

DN Sales Development & Implementation Steering Group Minutes

Meeting 29

7 December 2004, 10:00 am-4:30pm

Ofgem's office, 9 Millbank

Attendees

Sonia Brown	Ofgem (chair)	Sue Higgins	Transco
Jason Mann	Ofgem	Peter Bingham	Transco
Philippa Pickford	Ofgem	Mike Ashworth	Transco
Karen Gribben	Ofgem	Martin Kinoulty	United Utilities
Suzanne Turner	Ofgem	Alex Wiseman	United Utilities
Helen Connolly	Ofgem	Dawn Wetherall	United Utilities
Mike Young	BGT	Tory Hunter	SSE
John Costa	EDF Energy	Julian Bagwell	Macquarie
Nick Wye	Macquarie	Alison Russell	Centrica
Christiane Sykes	E.ON –UK	Rob Lally	DTI
		Radhika Sriskandarajah	DTI

1. Review of items from DISG meeting 28 (held on 30 November 2004).

a. Additions to the agenda

Sonia Brown asked if anyone wanted to make any additions to the agenda. No-one responded with any additional agenda items.

b. Review of minutes

Alison Russell asked when the minutes were circulated. Sonia Brown stated that Tracy Hunt had circulated the minutes and if members of DISG did not receive the papers then they should e-mail Tracey Hunt to ensure that they were on the circulation list. Nick Wye stated that the 5th page of the minutes did not accurately reflect the discussion about the incentives. Nick Wye stated that he had asked whether there would be two independent incentive schemes – an interim incentive scheme and a long term incentive scheme. Nick stated that Sonia Brown had responded that there would be a single incentive scheme in place. Sonia Brown stated that since then, Ofgem's view had changed in relation to this issue and it was now Ofgem's intention for there to be two distinct incentive regimes.

There were no further comments on the minutes.

c. Actions of previous meeting

- Ofgem updated the previous minutes
- Transco provided an updated version of its licence issues list
- With respect to the NGT paper on UNC, Sonia Brown stated that Ofgem was still in discussions with Transco and therefore a new action upon Transco was set in this regard for DISG 30.

Action: Transco to bring UNC paper to DISG 30.

2. Update from Exit Reform Development Forum (Transco)

Peter Bingham stated that there were two main messages coming from the Exit forum. Firstly, the industry regards the flexibility product as overly complex and secondly, that the industry has no desire for the product. Peter stated that, generally, the industry accepts the need for consistency and unbundling of capacity products, but thought that the mechanism for flexibility

should be an NTS internal matter. Peter Bingham stated that NGT does not concur with this view. He accepted that there was an additional burden for the industry but the reforms would be to the long-term benefit of the industry. Peter further stated that once the industry understands the product it will not seem as complex.

One forum member had queried whether the exemption would cover the trading of capacity products. Sonia Brown asked who raised this issue. Tory Hunter stated that she had raised a concern over this and asked, what was the legal status of the list of bullets, attached to the DTI exemption. Tory Hunter stated that the bulleted list at the back of the exemption did not cover the potential for DNs to sell back capacity to the NTS. Sonia Brown stated that NGT had seen the list and signed the list off as fit for purpose and complete. Tory stated that she would raise her concern in SSE's formal response to the DTI on the exemption consultation. Nick Wye raised the issue as to whether DN to shipper forward trading was allowed as the DTI exemption list was clear. Peter Bingham responded that shippers were not affected by the exemption proposals as they already held a shipper licence that permitted them to undertake such activities.

Peter Bingham detailed that the Exit Reform Forum website went live on Thursday (2 December).

Tory Hunter raised a concern over an element of overrun charges, in particular the hourly flow rate overrun charge. Tory stated that she didn't think there should be an hourly overrun charge, that it added an additional layer of complexity and that there was some surprise within the exit forum at its introduction. Sonia Brown also expressed surprise at these proposals. Peter Bingham highlighted that these hourly overrun charge proposals were there to provide future protection and that it was highly unlikely that such a facility would be required. As such, this element of the charge would not be binding in the short-term, and would effectively be set at zero. It was noted that it was these specific proposals that were raising a lot of the concerns regarding complexity mentioned earlier. Jason Mann asked DISG whether anyone was able to see Transco's concerns in relation to this issue and why Transco was seeking future protection. John Costa raised an additional concern in relation to this product and highlighted that there was no 'use it or lose it' provision. Sonia Brown stated that this should be included within the product as hoarding was not desirable. Nick Wye raised a question of whether such provisions should apply to the original location or traded location. Jason Mann and Sonia Brown responded that it would make sense for such provisions to apply to the traded location with the relevant exchange rates applied as appropriate.

John Costa raised a further point regarding the categorisation of offtake points and shippers' desire for a split product that distinguishes between DN connects and NTS direct connects. Sonia Brown noted shippers' concerns in this area, but emphasised the importance of ensuring no undue discrimination concerns amongst users of the NTS.

John Costa raised an additional point regarding governance. He noted that there were already two working groups set up to address exit profiling regime reform and scheduling charges and that these groups should be used, and as such, Transco was not following correct procedures. John suggested that these existing working groups should be used to undertake a consideration currently being considered in the exit development forum.

Peter Bingham stated that it was not possible to use existing Network Code modification groups to transform it into a multi-transporter agreement. Therefore, the process of consideration of the issues being discussed in the exit development forum could not be discussed within the auspices of the existing network code based groups, because what was being developed would

not, directly, be part of the network code. The network code would be modified through the normal process into a short form network code that would reference the newly developed UNC. That was why whilst not part of the formal network code modification process, Transco were attempting to mimic the network code process for the purposes of considering the development of the UNC. Sonia Brown stated that if people disagree with the process then they should highlight why they disagree, in particular if they disagree with Transco's analysis of the need for a multi-transporter contract. John Costa stated that they had raised their concerns. Sonia Brown pointed out that they had stated that they disagree with Transco but had not outlined the reasons why and reiterated that they should explain why they disagreed.

Action: Transco to take away concerns with the hourly overrun charge.

Action: Shippers to come back to explain why they disagreed with Transco's view on due process.

3. Update from UNC Development Forum (Transco)

Peter Bingham outlined the issues which were discussed at the UNC Development Forum – these included Section U and ancillary documents, and a presentation on the obligation to pay invoices through the transitional period from hive down. Peter stated that no further changes with respect to Section U and ancillary documents were raised and that they would therefore proceed to the first stage of drafting. Peter stated that no issues were being referred to DISG. Peter pointed out to the group that the first bits of legal drafting were placed on the Transco website on Friday and that more documents would be placed on there later this week.

Sonia Brown asked Mike Ashworth whether anyone had taken him up on his offer to walk through the UNC. Mike Ashworth said no one had taken him up on his offer. Tory Hunter pointed out that people would want to view the draft first before having a meeting and highlighted that she wasn't aware this was now on the website. Sonia Brown requested that people should contact Mike Ashworth if a meeting is required.

Mike Young stated that a lot the action points raised at the various work groups had been placed in a log and had been parked with no indication of when they were being discussed. Sonia Brown stated that it would be necessary to go back through these outstanding issues and that Transco should provide dates of when these outstanding issues will be addressed.

Tory Hunter asked if Transco were still on target to issue all UNC offtake flexibility rules for consultation before Christmas. Peter confirmed that they were.

Action: DISG members to get back to Transco by the end of the week to let them know if a meeting is needed.

Action: Transco to provide copies of the action log and dates as to when these issues will be discussed for DISG 30.

4. Gas Act exemption (DTI)

Rob Lally presented the outline of the DTI's consultation on Proposed Exemption For Certain Gas Transporters From Prohibition on Conducting Particular Shipper Activities. There were no questions raised. Rob reminded DISG members of the close date on the consultation document.

5. Run through of draft restructured licence (Ofgem).

Tory Hunter asked why Appendix 7A had been taken off the Ofgem website. Sonia Brown stated that there was a mistake with the PDF formatting and that the document would be put

back on the website later today. Dawn Wetherall asked whether there was a need to go through the Standard Conditions of the licence. Sonia Brown stated that there was a need as some Standard Conditions were being amended elsewhere in Ofgem which should be brought to the attention of DISG members and to explain what will be happening to this licence going forward.

Karen Gribben outlined to the group that Ofgem and the Authority's comments should not be taken as legal advice. The purpose of this read through process was an informal tool to help DISG members to understand the changes being proposed. Ofgem noted that failure to comment on a particular condition would not preclude DISG members from commenting at a later date.

Philippa Pickford detailed that the standard conditions would be reverting to the designated state. The table of contents highlights what will be switched off, either because the standard conditions require amendment or they are not needed. Philippa Pickford highlighted that some of the standard conditions would be changing in parallel to the DN Sales process. Standard Condition 3 would be subject to amendments with regards to the appeal rights process as per the Ofgem and DTI consultation document. Standard Condition 16 might need some technical tweaking to ensure that the 1 in 20 obligation relates to hourly rather than peak aggregated daily demand. Standard Condition 30A may be subject to parallel changes brought about by the Distribution Price Control Review to ensure that changes made to the electricity DNO licence are replicated through the gas licence.

Alison Russell asked, in relation to Standard Condition 16, whether it was intended to detail how the 1 in 20 obligation should be calculated by each network. Sonia Brown responded that each DN would be responsible for determining their 1 in 20 obligation and that there would be no national methodology. Sonia further highlighted that there would be no deterioration to the 1 in 20 obligation it is purely technical tweak to ensure this. Sonia stated that once there was a clearer view of the flexibility product, Ofgem would ask Transco to bring the drafting of this condition back to DISG.

Alison Russell further asked whether it would be appropriate for DNs to share (and make transparent) the methodologies that they applied. Sonia responded that the transparency of methodologies applied may need to be considered by Ofgem, and whether any further transparency over and above what would already be provided within the ten year statements was required.

6. Run through of draft restructured licence (Ofgem).

Condition	DISG comments
Standard Special Condition A1. Application/Dissaplication of standard conditions in Section A (interpretation and Payments) and Section B (General) and Application /Dissaplication of Standard Condition applicable to both NTS and DN licensees	<p>Suzanne Turner explained that this condition allows for the ability to switch off certain standard conditions and replace with standard special conditions. This conditions means that conditions can switched off without having a replacement and likewise switched on if needs be. The condition also allows for the ability to switch off certain parts of conditions. The current provision in the existing licence applies to Section C of the Standard Conditions only which is why a change is needed.</p> <p>Dawn Wetherall /UU asked about the timing of switching conditions on or off. Sonia Brown stated that Ofgem is still</p>

	<p>working through sequencing with Transco. Karen Gribben said that A1 will be switched on automatically. Once the direction to implement the modification has been granted, then switch on and off will occur very quickly after this direction, although the possibility of switching some conditions on at a later date (in a similar process to that used by NETA) was a possibility. Sonia Brown noted that business separation will be an issue that needs to be taken into account in determining the sequencing of obligations.</p> <p>Tory Hunter/SSE asked, linked to A2, whether new standard special conditions could be introduced by the private CLM, but to switch this condition on it will have to be directed by the licensee (negating the point of the private CLM process). She particularly highlighted the provisions of A1, paragraph 2.</p> <p>Dawn Wetherall /UU asked if it should only be an issue when you assume that the condition is switched off, A1 needs to be written like this.</p> <p>Ofgem noted this point and stated the intent that the new Standard Special Conditions would be introduced as “switched on”.</p> <p>Action: Ofgem will go away and double check this issue. Only need to use A2 if you are switching off.</p>
Standard Special Condition A2: Private Collective licence modification procedure in respect of Standard Special Conditions applicable to both NTS and DN Licensee	<p>Suzanne Turner stated that this condition is reproducing all aspects of the statutory CLM procedure.</p> <p>Alison Russell /Centrica asked if the intent of A2 is to modify existing or new conditions – Ofgem stated that it related to both. Ofgem noted that in previous responses that UU and Macquarie had concerns over statutory thresholds.</p> <p>There were no further comments on the drafting of this condition.</p>
Designated Standard and Standard Special A3 (and Special Condition C1 for LNG)	<p>Suzanne Turner stated that Amended Standard Condition 1 had reverted to designated Standard Condition 1, but that this Standard special Condition has been introduced to capture the additional definitions required.</p> <p>Suzanne noted that the treatment of definitions will be kept under review and dealt with towards the end of the process.</p> <p>Suzanne noted the definitions that were new or amended relative to ASC1, such as “Network Code” and “Network Code Modification”, “Relevant objectives” and “Uniform Network Code”.</p> <p>Suzanne also highlighted those areas which will need</p>

	<p>tweaking such as definitions which refer to Section C of the Standard Conditions. Further, the definition of "Independent systems" will need to be tweaked to reflect the fact that they will be independent, not only from Transco plc's network, but those of other DNs. Suzanne also pointed out that the definition of "Transportation arrangements" would need to be changed to reflect the role of GTs should they receive an exemption.</p> <p>Alison Russell/Centrica stated that she could not find the definition of "consolidated transportation business" within A30 as indicated by A3. Suzanne stated that Ofgem would look into this.</p> <p>Tory Hunter/SSE asked whether a number of definitions had been missed e.g. "code modification rules" and "Transco plc". Suzanne Turner stated that in general those definitions which were absent, were absent on the basis that they were either included within Standard Condition 1 or were no longer needed. Karen Gribben stated that Ofgem was looking at this issue.</p> <p>Alison Russell/Centrica asked why "Transportation business" appears to be defined in 5 ways. Karen Gribben said that Ofgem is looking at ways to make it more user friendly. Table may be used for example to explain this better.</p> <p>Action: Ofgem to look at "consolidated transportation business" definition and generally review use of definitions.</p>
<p>NTS and DN Standard Special A4 (and Special C1 for LNG): Charging Gas Shippers - General</p>	<p>Sonia Brown highlighted that the proposals have changed since publication of the September document. In the "Next Steps" consultation document, Ofgem stated its proposal for changes twice a year to reflect responses received.</p> <p>However, Sonia Brown stated that Ofgem was still not 100% sure on this issue and that different NTS and DN obligations with respect to charge changes may yet be needed. Sonia Brown noted that the NTS has more volatile changes so twice year changes may be more appropriate here, and stated that Ofgem would welcome views in this regard.</p> <p>Sonia further noted that the word "coordination" had been removed because this may have anti-competitive implications.</p> <p>Sonia also noted that the storage provisions within paragraphs 9 and 10 are reverting back to standard form. Tory Hunter/SSE asked why Ofgem have done this. Sonia Brown stated the policy of reverting to standard wording where possible, and the need to ensure that no potential</p>

	<p>purchasers have such storage assets. Tory Hunter/SSE to speak to Sonia after meeting.</p> <p>Julian Bagwell/Macquarie asked whether the Joint Governance Arrangements had been made available yet. Transco took away an action in this regard.</p> <p>Alison Russell/Centrica asked about transparency in relation to 'reasonable endeavours'. Sonia noted that if the reasonable endeavours obligation was not met, this should be justified to the Authority as per the Income adjusting Events drafting.</p> <p>Julian Bagwell/Macquarie stated that we need to make clear whether it is subject to Authority approval. Sonia Brown stated that if you don't use reasonable endeavours then you are answerable to Authority - it is a compliance issue for the potential purchaser. The Authority should be aware of reasons as to why there is a change. This should be linked to notification to shippers as well.</p> <p>Alison Russell stated that it is reassuring to shippers that Ofgem has reviewed it before they use it.</p> <p>C Sykes/E.ON stated that Ofgem need to make clear that conditions related to per network and not one for Transco. Sonia noted this and stated that Ofgem was in the process of checking through the licence to pick up where obligations should be per network or aggregate.</p> <p>Action: Ofgem to review policy with respect to charge change provisions.</p> <p>Action: Ofgem to review policy with respect to storage.</p> <p>Action: Transco to outline at the next DISG meeting when all the relevant agreements would be made available.</p> <p>Action: Ofgem to consider transparency of reasons for failure to meet the reasonable endeavours obligation.</p> <p>Action: Ofgem to consider where obligations should be per RDN network.</p>
NTS and DN Standard Special A5 (and Special C1 for LNG): Obligations as Regard Charging Methodology	<p>Sonia stated that Ofgem need to reach a firm decision in relation to charge change methodology - we welcome responses from shippers in relation to this. Sonia stated that in relation to the provisions within paragraph 2A(b) Ofgem has not changed its mind in relation to the need to "keep the charging methodology at all times under review", consistent with electricity licence obligations. In general this idea is to ensure that the licensee has an ongoing obligation in this</p>

	<p>regard, but that it should not be taken literally that the charging methodology should be reviewed on Christmas Day.</p> <p>Alison Russell/Centrica asked whether we mean that changes to charging methodologies included structural changes to charges as well. Sonia replied that yes, structural changes would fall under the methodology change.</p> <p>John Costa/EDF asked how this fits in with UNC. Ofgem stated that there was no issue here, with paragraph 2A(c) requiring the same arrangements regarding Joint Governance Arrangements.</p> <p>Sonia stated that the storage arrangements with paragraphs 11 and 12 were again reverting back to designated standard wording.</p> <p>There were no other comments on this condition.</p>
<p>NTS and DN Standard Special A6 and Special Condition C18 for NTS (and Special Condition C1 for LNG): Conduct of Transportation Business</p>	<p>Jason Mann stated that this condition relates to meters and meter reading services and it is important in this condition that we need to be clear about affiliates etc.</p> <p>Alison Russell/Centrica asked whether paragraph 1 should include a similar obligation with respect to other GTs and whether 1(a) should be clarified for NTS / RDNs.</p> <p>Ofgem noted that clarification of paragraph 1(a) was a business separation issue that is addressed by Special Condition C18.</p> <p>It was noted that any potential purchasers who may have IGT businesses these would be covered as “affiliated businesses”. Ofgem noted that a specific provision with respect to other GTs was not needed as this would be covered by section 9 of the Gas Act and Competition Act. However, Ofgem stated that they would review the provisions here in the context of a general review of symmetry of shipper and GT obligations in the light of the new industry structure were appropriate. Mike Ashworth said the only other potential area is in relation to exit arrangements where you have shippers and DN’s.</p> <p>Dawn Wetherall /UU asked about storage arrangements and how is it both a trading business and transportation business as A33 defines it as a trading business and A6 a transportation business. Ofgem stated that it will have a look at this issue as part of its general review of definitions - although this reflects our policy view in the consultation document, of which, was a view that everyone supported.</p> <p>Ofgem noted the drafting error in the presentation of</p>

	<p>paragraph 2(d).</p> <p>Action: Ofgem to consider applicability of paragraph 1 provisions to other GTs</p> <p>Action: Ofgem to correct typo in paragraph 2(d).</p> <p>Action: Ofgem to consider storage in the context of trading and transportation business definitions.</p>
NTS and DN Standard Special A7 and Special C1 (for LNG): Requirement to Enter into Transportation Arrangements in Conformity with Network Code	<p>Jason Mann stated that this condition replicates amended standard condition 4E. One main issue was whether it is necessary to reflect offtake code arrangements. Ofgem noted that it had now been agreed that there was not going to be a separate Offtake Code and hence there was limited changes required to 4E.</p> <p>No-one had any comments on this condition.</p>
NTS and DN Standard Special A8: Emergency Services and Enquiry Service Obligations	<p>Sonia Brown highlighted that this condition is replicating what is in Amended Standard Condition 6.</p> <p>Alison Russell/Centrica asked whether this condition related to emergency issues at DN boundaries. Ofgem stated that Transco have assured Ofgem that the safety case covers this. Given this, Ofgem does not believe that it needs to be duplicated in a licence if it is already in a safety case. Sonia stated that Ofgem would be double-checking this with the HSE. Alison Russell/Centrica stated that given the safety case isn't a public document shouldn't Transco do a paper so people can see what is covered by the safety case. Sue Higgins asked what further was required given the presentation already given to DISG on this matter. Ofgem stated that while a presentation had been undertaken it may need to go into more detail.</p> <p>Action: Transco to provide further details on safety and procedures at DN boundaries if required.</p>
NTS and DN Standard Special A10: Provision and Return of Meters	<p>Ofgem stated its policy position that this condition should apply to all NTS and DN-GTs including both RDNs and IDNs.</p> <p>Julian Bagwell/Macquarie stated that paragraph 4 requires the licensee to keep meters in safe custody. He asked whether the new licensee be required to comply with this obligation. Ofgem stated that yes it would be the new licensee's responsibility. Ofgem stated that in principle Transco has to provide information to ensure that licensees can comply with the licence conditions. It is for potential purchasers to ensure that they get the right information at hand down to ensure that they are compliant with their</p>

	<p>licence going forward.</p> <p>Tory Hunter/SSE asked how this worked as Transco isn't providing meters. Ofgem stated that this was a matter for buyers to raise with Transco. Sonia noted that there would be a condition of consent (should consent be granted) on Transco up to share sale, to ensure that the licences are in order at that stage.</p> <p>No-one had any further comments on this condition.</p>
NTS and DN Standard Special A11 (augmented by Standard Special A16, Special Condition C6 and Special Condition C1): Network Code	<p>Jason Mann stated that there were now separated relevant objectives in this condition, plus a number of changes and additions to the relevant objectives.</p> <p>Jason outlined that other changes to this condition ensured the creation of Short Form Code and set outs Uniform Network Code provisions. The final changes relate to modification procedures, paragraph 8 gives Authority discretion reinforcing that we expect to see modification changes in the UNC, but highlights high level principles as to how modifications procedures should work. Ofgem highlighted that it found some drafting of paragraphs 8 and 9 tricky to construct. Ofgem also highlighted that it also needs to look at whether a shipper can propose changes to arrangements, to a GT's Short Form Code for example, and would welcome comments in this regard.</p> <p>Dawn Wetherall /UU asked in relation to the Short Form Code who should be able to modify it, i.e. DN GTs if modification rules in it are only relevant to DN, and should DNs acting as shippers be able to modify the NTS Short Form Code? Ofgem stated that further consideration is needed and additional work to ensure that only signatories to a particular network code can change it. Julian Bagwell/Macquarie asked whether this is captured into 9b2 – Ofgem stated that it was. Tory Hunter/SSE asked whether in relation 13a, would that not be more in accordance to code rules and not licence as this is how it presently works. Alison Russell/Centrica asked if individual Network Code is the official term for Short Form Code – Ofgem states that it was. Dawn Wetherall /UU stated that Network Code reference is confusing - 22b in particular, not sure why it is needed. Ofgem will need to check all the references to individual Network Code and Network Code. Ofgem reiterated that it was incumbent upon shippers to check the proposed terms of the offtake code and to alert Ofgem to any particular aspect they might be uncomfortable with.</p> <p>Action: Ofgem to check all Network Code definitions and references are clear in their meaning.</p>
NTS and DN Standard Special A12: Joint Office	Jason Mann explained this new condition.

Governance Arrangements	<p>Alison Russell/Centrica asked what Network Code relates to - it has flexibility to relate to Network Code or Uniform Network Code. If modification to individual Network Code, would it be dealt with by an individual transporter or by this condition. Ofgem stated that individual codes modification will be via UNC governance arrangements.</p> <p>Mike Ashworth stated that administration of modification rules would go through the Joint Office.</p> <p>Julian Bagwell/Macquarie asked in relation to paragraph 3, whether Ofgem would be designating what the JGA Agreement would look like? Ofgem stated that we are still trying to reach conclusion in relation to these issues. Once a decision is reached Ofgem will inform DISG.</p> <p>Action: Ofgem to check all Network Code definitions and references are clear in their meaning.</p>
NTS and DN Standard Special A14: Common Systems Obligations	<p>Jason Mann stated this condition is to ensure that all GTs operate common systems and that these are operated effectively, costed on an activity basis and allocated in a transparent manner. Transco are producing papers in relation to this and they will issue a timetable indicating the timing of this.</p> <p>Julian Bagwell/Macquarie asked whether it would be possible to merge the provisions of Standard Condition 38 – availability of data formats into this condition. Ofgem stated that the provision of SC38 were wider than those of A14 (which were restricted to Network Code related issues) and as such, this would not be appropriate.</p> <p>No-one had any further comments on this condition.</p>
NTS and DN Standard Special A15: Agency	<p>Jason Mann outlined the provisions of condition A15.</p> <p>C Sykes/E.ON raised a query with respect to the commentary text for this condition. Karen Gribben stated that this is just explanatory and not binding and this would be removed before the formal section 8AA consultation.</p> <p>Jason emphasised that the intent of the condition was to ensure that GTs did not opt out of the agency agreements without the Authority's consent and that the scope of the agency as per Option C (of the Agency RIA) would be embodied within the Uniform Network Code, and as such, consent from the Authority would be needed for any changes to scope.</p> <p>Peter Bingham noted that shippers could propose Network Code modifications to expand the scope of the agency, and that this would have potential price control implications. Ofgem highlighted that Transco already conduct that activity</p>

	<p>so the revenue is already allowed for. If circumstances were to change, it would be possible to request an income adjusting event.</p> <p>No-one had any further comments on this condition.</p>
NTS and DN Standard Special A16: Independence of the independent market for balancing	<p>Ofgem stated that this condition replicates the provisions in paragraphs 3A to 3D of Amended Standard Condition 9. This is to ensure that all GTs, including the NTS, are independent from the independent market for balancing. The effect being that neither DN-GTs nor the NTS can run the OCM.</p> <p>No-one had any comments on this condition.</p>
NTS and DN Standard Special A17: General obligations in respect of gas transporters' pipe-line systems	<p>Ofgem noted that the provisions of this condition were designed to replicate the provisions of Standard Condition 3 of the shipper licence. It was noted by Ofgem, that given the offtake arrangements, these provisions were needed as GTs would be acting as defacto shippers.</p> <p>No-one had any comments on this condition.</p>
NTS and DN Standard Special A19: Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick: Arrangements in Respect of Meters.	<p>Suzanne Turner highlighted that this was an Amended Standard Condition in Transco's licence, and that the amendments made as part of RGMA would be retained, and as such were included as a Standard Special Condition applicable to all NTS and DN-GTs.</p> <p>No-one had any comments on this condition.</p>
NTS and DN Standard Special A20: Provision of Services for Persons who are Blind or Deaf	<p>Suzanne Turner outlined that small changes had been made to the drafting of what was Standard Condition 18 to add a caveat in paragraph 1 about needing one or more domestic customers. This caveat relieved the NTS licensee of its obligation to submit a code of practice, where it has no domestic customers. Suzanne outlined that further changes included an adjustment to allow a later date to be specified by the Authority to avoid an automatic breach. Furthermore, consequential cross-referencing changes had been made.</p> <p>Alison Russell/Centrica asked if the NTS was the party who would continue to operate the 0800 number, if so, then they required a code of practice detailing the arrangements put in place to deal with any service provided to blind or deaf customers by the licensee.</p> <p>Ofgem noted that the 0800 number was dealt with within Standard special Condition A8. However, following further discussion in relation to these social conditions, Ofgem agreed that the "one or more domestic customers" caveat should be removed from Standard Special Condition A20.</p> <p>Action: Ofgem to remove the "one or more domestic customers" caveat from this condition.</p>

<p>NTS and DN Standard Special A22: Arrangements in Respect of Powers of Entry</p>	<p>Suzanne Turner highlighted that the changes Standard Special Condition A22 related only to consequential cross-referencing changes. Otherwise, the drafting of this condition is as per Standard Condition 19.</p> <p>No-one had any comments on this condition.</p>
<p>NTS and DN Standard Special A23: Complaint Handling Procedure</p>	<p>Suzanne Turner stated what was Standard Condition 21 had been amended to reflect consequential cross referencing changes, and to provide caveats regarding one or more domestic customers and the date of compliance as per Standard Special Condition A20.</p> <p>It was outlined that the caveat for one or more domestic customers to be connected before a code of practice with respect to handling domestic customer complaints meant that the NTS would not be required to submit such a code of practice. Discussion was had in relation to whether the NTS would receive domestic customer complaints. Jason Mann noted that, given the offtake arrangements, the NTS' customers were technically the DNs and NTS direct connects rather than domestic customers. However, it was noted that the same logic could be applied to DNs to say that shippers rather than domestic customers were their true customers.</p> <p>Alison Russell asked whether the NTS still needs a code of practise to state how it will revert any customer complaints back to DNs.</p> <p>Ofgem agreed that the "one or more domestic customers" caveat should be removed from Standard Special Condition A23.</p> <p>Action: Ofgem to remove the "one or more domestic customers" caveat from this condition.</p>
<p>NTS and DN Standard Special A24: Preparation, Review of and Compliance with Statements and Codes</p>	<p>Suzanne Turner stated that, other than consequential cross-referencing changes, the provisions of Standard condition 22 remained unaltered.</p> <p>Martin Kinoulty/UU asked if Transco have got all these codes. Transco stated that they did. Martin Kinoulty/UU therefore, did not understand the consultation document comment about NGT putting codes in place. Ofgem stated that the consultation document relates to the provision of these codes to new owners. Julian Bagwell/Macquarie stated that he was happy with Transco's proposals - but what if the Consumer Council do not approve the codes or does not approve them within the relevant time period. Ofgem stated that it assumed that Transco would have taken this into account.</p> <p>No-one had any specific comments on the drafting of this</p>

	condition.
NTS and DN Standard Special A25:Record of and Report on Performance	<p>Suzanne Turner highlighted that the only changes to the drafting of Standard Condition 23 proposed were to reflect consequential cross-referencing changes.</p> <p>Julian Bagwell/Macquarie asked about transitional arrangement and the timing of compliance with obligations. Ofgem stated that this is an issue which the potential purchaser should be discussing with Transco as part of the buying arrangements. Ofgem must have compliance with all licence requirements.</p> <p>No-one had any specific comments on the drafting of this condition.</p>
NTS and DN Standard Special A26:Provision of Information to the Authority	<p>Ofgem highlighted that the only changes to the drafting of Amended Standard Condition 24, were to reflect the storage provisions introduced into paragraphs 9 and 10. It was noted that the same typo in the presentation of 9(d) applied as had been identified for Standard Special Condition A6.</p> <p>Alison Russell/Centrica asked what does (para1) 'as maybe necessary' operate mean. Ofgem stated that it can ask it to provide information generally and specially to comply with specific requirements of the Act. The 1st part relates to general public law duty and 2nd part specific requirements.</p> <p>Action: Ofgem to correct typo in paragraph 9(d).</p>
NTS and DN Standard Special A27:Disposal of Assets	<p>Sonia highlighted that provisions are the same as those within Amended Standard Condition 29 with the exception of the insertion of the designated storage provision drafting.</p> <p>Sonia highlighted that paragraph 2A dealt with arrangements for independent systems and that the DTI are currently considering those issues.</p> <p>Ofgem stated that during the consultation process one potential purchaser raised an issue over whether SOMAs constituted "relinquishment of operational control" as per the current ASC29. Ofgem noted that it is still considering this issue. Dawn Wetherall/UU asked whether 2a still works given reference to the "appointed day" Ofgem stated that the DTI is considering this.</p> <p>Action: Ofgem to reflect DTI policy on independent systems once determined.</p>
NTS and DN Standard Special A30: Regulatory Accounts	<p>Ofgem highlighted that at the moment this condition largely reflects current provisions, however, that Ofgem was considering regulatory accounts provisions via the DPCR settlement. As such, changes may be required to reflect DPCR proposals.</p>

	<p>Ofgem stated that there is a separation issue as well, which is dealt with in the drafting to paragraph 1 to ensure that separate accounts are provided by the RDN business for each RDN network.</p> <p>Alex Wiseman/UU asked what if DNs wanted to change financial year end. Ofgem stated that it needs to try and make sure flexibility for DNOs is replicated for DNs as well.</p> <p>Action: Ofgem to incorporate DPCR related changes.</p>
NTS and DN Standard Special A31: Supply Point Information Service	<p>Suzanne Turner stated that the provisions of Standard Special Condition A31 were unchanged relative to Amended Standard Condition 31.</p> <p>She noted that the commentary included a typo and that paragraph 7 should be in bold italics to indicate a previous amendment within ASC31.</p> <p>Alison Russell/Centrica asked whether this is intended to apply at the network level or whether there should be a single register.</p> <p>Ofgem stated that the obligation is on the licensee and that the expectation is that the licensee will fulfil this obligation through the agency.</p> <p>Ofgem noted that the drafting should clarify this by referring to the agency and common systems provisions of the licence.</p> <p>Action: Ofgem to consider introducing a cross-reference to the agency and common systems provisions of the licence.</p>
NTS and DN Standard Special A32: Definition of permitted purpose	<p>Suzanne Turner noted that this condition replicated the drafting of Amended Standard Condition 32, except for the fact that the name of the condition (which previously referred to Section C) had been changed for clarity.</p> <p>Suzanne also stressed that it was important to note this condition was augmented by Special Condition C1 to reflect LNG obligations on the NTS.</p> <p>Suzanne also stated that Ofgem will probably change this condition further to clarify what is meant by transportation business in the context of the RDN and NTS licences.</p> <p>Suzanne further pointed out a typo in paragraph 1, where 'in this section' needs to be deleted.</p> <p>Action: Ofgem to correct typo in paragraph 1</p> <p>Action: Ofgem to consider definitions of transportation business to address RDN / NTS issues.</p>

NTS and DN Standard Special A33: Restriction on Use of Certain Information and Independence of the Transportation Business	<p>Sonia Brown stated that this is particularly important for SSE who supported these proposals in the consultation process. This condition mirrors electricity provisions. Ofgem would welcome views in relation to this condition. Ofgem highlighted that in electricity you don't have storage or metering issues which need to be addressed in gas.</p> <p>No-one had any comments on the drafting of this condition.</p>
NTS and DN Standard Special A34: Appointment of Compliance Officer.	<p>Sonia Brown highlighted that the drafting of this condition mirrors electricity provisions.</p> <p>Alex Wiseman/UU asked if transporters don't have any other business does it still have to comply. Peter Bingham stated that as a GT you will have a meter reading business. Even if you are procuring it from someone else a compliance officer would be needed to ensure that you are procuring it correctly.</p> <p>No-one had any specific comments on the drafting of this condition.</p>
NTS and DN Standard Special A35: Prohibition of Cross-Subsidies	<p>Ofgem stated that the wording of Standard Condition 41 needs to be amended and this will be brought back to DISG so that everyone can comment.</p> <p>Action: Ofgem to provide drafting for this condition.</p>
NTS and DN Standard Special A36: Restriction on Activity and Financial Ring - Fencing	<p>Suzanne Turner stated that the ring-fencing provisions currently within Transco's licence are within Special Condition 2 (which replaces the wording of Standard condition 43).</p> <p>Suzanne explained that a policy decision was taken to revert to the wording of designated Standard condition 43 where possible, with a couple of exceptions.</p> <p>Suzanne highlighted the changes i.e. the reference to the definition of permitted purpose –in paragraph 1, and paragraph 4a, and the use of the definition of investment applied in Special Condition 2 within paragraph 4(d).</p> <p>Ofgem also highlighted that this condition is augmented by Special Condition E1, which is discussed later.</p> <p>No-one had any comments on the drafting of this condition.</p>
NTS and DN Standard Special A37: Availability of Resources	<p>Suzanne Turner highlighted that this condition was augmented by the LNG provisions within Special Condition C1.</p> <p>Suzanne also noted that changes being consulted upon as a result of the DPCR process may also affect this condition.</p>

	<p>Alison Russell/Centrica asked whether anything needs to be done here when a DN has a DNO competing for resources. Sonia Brown stated that this is the same issue as the NGT merger, very clear of obligations on each licensee it would be breach of licence. Ofgem will check files to make sure that there were no changes to NGT condition.</p> <p>Suzanne further stated, that the intention was to keep the DN and DNO obligations the same to avoid such issues.</p> <p>Alex Wiseman/UU stated that the date regarding 30 June may be a challenge. Ofgem stated that Transco should be sorting this out as they can provide a view up to completion and then you can plan from there onwards. Furthermore, Ofgem stated that there was no reason why potential purchasers could not start to plan before share sale. Ofgem stated again that compliance is required straight away.</p> <p>Action: Ofgem to reflect DPCR change proposals as appropriate.</p>
NTS and DN Standard Special A38: Credit rating of the Licensee	<p>Suzanne Turner highlighted that the drafting of this condition reflects the proposed DPCR changes, with the introduction of Fitch ratings being the main change.</p> <p>Ofgem stated that they would double check the drafting against the DPCR tweaks finally proposed to ensure full consistency where possible.</p> <p>Alex Wiseman/UU said it would be hard to get credit rating from day one. Ofgem pointed out reasonable endeavours obligation and if they were having an indicative credit rating that would be a useful way forward.</p> <p>Action: Ofgem to double-check consistency with DPCR change proposals.</p>
NTS and DN Standard Special A39: Indebtedness	<p>Suzanne Turner highlighted that these changes are to reflect the introduction of Fitch credit ratings and cash lock out, consistent with the DPCR changes proposed. Suzanne noted that the version published within the consultation document did not represent the final DPCR drafting changes but that the drafting would be updated consistent with the DPCR consultation.</p> <p>Action: Ofgem to reflect DPCR change proposals as appropriate.</p>
NTS and DN Standard Special A41: Emergency Services to or on Behalf of Another Gas Transporter	<p>Jason Mann stated that many representations were received on this issue. Jason explained that Ofgem set out in the informal consultation discussion that, in its view, DN Sales does not require changes to this licence condition per se. The only additional cost raised by DN sales was that IGTs might have to liaise with additional DNs - but that these costs were not considered to be excessive.</p>

	<p>Ofgem noted that it is aware that IGTs have a contract with Transco regarding the provision of services to it which has been extended for 6 months.</p> <p>Ofgem has stated that it will consider the provision of a range of emergency services to IGTs fully before the contract expires but has reiterated its position that, in its view, it was not part of DN Sales.</p> <p>Dawn Wetherall/UU asked will DNs be taking over existing contracts. Ofgem stated that this was a matter between potential purchasers and NGT, but that it was Ofgem's understanding that the contracts would novate to the buyers upon sale – a view which Peter Bingham concurred with.</p> <p>No-one had any specific comments on the drafting of this condition.</p>
NTS and DN Standard Special A43: Provision of Metering and Meter Reading Services	<p>Ofgem stated its policy decision that this condition should apply to all NTS and DN-GTs including both IDNs and RDNs.</p> <p>The drafting of this condition replicates Amended Special Condition 23.</p> <p>No-one had any comments on the drafting of this condition.</p>
NTS and DN Standard Special A45: Assignment of Licence	<p>Suzanne Turner stated that the drafting of Special Condition 25A remains unchanged.</p> <p>No-one had any comments on the drafting of this condition.</p>
NTS and DN Standard Special A46: Non-discrimination in the provision of metering activities	<p>Ofgem noted that the drafting of this condition replicated the drafting of Special Condition 32, with the exception of consequential cross-referencing changes.</p> <p>Ofgem further noted its policy decision that this condition should apply to all NTS and DN-GTs including both IDNs and RDNs.</p> <p>Dawn Wetherall/UU asked if reference in paragraph 2 (line 3) should be to "supplier" (currently shipper). Ofgem said this is an exact replication of Special Condition 32. Ofgem will check with RGMA colleagues that this is not a missed RGMA change.</p> <p>Action: Ofgem to check drafting of paragraph 2 with RGMA colleagues.</p>
NTS and DN Standard Special A47: Charging of Gas Shippers – Domestic Infill Premises	<p>Ofgem noted that this condition replicates the drafting of Special Condition 39. Ofgem highlighted a typo in first line of paragraph 1 – where the word “amended” should be removed.</p>

	Action: Ofgem to remove “amended” typo in paragraph 1.
Standard Special NTS B1: Disapplication of Section A (Interpretation, Application and Payments) and Section B (General) and Application of Standard Special Conditions applicable to NTS licence	Same as for A1.
Standard Special NTS B2: Private Collective licence modification procedure in respect of Standard Special Conditions applicable to NTS Licence	Same as for A2
Special NTS C1: Amendments to Standard Conditions and Standard Special Conditions applicable to the licensee relating to LNG	<p>Suzanne Turner talked about Special Condition C1. Suzanne emphasised that this was a condition applicable to the NTS that introduced LNG related provisions by augmenting, amending and deleting paragraphs in the affected Standard Special Conditions in Section A.</p> <p>Suzanne noted that Ofgem hoped to tidy this condition to make it easier to navigate and to minimise its content so that the scope of the provisions that fell outside the private CLM procedure was kept to a minimum.</p> <p>Alison Russell/Centrica suggested that the conditions cross referred to in this contained a flag that they are amended by this condition. Karen Gribben said we couldn't do this in the text but had considered footnotes, but that this was difficult because of future changes.</p> <p>Suzanne Turner said that the mapping table (Appendix 6 of the consultation document) was useful in this regard and that this would be updated for inclusion in the forthcoming consultation document.</p> <p>Karen Gribben suggested that formatting the condition within a table might be useful. Ofgem further stated that this condition is likely to change considerably to make it clearer and that they would be representing this to DISG at a later meeting.</p> <p>Action: Ofgem to consider ways in which this condition can be made clearer.</p>
Special NTS C2: Long Term Development Statement	<p>Jason Mann explained that this is a Special Condition obliging the NTS to provide a long term development statement.</p> <p>Jason noted that the revision marking was incorrect, and that the new drafting related only to the fact that the NTS will</p>

	<p>take account of statements produced by DNs if directed to do so.</p> <p>Ofgem questioned whether these conditions needed to be tweaked to increase transparency in methodology for compliance with this condition to enable shippers to take on this responsibility in the long term.</p> <p>Julian Bagwell / Macquarie stated that given the interaction with the DN statements, it would be helpful to include timing requirements within the condition. Ofgem agreed and stated that it would come up with sensible timings in this respect.</p> <p>Action: Ofgem to consider the timing of LTDS submission.</p>
Special NTS C3: Restriction of Prices for LNG Storage Services	<p>Suzanne Turner explained that the existing text for Special Condition 9D had been replicated as an NTS Special Condition as the provisions were LNG related.</p> <p>No-one had any comments on the drafting of this condition.</p>
Special NTS C4: Prohibited procurement activities	<p>Jason Mann outlined the provisions of this condition, which largely replicate those of Transco plc's current Special Condition 26. Jason noted that there was an associated condition applicable to DNs – (D4).</p> <p>Christiana Sykes/ E.ON asked about top up. Ofgem said there was an outstanding issue regarding top up and whether we should remove it from the licence through this process. Ofgem are still considering this.</p> <p>Action: Ofgem to reconsider top-up.</p>
Special NTS C5: Licensee's procurement and use of system management services	<p>Jason Mann outlined the provisions of this condition, which largely replicate those of Transco plc's current Special Condition 27.</p> <p>Sonia Brown pointed out that the wording in paragraph 2 is likely to be replicated in other places throughout the licence to give effect to business separation between the RDNs and the NTS. Sonia stated that she would welcome views on whether this worked.</p> <p>Sonia Brown also questioned whether we still need the definition of NTS within this NTS Special Condition as it could potentially just be "licensee's system".</p> <p>Action: Ofgem to consider need for NTS definition.</p>
Special NTS C6: Independent Market for balancing	<p>Ofgem outlined that this NTS Special Condition introduced extra obligations relating to independence of balancing mechanism operator. These provisions were based upon those that are in –paragraphs 3A, 3B, 3C, and 3D of Amended Standard Condition 9. As such, this condition augments A11 with respect to the Network Code.</p>

	No-one had any comments on the drafting of this condition.
Special NTS C8A: Revenue Restrictions Definitions in respect of the NTS transportation owner activity NTS system operation activity	<p>Ofgem noted that changes to Special Condition 28A were being consulted on via the formal section 23 consultation. Ofgem said we need to do more work on these to make sure they work effectively. Working out a way forward and will be part of licensing timetable Ofgem is drafting. Ofgem will consult on this via DISG as soon as possible.</p> <p>Tory Hunter/SSE asked for clarification re type of changes. Ofgem explained that the current s23 notice changes are intended to take place before licences are transferred to NGT's subsidiaries.</p> <p>However, further changes will be needed to accommodate incentive regimes, price control changes to reflect DNs recovering some of NTS Allowed Revenue under Option 2A. Sonia noted that all of these changes may not be included within the section 8AA notice, and that a further section 23 modification may be required between hive down and completion.</p> <p>Alison Russell/Centrica asked if the incentives consultation would be published before Christmas. Ofgem said that the intention was to get the document out as soon as possible, but that this would not happen between 23 December and the new year. Peter Bingham said we are hoping to get it out as soon as possible to get it into the section 8AA notice.</p> <p>Action: Ofgem to bring revised drafting to DISG as soon as possible.</p>
Special NTS C8B: Restriction of revenue in respect of the NTS transportation owner activity and the NTS system operation activity	<p>Not discussed as further drafting yet to be provided.</p> <p>Action: Ofgem to bring revised drafting to DISG as soon as possible.</p>
Special NTS C9: Allocation of revenues and costs for calculations under the price control	<p>Not discussed as further drafting yet to be provided.</p> <p>Action: Ofgem to bring revised drafting to DISG as soon as possible.</p>
Special NTS C10: Supplementary provisions of the revenue restrictions	<p>Not discussed as further drafting yet to be provided.</p> <p>Action: Ofgem to bring revised drafting to DISG as soon as possible.</p>
Special NTS C12: Restriction of Prices in Respect of Tariff Capped Metering Activities	<p>Jason Mann outlined that the provisions of what is currently Special Condition 31 will be a Special Condition for the NTS and mirrored in a Special Condition for DNs.</p> <p>Jason stated that this was a direct lift and so the changes should be uncontroversial. Ofgem said this was belt and</p>

	<p>braces as NTS have minimal metering responsibilities.</p> <p>Alison Russell/Centrica asked if tariff capped metering provisions should apply to NTS when they don't want domestic customers. Ofgem said they only kick in if you have domestic customers and that this was consistent with Ofgem's policy with respect to domestic customers and the NTS. Alison noted that as the charges were volume driven, this would work.</p> <p>There were therefore no outstanding comments in relation to this condition.</p>
<p>Special NTS C14: Information to provided to the Authority in connection with the transportation system revenue restriction</p> <p>Special NTS C15: Licensee's methodology for determining incremental entry capacity volumes.</p>	<p>Not discussed as further drafting yet to be provided.</p> <p>Action: Ofgem to bring revised drafting to DISG as soon as possible.</p>
<p>Special NTS C16: NTS performance reporting</p>	<p>Not discussed as further drafting yet to be provided.</p> <p>Action: Ofgem to bring revised drafting to DISG as soon as possible.</p>
<p>Special NTS C17: Exit Code Statement</p>	<p>Ofgem noted that this condition was originally introduced to increase the transparency between the NTS and the DNs with respect to exit. Ofgem noted that these transparency issues would disappear, following DN sales given the exit regime proposed.</p> <p>As such, Ofgem noted the switch that had been introduced in paragraph 3 so that this condition will cease to have effect following hive-down. Ofgem noted that rather than hive-down, share sale was the more appropriate trigger, and as such, that the drafting of paragraph 3 would be amended accordingly.</p> <p>Action: Ofgem to change trigger to share sale rather than hive down.</p>
<p>Special NTS C18: Conduct of Transportation Business in respect of the NTS</p>	<p>Ofgem noted that this condition augmented Standard Special Condition A6 - Conduct of the transportation business.</p> <p>This amendment makes the obligations of A6 clear with respect to the NTS / RDNs. Sonia Brown stated that there were likely to be more such conditions.</p> <p>No-one had any comments on the drafting of this condition.</p>
<p>Special NTS C19: Undertaking from the</p>	<p>Sonia Brown noted that this was the first of a suite of Special Conditions regarding Business Separation. Sonia stated</p>

ultimate controller concerning non-discrimination between the NTS transportation activity and the Distribution Network transportation activity	<p>Ofgem's intention to release the drafting of more such conditions in the near future aimed at non-discrimination between NTS and DNs.</p> <p>No-one had any comments on the drafting of this condition.</p>
Standard Special DNs D1: Disapplication of Section A (Interpretation, Application and Payments) and Section B (General) and Application of Standard Special Conditions applicable to DN licence	As A1
Standard Special DN D2: Private Collective licence modification procedure in respect of Standard Special Conditions applicable to DN Licence	As A2
Standard Special DN D3: Long Term Development Statement	<p>Jason Mann explained that this is a Standard Special Condition obliging the DNs to provide a long term development statement.</p> <p>Jason noted that the revision marking was incorrect, and that the new drafting related only to the fact that the DNs will be required to furnish other GTs with a copy of their statement if directed to do so.</p> <p>Julian Bagwell / Macquarie stated that given the interaction with the DN statements, it would be helpful to include timing requirements within the condition. Ofgem agreed and stated that it would come up with sensible timings in this respect.</p> <p>Action: Ofgem to consider the timing of LTDS submission.</p>
Standard Special DN D4: Prohibited procurement activities	<p>Jason Mann outlined that this condition was the DN equivalent of Special Condition C4. However, in this case, DNs are prohibited from performing balancing activities and so allowed activities relate to capacity / constraint management and shrinkage.</p> <p>Dawn Wetherall/UU said that the DNs may not be managing constraints, and that a DN may be trading for competitive reasons. Dawn Wetherall/UU said if DNs have excess capacity they should be able to trade to get rid of that. Ofgem agreed and said that this fell within constraint management as defined. Ofgem confirmed that the incentive scheme would prevent speculative trading.</p>

	<p>Tory Hunter/SSE asked whether the flexibility product constituted a capacity right. Sonia Brown responded that in her view it did, but that Ofgem would look at this again.</p> <p>Action: Ofgem to reconsider the flexibility / capacity rights question.</p>
Standard Special DN D5: Licensee's procurement and use of system management services	<p>Jason Mann explained that this condition was similar to Special Condition C5 though the definition of management systems reduced to only relate to shrinkage and constraint management.</p> <p>Suzanne Turner noted that the references to "this Special Condition" should be to this "standard Special Condition" and that references to amended standard conditions should be deleted.</p> <p>Action: Ofgem to make required cross-reference changes.</p>
Standard Special DN D6: Provision of First Call Emergency Response to the Operator of the NTS	<p>Jason outlined that this condition required the DNs to provide first response emergency services to the NTS.</p> <p>Jason highlighted an error in the consultation document and stressed that it was not Ofgem's intention to require these services to be provided at a reasonable rate, because the cost of these services are already reimbursed to the DNs under the price control.</p> <p>Sonia Brown emphasised that it was vital that customers did not pay twice for the same service, but noted that a more formal arrangement was likely to be put in place at the next price control review.</p> <p>Tory Hunter/SSE said this was different from the proposals tabled at DISG by Transco which said that they could charge a reasonable rate until next price control and it would be factored into the next price control (i.e. the converse).</p> <p>Ofgem said that the case must be that Transco has factored this cost into the Allowed Revenue within the price control for the NTS and therefore another charge should not be allowed. Tory Hunter/SSE said she accepted this but was concerned where the money was at the moment. Ofgem said this was an issue between Transco and the buyers.</p> <p>Martin Kinoult/ UU said that given the decision (which he did not necessarily agree with) regarding DN boundaries - why was there an inconsistency between dealing with this in the safety case and the NTS provision within the licence.</p> <p>Ofgem pointed out that this decision was made on economic reasons, whereas the need for provision of ES by DNs at boundaries was a safety issue.</p>

	<p>Martin Kinoulty/UU asked Transco whether the training required for this work on the NTS was the same as on the DNs – Sue Higgins said yes, because the service required does not require physical work, but rather staff on the ground to keep the public safe. Sue emphasised that physical work on the NTS requires a specialist team.</p> <p>Ofgem noted that this condition could be clarified to make the nature of the work clear.</p> <p>Action: Ofgem to consider clarification to make the nature of the work clear.</p>
Standard Special DN D7: Exit Code Statement	<p>Exit code statement. Identical to the NTS provision C17. Same issue with hive down / share sale.</p> <p>Action: Ofgem to change trigger to share sale rather than hive down.</p>
Standard Special DN D8: Reform of Distribution Network interruption arrangements.	<p>Ofgem's proposals on interruption reform. Reforms would be subject to IA and the relevant time.</p> <p>No-one had any comments on the drafting of this condition.</p>
Standard Special DN D9: Distribution Network incentive scheme and performance reporting	<p>Jason Mann explained the provisions of this condition. He explained that the main changes related to the introduction of customer surveys, as presented by Richard Clay at a recent DISG.</p> <p>CKI/UU asked if there was a conflict between a quarterly survey and the need for a robust sample of numbers. Peter Bingham responded that this includes main replacement as well as interruptions so there should be no problem.</p> <p>Tory Hunter/SSE asked if the obligations applied to individual RDN networks. Ofgem said that the intention was that this applied per network but that comments on the drafting were welcome.</p> <p>The group noted that the title was wrong and that this was a Standard Special Condition rather than a Special Condition.</p> <p>Action: Ofgem to amend the title</p>
Standard Special DN D10: Provision of Connection information	<p>Ofgem noted that the connection condition was new, and had been presented by Sean O'Hara to DISG. Ofgem invited comments on this condition.</p> <p>Tory Hunter/SSE asked if this was related to the earlier Ofgem consultation on connections. Ofgem said yes, but that any views on the licence drafting should be provided as part of this licence consultation.</p> <p>No-one had any specific comments on the drafting of this</p>

	condition.
Special DN E1: Amendments to Standard Conditions and Standard Special Conditions	<p>Ofgem noted that Special Condition E1 augmented Standard Special Condition A36 to adjust the de-minimis cap for RDNs to reflect the proposed SOMSA arrangements.</p> <p>Ofgem stated the intention to reduce the cap when the NSAs come to an end.</p> <p>Transco noted that a similar Special Condition would be required for the IDNs to reflect the metering work that their teams would be providing at off-peak times.</p> <p>Sonia Brown stated that she was not aware of this issue, and that this issue had not been reflected in the consultation document.</p> <p>An action was put on Transco to provide the numbers and dates needed for all instances where such amendments to the de-minimis cap were required.</p> <p>Action: Transco to provide numbers and dates and provide details of IDN provisions required.</p>
Special E2A: Revenue restrictions Definitions in respect of the Distribution Network	<p>Not discussed as further drafting yet to be provided.</p> <p>Action: Ofgem to bring revised drafting to DISG as soon as possible.</p>
Special DN E2B: Restriction of revenue in respect of the Distribution Network transportation activity	<p>Not discussed as further drafting yet to be provided.</p> <p>Action: Ofgem to bring revised drafting to DISG as soon as possible.</p>
Special DN E3: Allocation of revenues and costs for calculations under the price control Special DN E4: Supplementary provisions of the revenue restrictions in respect of the Distribution Network	<p>Not discussed as further drafting yet to be provided.</p> <p>Action: Ofgem to bring revised drafting to DISG as soon as possible.</p>
Special DN E5: Restriction of Prices in Respect of Tariff Capped Metering Activities	<p>Suzanne Turner explained that this condition represented a direct lift of the text currently within Transco plc's licence.</p> <p>Tory Hunter/SSE said that there needs to be some discussion in relation to this as the level of the cap was not sufficiently high for IDN businesses.</p> <p>Suzanne Turner stated Ofgem's policy position not to re-open the price control, and that this was a commercial matter between NGT and the potential purchasers.</p> <p>Sue Higgins said that the metering contracts cover this issue</p>

	<p>so Tory Hunter needs to look at that then raise any outstanding issues with Transco.</p> <p>The group noted that the metering price cap may at some future date be disapplied as metering became more competitive, but that this was not a DN sales matter.</p> <p>No-one had any specific comments on the drafting of this condition.</p>
Special DN E6: Information to provided to the Authority in connection with the transportation system revenue restriction in respect of the Distribution Network	<p>Not discussed as further drafting yet to be provided.</p> <p>Action: Ofgem to bring revised drafting to DISG as soon as possible.</p>