regarding interruptions comprising:
 - (i) the number of interruptions to supply, not caused pursuant to contract, per year in

aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance, and

- (ii) the duration of interruptions to supply, not caused pursuant to contract, per year in aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance;

(b) customer satisfaction survey results comprising:

- (i) in respect of customers who have been affected by planned work carried out by the licensee on service pipes which is likely to have caused an interruption to their gas supply, the results of ten questions in total concerning the specified matters, in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,
- (ii) in respect of customers who have been affected by work carried out by the licensee on service pipes which is likely to have been associated with an unplanned interruption to their gas supply, the results of eight questions in total concerning the specified matters, in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,

where the licensee shall procure the information via customer satisfaction surveys which will be undertaken quarterly in each formula year. The number of customers surveyed will be sufficient to ensure that a statistically robust sample of responses as defined in the regulatory instructions and guidance is returned by the customers to the licensee. Any such customer satisfaction surveys will be in the form and conducted in the manner specified in the regulatory instructions and guidance. The method of calculating the results of the customer survey shall be set out in the regulatory instructions and guidance. The method of selecting the customers surveyed shall be set out in the regulatory instructions and guidance;

- (c) information regarding the replacement of mains and services (as the same are defined in the regulatory instructions and guidance) comprising:
 - (i) the amount of mains decommissioned per year by the licensee, measured in kilometres and in aggregate and in disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,
 - (ii) the amount of replacement mains per year installed by the licensee, measured in kilometres in aggregate and in disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,

- (iii) the number of services decommissioned per year by the licensee in aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,
 - (iv) the number of replacement services installed per year by the licensee in aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance, and
 - (v) the number of services transferred per year by the licensee in aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance;
- (d) information regarding Distribution Network peak demand measured in aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance including:
 - (i) the estimated 1-in-20 Distribution Network peak demand for the current supply year, and
 - (ii) the licensee's forecast 1-in-20 Distribution Network peak demand for the next 10 supply years;
- (e) information regarding environmental performance

measures including;

- (i) methane emissions in each formula year measured in estimated tonnes in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance, and
 - (ii) loss of containment of gas reportable to the Health and Safety Executive in accordance with the Control of Major Accident Hazards Regulations 1999 in the formula year in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance;
- (f) an analysis of trends observable from the environmental measures;
- (g) supporting information including:
 - (i) information regarding annual demand in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,
 - (ii) information regarding all new connections from each Distribution Network to premises or to pipeline systems operated by an authorised gas transporter in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,

- (iii) information regarding all rechargeable diversions as defined in Special Condition E2B (Restriction of revenue in respect of the Distribution Network transportation activity) in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,
- (iv) information regarding escapes of gas which have been reported by members of the public in aggregate and disaggregate form in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,
- (v) information regarding the accuracy of one and three-year ahead annual and peak demand forecasts in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,
- (vi) information regarding gas in buildings as defined in the licensee's engineering instructions as may be updated from time to time in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance,
- (vii) information regarding cast iron mains fractures in respect of each Distribution Network in the form and manner specified in the regulatory instructions and guidance; and

- (h) such other information as may from time to time be specified by the Authority, by notice to the licensee in accordance with paragraph 10;
- “specified matters”** means (a) customer demographics and (b) customer satisfaction relating to:
 - (i) the quality of communications made by the licensee to customers providing them with information concerning works carried out,
 - (ii) the inconvenience caused to customers by that work, and
 - (iii) customers’ perception of the efficiency and professionalism with which the licensee carried out that work; and
- “supply year”** for the purposes of this condition only, means any continuous period of twelve months commencing on 1 October in each year and ending on 30 September in the immediately following year.

4. The licensee shall collect specified information in respect of:

- (a) the matters specified in sub-paragraph (a) of the definition of specified information from and including 1 April 2003 or from and including such later date as the Authority may approve in writing;
- (b) the matters specified in sub-paragraph (b) of the definition of specified information from and including 1 April 2005;
- (c) the matters specified in sub-paragraphs (c)-(g) of the definition of specified information from and including 1 April 2002 or from and including such later date as the Authority may approve in writing; and
- (d) any matter specified under sub-paragraph (h) of that definition from the date specified in a notice given in accordance with paragraph 10.

5. The licensee shall provide to the Authority:
 - (a) the information referred to in sub-paragraph (a) of the definition of specified information, with respect to the formula years commencing on 1 April 2003 and 1 April 2004 quarterly, and subsequent formula years, at least annually (or from and including such later date as the Authority may approve in writing), in the form and manner specified in the regulatory instructions and guidance;
 - (b) in respect of the formula year commencing 1 April 2005 and subsequent formula years, the results of the customer satisfaction surveys referred to in sub-paragraph (b) of the definition of specified information which will have been undertaken in the form and manner specified in the regulatory instructions and guidance, on a quarterly basis three months after the end of each quarter as specified in the regulatory instructions and guidance (or on such other later dates as the Authority may specify by notice in writing);
 - (c) the information referred to in sub-paragraphs (c) - (g) of the definition of specified information on 31 July 2003 or from such later date as the Authority may approve in writing and then annually on that date (information regarding the previous formula year) (or on such later dates as the Authority may by notice specify); and
 - (d) the information referred to in sub-paragraph (h) 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 publish the information provided to the Authority specified in paragraph 5(b) on its website within one month after the provision of that information to the Authority.
7. 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, this condition and the regulatory instructions and guidance.

8. 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) co-operate 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 7.
9. The licensee's obligation under paragraph 8 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;
 - (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 each Distribution Network such other persons and such equipment as may be necessary or expedient for the purpose of carrying out the examination.

10. Where the Authority considers that the regulatory instructions and guidance should be modified to:

- (a) improve the presentation or style of the requirements of those regulatory instructions and guidance;
- (b) remove or reduce inconsistencies between relevant gas transporters in the application or interpretation of such requirements;
- (c) further clarify the meaning of words and phrases used within such requirements to define the information to be provided;
- (d) improve the form or manner in which such information is to be provided under such requirements; or
- (e) introduce additional categories of specified information or enlarge existing categories of specified information

in such ways as the Authority may reasonably require so as more effectively to achieve the principal purpose of this condition, the Authority may, subject to paragraphs 11 to 14, modify the regulatory instructions and guidance by issuing a direction for that purpose to all relevant gas transporters.

11. Before issuing a direction under paragraph 10, the Authority, by notice given to all relevant gas transporters, must:

- (a) state that it proposes to make a modification and set out the date on which it proposes that this should take effect;
- (b) set out the text of the modification, the purpose and the effect of the modification, and the reasons for proposing it; and
- (c) specify the time (not being less than 28 days from the date of the notice) within which representations or objections with respect to the proposed modification may be made

and must consider any representations or objections which have been duly made and are not withdrawn, and give reasons for its decision.

12. Where any proposed modification of the regulatory instructions and guidance relates:
 - (a) to a requirement under those regulatory instructions and guidance to provide specified information to a greater level of accuracy; or
 - (b) to the introduction into those regulatory instructions and guidance of an additional category of specified information

the Authority may not make such modification except in accordance with the procedure set out in Standard Special Condition D2 (Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to DN licensees) which shall apply to such modification as if it were a modification of this condition.

13. Any modification to the regulatory instructions and guidance made under paragraph 10 to enlarge an existing category of information may not include information that the licensee could not be required to provide to the Authority under paragraph 1 of Standard Special Condition A26 (Provision of Information to the Authority), excluding the effects of paragraph 8 of that condition.
14. The provision of the regulatory instructions and guidance may not exceed what may be reasonably required to achieve the purposes of this condition or purport to have effect with respect to the interpretation of any other condition of this licence or the fulfilment by the licensee of any obligation imposed in respect of any matter which is the subject of any such condition.
15. Nothing in this condition shall require the licensee to produce any documents which it could not be compelled to produce or give in evidence in civil proceedings before a court.

Standard Special Condition D10. Provision of connections information

1. This condition applies to the provision by the licensee of connections to the pipe-line system to which this licence relates in respect of:
 - (a) the provision of quotations for obtaining a new or altering an existing connection;
 - (b) responding to land enquiries;
 - (c) providing a date for commencement of works; and
 - (d) substantial completion of works within timescales agreed with the customer.

2. The licensee shall procure that:
 - (a) 90% of standard quotations for obtaining a new connection or altering an existing connection up to and including rates of flow of 275 kWh per hour are issued within six working days of receipt of the request unless the customer requests a deferral;
 - (b) 90% of non-standard quotations for:
 - (i) obtaining a new connection or altering an existing connection up to and including rates of flow of 275kWh per hour are issued within eleven working days of receipt of the request unless the customer requests a deferral; and
 - (ii) obtaining a new connection or altering an existing connection where rates of flow exceed 275kWh per hour are issued within twenty one working days of receipt of the request unless the customer requests a deferral;
 - (c) 90% of new or altered connections are substantially completed within the timescales agreed with the customer;
 - (d) 90% of replies to land enquiries are issued within five working days of receipt of the request unless the customer requests a deferral; and

- (e) in 90% of cases, provide within twenty working days dates for commencement and substantial completion of works from the receipt of acceptance of a quotation provided under paragraph 2 (a) or (b) unless the customer requests a deferral.
- 3. The licensee shall from time to time submit to the Authority for its agreement an accuracy review scheme through which customers can require the licensee to review the accuracy of quotations and, in the event that the licensee provides an inaccurate quotation, the licensee shall adjust any charge made to the customer to the amount due under an accurate quotation.
- 4. Where a request is received after 5pm on any day it shall be deemed for the purposes of this condition as having been received on the next working day.
- 5. The licensee shall, once in each formula year, provide specified connection information to the Authority.
- 6. The licensee shall, once in each formula year:
 - (a) undertake an audit in respect of the provision by the licensee of services under paragraph 1;
 - (b) inform the Authority of the nature and scope of such audit; and
 - (c) when requested by the Authority in writing, review such audit and the manner in which it is being operated with a view to determining whether any modification should be made to such audit or to the manner of its operation.
- 7. This condition shall not apply to requests for connections:
 - (a) to new build domestic developments of at least 5 domestic premises where there is no existing connection to the pipe-line system to which this licence relates;
 - (b) to new build non domestic developments of at least 5 non-domestic premises where there is no existing connection to the pipe-line system to which this licence relates;
 - (c) to premises to which gas will be conveyed at a pressure of more than 7 bar gauge;

- (d) classed as complex connections in a statement issued from time to time by the licensee and agreed with the Authority after such consultation as the Authority directs;
- (e) classed as excluded connections in a statement issued from time to time by the licensee and agreed with the Authority; or
- (f) where the customer has failed to provide to the licensee such information as the licensee requires from the customer in order to provide a quotation.

8. For the purposes of this condition only:

“accurate quotation” means a correct charge in accordance with the licensee’s published connection charging statement;

“connection” means the connection of a service (or any part thereof) under sections 9(1)(b) and 10(2) of the Act for the establishment of a new connection or alteration of an existing connection to premises on the transportation system where service means a pipe (if any) installed or to be installed between any main and any emergency control valve at the relevant premises;

“customer” means domestic and non-domestic customers and prospective customers of licensed gas suppliers; gas shippers, gas suppliers, independent connection providers, licensed gas transporters or any other person requesting connection services specified under paragraph 1;

“independent connection provider” means an organisation that provides consultancy and/or engineering services in relation to connections on behalf of customers, gas shippers, gas suppliers and gas transporters;

- “land enquiry”** means an indication of the availability of gas, an estimate of pressure that is or may become available, an estimate of the cost of the relevant connection and, where appropriate, the approval of a design for the provision of a new or alteration of an existing connection;
- “non-standard quotation”** means a quotation other than a standard quotation (but excluding a self-quote);
- “self-quote”** means a quotation produced by the customer for the provision of a new or alteration of an existing connection in accordance with any conditions published by the licensee to enable the customer to calculate the cost of the relevant works;
- “specified connection information”** means as a minimum:
- (a) the number of requests which the licensee has received for each of the services referred to in paragraph 1;
 - (b) the number of requests for each of the services referred to in paragraph 1 in respect of which the licensee has provided the requested service within the timescales set out in paragraph 2;
 - (c) the number of requests for each of the services referred to in paragraph 1 in respect of which the licensee has not provided the requested service within the timescales set out in paragraph 2;
 - (d) the amount (if any) paid for the purposes of refunding customers for failure to provide an accurate quotation;
 - (e) the amount of compensation (if any) paid by the licensee for the purpose of compensating customers entitled to compensation under

regulations made under section 33AA of the Act;

- (f) the number of times any payment caps specified under regulations made under section 33AA of the Act have been reached;
- (g) the results of any audit carried out under paragraph 6 above; and
- (h) the number of connection requests under paragraph 1 (a) that the licensee has identified as falling within the categories set out in paragraph 7;

“standard quotation” means a standard quotation (excluding a self-quote) that does not require a site visit; and

“substantial completion” means that the connection and the emergency control valve to the premises has been installed and commissioned.

9. Where the licensee is a DN operator that operates more than one Distribution Network (as defined in Special Condition E2A (Revenue Restriction Definitions in respect of the Distribution Network)), the obligations of this condition shall apply in respect of each Distribution Network.

Standard Special Condition D11. Charging obligations

1. Amendments to Standard Special Condition A4 (Charging - General)

Standard Special Condition A4 (Charging – General) shall be amended by:-

- (a) in paragraph 1, the insertion of “, for each Distribution Network (as defined in Special Condition E2A (Revenue Restriction Definitions in respect of the Distribution Network)), where applicable,” after the words “the licensee shall”;
- (b) in paragraph 2, the insertion of the following in sub-paragraphs (a) and (b) in substitution for the words “NOT USED”:
 - “(a) use its reasonable endeavours not to make any changes to the charges or reserve prices mentioned in paragraph 1 more frequently than once in each formula year and for such changes to take place on 1 October in each formula year or at such other time as the Authority may by notice in writing direct;
 - (b) subject to sub-paragraph (a) above, if the licensee makes changes to the charges or reserve prices mentioned in paragraph 1 on a date other than that specified in sub-paragraph (a), inform the Authority in writing as soon as is reasonably practicable after the decision is made to make such a change to charges, and, in any event, not later than three months after the charge change has been implemented:
 - (i) stating the reasons for this change; and
 - (ii) clearly identifying whether any of the information is of a confidential nature.”

2. Amendments to Standard Special Condition A5 (Obligations as Regard Charging Methodology)

Standard Special Condition A5 (Obligations as Regard Charging Methodology) shall be amended by:

- (a) in paragraph 1, the insertion of “, for each Distribution Network (as defined in Special Condition E2A (Revenue Restriction Definitions in respect of the Distribution Network)), where applicable,” after the words “the licensee shall”;
- (b) in paragraph 2A, the insertion of the following in sub-paragraph (b) in substitution for the words “NOT USED”:
 - “(b) use its reasonable endeavours not to make any changes to the charging methodology more frequently than once in each formula year and for such changes to take place on 1 October in each formula year or at such other time as the Authority may by notice in writing direct”