

## Notice under Sections 7(5) and 8(4) of the Gas Act 1986

This notice is issued by The Gas and Electricity Markets Authority ("the Authority") under sections 7(5) and 8(4) of the Gas Act 1986 ("the Act") in connection with an application for a gas transporter licence ("the Application") made by Caythorpe Gas Storage Limited ("CGSL") and received by the Authority on 27 January 2005. In the Application, CGSL requested a number of modifications be made to the standard conditions in Section B of the gas transporter licence on the grounds that:

- a. the project will only be operated at high pressures
- b. because the gas will come from the National Transmission System (NTS), the gas will not be odourised and therefore unsafe for domestic or commercial use.
- c. the short pipeline involved will be sized only for the specific needs of the project and will run through open countryside, and
- d. only a single user of the facility is expected at any one time and that title to the gas will pass to the Applicant at the connection point to the NTS.

The Authority has considered that request in accordance with Section 8(3) of the Act.

### A. Notice under section 7(5)

1. Subject to respondents' views and any further internal review, the Authority proposes to grant a gas transporter licence ("the Licence") under Section 7(2) of the Act to CGSL (company number 05283117), whose registered office is situated at Suite 15, Wellesbourne House, Wellesbourne, Warwickshire, CV35 9JB.

2. The Licence, if awarded, will authorise CGSL to:

- a. convey gas through pipes to and from the proposed gas storage facility at Caythorpe gas field in East Yorkshire, within the areas described below and shown on the map attached at Appendix 1, to the National Transmission System (NTS) operated by Transco plc (company number 2006000).

- the areas surrounding the Caythorpe gas field as described by the following Ordinance Survey coordinates (OSGB 1936) for the extent of the gas field, and the associated pipeline as shown on the map attached at appendix 1.

510400E, 468200N

513000E, 468200N

513000E, 467000N

510400E, 467000N

3. The reasons why the Authority proposes to grant the Licence are:

- a. to secure that the reasonable demands for gas in Great Britain are met, and

- b. to secure effective competition in the supply of gas through pipes.

**B. Notice under section 8(4)**

- 4. If the Authority decides to grant the Licence to CGSL then the Authority proposes to modify that licence by:
  - a. removing the following Section B standard conditions from paragraph 1 of Part II of the licence and inserting these standard conditions into a new section B in paragraph 2 of Part II of the licence:
    - 4 – Charging of Gas Shippers – General
    - 4A - Obligations as Regards Charging Methodology
    - 4B - Connection Charges
    - 4C - Charging of Gas Shippers – Supplemental Connection Charges
    - 4E - Requirement to enter into Transportation Arrangements in Conformity with Network Code
    - 5A – Information to be provided to the Designated Registrar of Pipes
    - 7 - Provision of Information Relating to Gas Illegally taken
    - 8 - Provision and Return of Meters
    - 9 – Network Code
    - 14 – The Supply Point Administration Agreement
    - 17 - Provisions of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick: Arrangements in Respect of Meters
    - 18 - Provision of Services for Persons who are Blind or Deaf
    - 19 - Arrangements in Respect of Powers of Entry
    - 19A - Authorisation of Offices
    - 19B - Exercise of Powers of Entry
    - 20 – Standards of Performance
    - 21 - Complaints Handling Procedure
    - 22 – Preparation, Review of and Compliance with Statements and Codes
    - 23 – Record of and Report on performance
    - 27 – Adjustments of Amounts by Reference to the Retail Price Index
    - 28 – Termination of Shipping Arrangements, and
    - 31 – Supply Point Information Service.
  - b. amending standard condition 2 (Application of Section C (Transportation Service Obligations)) of Section A in the form set out in Appendix 2<sup>1</sup>.
- 5. The purpose and effect of the proposed modifications are that:
  - a. the standard conditions specified in 4a above, will not have effect in the licence.

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<sup>1</sup> Proposed changes shown in bold type.

- b. changes to Standard condition 2 will enable the specified standard licence conditions to be switched on in the event that an extension is required to the licence at a future date
  - c. it will allow for any or all of the section B standard conditions that are not in effect in the Licence, to have effect in the Licence, following the issue of a Direction by the Authority
6. The reasons for the proposed modifications is that the Authority has considered CGSL's request, to modify certain standard conditions on the grounds stated above, in accordance with Section 8(3) of the Act and proposes to modify the licence to meet the circumstances of the particular case
7. Any representations or objections with respect to the proposed grant of the licence to CGSL or in relation to the proposed modifications may be made on or before 02 July 2005 and should be addressed to Ikbal Hussain at 9 Millbank, London, SW1P 3GE, or [Ikbal.hussain@ofgem.gov.uk](mailto:Ikbal.hussain@ofgem.gov.uk).



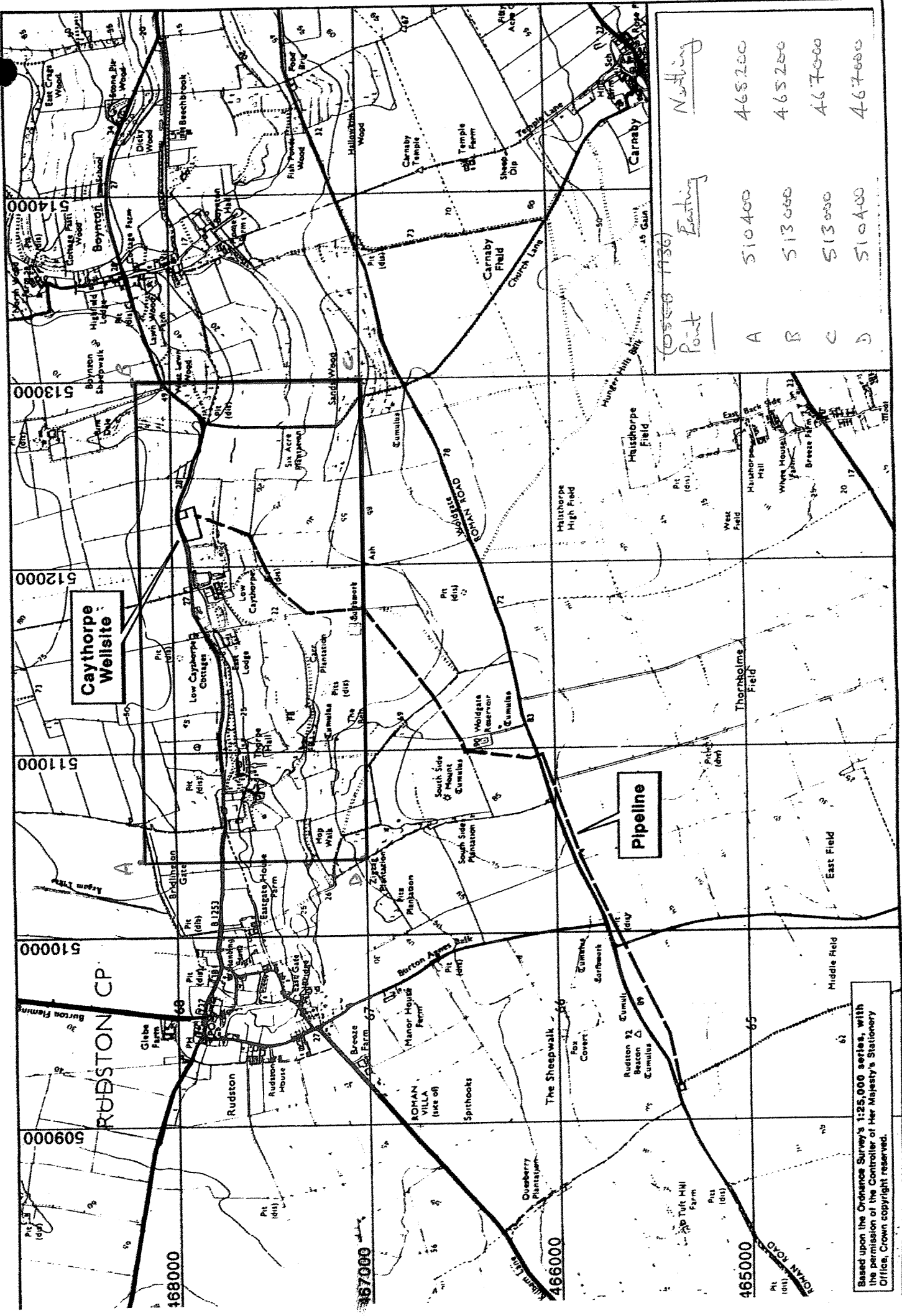
.....  
**Andrew Walker**  
**Duly authorised on behalf of the Authority**

31/5/05

**Date**

## Appendix 1

Appendix 1



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## Appendix 2

### Proposed amended standard condition 2

#### Condition 2. Application of Section B and Section C (Transportation Services Obligations)

1. Where the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for Section C (in whole or in part) to have effect within this licence:

(a) paragraphs 4 to 8 shall cease to be suspended and shall have effect in the licensee's licence; and

(b) the licensee shall be obliged to comply with the requirements of Section C (in whole or, as the case may be, in part) of this licence,

from the date the said scheme takes effect. Such provision made by the Secretary of State in the said scheme shall be treated, for the purposes of paragraphs 5, 6, and 7 of this condition, as if it were a Transportation Services Direction made by the Authority.

2. Until -

(a) the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for Section C (in whole or in part) to have effect within this licence; or

(b) the Authority has issued to the licensee a direction pursuant to paragraph 4,

the standard conditions in **Section B (in whole or, as the case may be, in part) and Section C (in whole or, as the case may be, in part)** shall not have effect within this licence; and the licensee shall not be obliged to comply with any of the requirements of **Section B (in whole or, as the case may be, in part) and Section C (in whole or, as the case may be, in part)** of this licence.

3. Except where paragraph 1 applies to the licensee, paragraphs 4 to 8 of this standard condition shall be suspended and shall have no effect in this licence until such time as the Authority, with the consent of the licensee, issues to the licensee a notice in writing ending the suspension and providing for those paragraphs to have effect in this licence with effect from the date specified in the notice.
4. The Authority may, with the consent of the licensee, issue a direction (a “Transportation Services Direction”). Where the Authority has issued to the licensee a Transportation Services Direction the standard conditions in Section C (in whole or, as the case may be, in part) shall have effect within this licence from the date specified in the direction; and the licensee shall be obliged to comply with the requirements of Section C (in whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction.
- 4A Where the licensee, under section 7 of the Act, makes an application for an extension to its licence, the Authority may issue a direction ( a “ Section B Direction”) to the licensee. Where the Authority has issued to the licensee a Section B Direction the standard conditions in Section B (in whole or, as the case may be, in part) shall have effect within this licence from the date specified in the direction; and the licensee shall be obliged to comply with the requirements of Section B (in whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction.**

5. A Transportation Services Direction:

- (a) may specify that the standard conditions in Section C (in whole or in part) are to have effect in this licence;
- (b) shall specify or describe an area (the “transportation services area”) within which the licensee shall be obliged to comply with any of the requirements of Section C (in whole or, as the case may be, in part);

6. The Authority may, with the consent of the licensee:

- (a) vary the terms (as set out in the Transportation Services Direction or elsewhere) under which **Section B (or parts thereof) or Section C** (or parts thereof) has effect in this licence; or
- (b) provide for **Section B (or parts thereof) or Section C** (or parts thereof) to cease to have effect in this licence.

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.

8. With effect from the date of cessation referred to in paragraph 7, paragraphs 4 to 7 of this condition shall be suspended and shall cease to have effect in this licence, 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.