

Appendix 5 Conditions proposed for modification

1.1. The following tables provide an overview of the licence conditions proposed for modification or introduction as part of the section 23 Notice provided in Appendix 6 of this document:

- ◆ the first tables (tables A to E) list each of the conditions (excluding the standard conditions) currently within Transco plc's six licences (following direction of the section 8AA (and associated section 23 changes) on 25 April 2005) and notes whether modifications are proposed to these conditions; and
- ◆ the last table (table F) lists the new condition proposed for implementation.

Current conditions

Table A: Standard Special Conditions applicable to both NTS and DN licensees

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A1. 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 both NTS and DN licensees	No		
Standard Special Condition A2. Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to both NTS and DN licensees	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A3. Definitions and Interpretation	Yes	No	Revert to Amended Standard Condition 1 definition of "affiliate". Clarification of definition of "licensee", "relevant shipper", "relevant supplier" "supply of transportation services", and "transportation business". Minor amendment to definition of "constraint management".
Standard Special Condition A4. Charging – General	Yes	No	Clarification of drafting.
Standard Special Condition A5. Obligations as Regard Charging Methodology	Yes	No	Correction of cross-reference. Insertion of deadline in paragraph 3.

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A6. Conduct of Transportation Business	No		
Standard Special Condition A7. Requirement to Enter into Transportation Arrangements in Conformity with the Network Code	No		
Standard Special Condition A8. Emergency Services and Enquiry Service Obligations	Yes	No	Clarification of paragraphs 12 and 13.
Standard Special Condition A9. Pipe-Line System Security Standards	No		
Standard Special Condition A10. Provision and Return of Meters	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A11. Network Code and Uniform Network Code	Yes	No	Minor modification of paragraph 1(b) for consistency. Clarification of paragraph 19(a).
Standard Special Condition A12. Joint Office Governance Arrangements.	Yes	No	Insert "or otherwise procure the operation of" in paragraph 1(a).
Standard Special Condition A13. Not Used	N/A		
Standard Special Condition A14. Availability of Data Formats	No		
Standard Special Condition A15. Agency	Yes	No	Remove reference to "users" in paragraph 3(iii).
Standard Special Condition A16. Independence of the independent market for balancing	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A17. General obligations in respect of gas transporters' pipe-line systems.	No		
Standard Special Condition A18. Not Used	N/A		
Standard Special Condition A19. Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick: Arrangements in Respect of Meters	No		
Standard Special Condition A20. Provision of Services for Persons who are Blind or Deaf	No		
Standard Special Condition A21. Not Used	N/A		
Standard Special Condition A22. Arrangements in Respect of Powers of Entry	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A22A. Authorisation of Officers	No		
Standard Special Condition A22B. Exercise of Powers of Entry	No		
Standard Special Condition A23. Complaint Handling Procedure	No		
Standard Special Condition A24. Preparation, Review of and Compliance with Statements and Codes	No		
Standard Special Condition A25. Record of and Report on Performance	No		
Standard Special Condition A26. Provision of Information to the Authority	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A27. Disposal of Assets	No		
Standard Special Condition A28. Not Used	N/A		
Standard Special Condition A29. Change of Financial Year	Yes	No	Consistency with DNO drafting
Standard Special Condition A30. Regulatory Accounts	Yes	No	Consistency with DNO drafting
Standard Special Condition A31. Supply Point Information Service	No		
Standard Special Condition A32. Definition of Permitted Purpose	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A33. Restriction on Use of Certain Information and Independence of the Transportation Business	Yes		Correction to include separation of monopoly from electricity generation and other non-monopoly businesses and clarification. Insertion of additional consent provision in paragraph 6. General clarification of drafting.
Standard Special Condition A34. Appointment of Compliance Officer	No		
Standard Special Condition A35. Prohibition of Cross-Subsidies	No		
Standard Special Condition A36. Restriction on Activity and Financial Ring Fencing	Yes	No	Consistency with DNO drafting

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A37. Availability of Resources	Yes	No	Consistency with DNO drafting
Standard Special Condition A38. Credit Rating of the Licensee	Yes	No	To allow the Authority to state an acceptable equivalent rating.
Standard Special Condition A39. Indebtedness	Yes	No	Consistency with DNO drafting and amendment of definition of "cross-default obligation"
Standard Special Condition A40. Price Control Review Information	Yes	No	Consistency with DNO drafting
Standard Special Condition A41. Emergency Services to or on Behalf of Another Gas Transporter	No		
Standard Special Condition A42. Not Used	N/A		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A43. Provision of Metering and Meter Reading Services	No		
Standard Special Condition A44. Not Used	N/A		
Standard Special Condition A45. Assignment of Licence	No		
Standard Special Condition A46. Non-discrimination in the provision of metering activities	No		
Standard Special Condition A47. Charging of Gas Shippers – Domestic Infill Premises	No		
Standard Special Condition A48. Last Resort Supply: Payment Claims	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition A49. Designated Registrar of Pipes	No		
Standard Special Condition A50. System Development Obligations	Yes	No	Correct licensee's pipe-line system such that says pipeline system to which licence relates
Standard Special Condition A51. Information to be Provided to a Designated Registrar of Pipes	No		
Standard Special Condition A52. Not Used	N/A		
Standard Special Condition A53. Not Used	N/A		
Standard Special Condition A54. Not Used	N/A		
Standard Special Condition A55. Enduring Offtake Arrangements	No		

Table B: Standard Special Conditions applicable to all NTS licensees

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition B1. 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 NTS licensees	No		
Standard Special Condition B2. Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to NTS licensees	No		

Table C: Special Conditions applicable to the licensee (NTS)

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Special Condition C1. Amendments to Standard Special Conditions relating to LNG	No		
Special Condition C1A. NTS definition of supply of transportation services	No		
Special Condition C2. Long Term Development Statement	No		
Special Condition C3. Restriction of Prices for LNG Storage Services	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Special Condition C4. Prohibited Procurement Activities	Yes	No	<p>Clarify prohibition with respect to joint shrinkage procurement.</p> <p>Insert provision such that affiliates that are licensed to undertake their function are exempted from the prohibition.</p> <p>General clarification.</p>
Special Condition C5. Licensee's procurement and use of system management services	No		
Special Condition C6. Independent Market for balancing	No		
Special Condition C7. Charging obligations	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Special Condition C8A. Revenue restriction definitions in respect of the NTS transportation owner activity and NTS system operation activity	Yes	Yes	Some "mop-up" / clarification as well as implementation of interim incentives.
Special Condition C8B. Restriction of revenue in respect of the NTS transportation owner activity and NTS system operation activity	Yes	Yes	Some "mop-up" / clarification as well as implementation of interim incentives.
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	No		
Special Condition C10. Supplementary provisions of the revenue restrictions in respect of the NTS transportation owner activity and NTS system operation activity	Yes	No	Clarification of paragraph 3.

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Special Condition C11. Not Used	N/A		
Special Condition C12. Restriction of prices in respect of tariff capped metering activities	No		
Special Condition C13. Not Used	N/A		
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	Yes	Yes	Some "mop-up" / consistency modifications proposed as well as implementation of interim incentives.
Special Condition C15. Licensee's methodology for determining incremental entry capacity volumes	Yes	No	Clarification of drafting.
Special Condition C16. NTS performance reporting	No		
Special Condition C17. Exit Code Statement	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Special Condition C18. Not Used	N/A		
Special Condition C19. Undertaking from ultimate controller concerning non-discrimination between the NTS transportation activity and the Distribution Network transportation activity.	No		
Special Condition C20. Separation of NTS and Distribution Network Businesses	Yes	No	Clarification of drafting in paragraph 4.
Special Condition C21. Appointment and duties of the business separation compliance officer	No		
Schedule A: NTS output measures for the price control	No		

Table D: Standard Special Conditions applicable to all DN licensees

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
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.	No		
Standard Special Condition D2. Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to DN licensees	No		
Standard Special Condition D3. Long Term Development Statement	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition D4. Prohibited Procurement Activities	Yes	No	<p>Clarify prohibition with respect to joint shrinkage procurement.</p> <p>Insert provision such that affiliates that are licensed to undertake their function are exempted from the prohibition.</p> <p>General clarification.</p>
Standard Special Condition D5. Licensee's procurement and use of system management services	No		
Standard Special Condition D6. Provision of First Call Emergency Response to the NTS operator	No		
Standard Special Condition D7. Exit Code Statement	No		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Standard Special Condition D8. Reform of Distribution Network interruption arrangements	No		
Standard Special Condition D9. Distribution Network transportation activity incentive scheme and performance reporting	No		
Standard Special Condition D10. Provision of connections information	No		
Standard Special Condition D11. Charging obligations	No		

Table E: Special Conditions Applicable To DN Licensees

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Special Condition E1. Not Used	N/A		
Special Condition E2A. Revenue restriction definitions in respect of the Distribution Network	Yes	Yes	Some "mop-up" / clarification as well as implementation of interim incentives.
Special Condition E2B. Restriction of revenue in respect of the Distribution Network transportation activity	Yes	Yes	Some "mop-up" / clarification as well as implementation of interim incentives.
Special Condition E3. Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network	Yes (IDNs)		Change "Transco plc" to "licensee".

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Special Condition E4. Supplementary provisions of the revenue restrictions in respect of the Distribution Network	Yes	No	Clarification of paragraph 3.
Special Condition E5. Restriction of prices in respect of tariff capped metering activities	No		
Special condition E6. Information to be provided to the Authority in connection with the transportation system revenue restriction in respect of the Distribution Network	Yes	Yes	Some "mop-up" / consistency modifications proposed as well as implementation of interim incentives.
Special Condition E7. Not used	N/A		
Special Condition E8. Not used	N/A		
Special Condition E9. Not used	N/A		

Current Provision of Transco plc's licence	Modification proposed?	Is the modification a consequence of the incentives final proposals?	Comments
Special Condition E10. Separation of NTS and Distribution Network Businesses (RDN licensee only)	No		
Special Condition E11. Amendment to Credit Rating of the Licensee (IDN licensees only)	No		
Schedule A [Tables A1 – A4]: Not used	N/A		

Table F: New conditions proposed for implementation

Current Provision of Transco plc's licence	Is the modification a consequence of the incentives final proposals?	Comments
Special Condition C18. Licensee's methodology for determining incremental exit capacity volumes	Yes	Exit equivalent of C15.