

**STANDARD SPECIAL CONDITIONS APPLICABLE TO ALL NTS LICENSEES:
PART B**

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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

1. With the exception of,

- (i) paragraphs 1 to 4 inclusive and paragraph 8 of this condition;
- (ii) any new condition introduced into this Part B: Standard Special Conditions applicable to all NTS licensees or a modification of a condition in this Part B proposed by the Authority under Standard Special Condition B2 (Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to NTS licensees) following the introduction of this condition; and
- (iii) any new condition introduced into this Part B: Standard Special Conditions applicable to all NTS licensees following the introduction of this condition by way of a direction under the Act issued by the Authority or any modification made by the Secretary of State under the Energy Act 2004,

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

- (a) shall not be obliged to comply with any of the requirements of the Standard Special Conditions applicable to NTS licensees contained in this licence; and
- (b) shall be obliged to comply with the requirements of the standard conditions contained in Sections A (Interpretation, Application and Payments) and B (General) of this licence.

2.
 - (a) Subject to paragraphs 3 and 4 of this condition, the Authority may, with the consent of the licensee, issue a direction (a “**Standard Special Conditions Part B direction**”).
 - (b) A Standard Special Conditions Part B direction may specify which:
 - (i) Standard Special Conditions applicable to NTS licensees are to have effect in this licence, either as a whole or in part;
 - (ii) Standard Special Conditions applicable to NTS licensees are not to have effect in this licence, either as a whole or in part;
 - (iii) standard conditions in Sections A (Interpretation, Application and Payments) and/or B (General) shall not have effect in this licence, either as a whole or in part; and/or
 - (iv) standard conditions in Sections A (Interpretation, Application and Payments) and/or B (General) shall have effect in this licence, either as a whole or in part,from the date specified in the direction.
3. The power to make a direction under paragraph 2 of this condition permits the Authority to bring into effect or to suspend the effect of, as a whole or in part (as the case may be):
 - (a) this Part B: Standard Special Conditions applicable to all NTS licensees as a whole with the exception of paragraphs 1 to 4 inclusive and paragraph 8 of this condition;
 - (b) any individual condition or conditions in this Part B: Standard Special Conditions applicable to all NTS licensees with the exception of paragraphs 1 to 4 inclusive and paragraph 8 of this condition;
 - (c) Section A (Interpretation, Application and Payments) and/or Section B (General) as a whole; and/or

- (d) any individual standard condition or conditions in Section A (Interpretation, Application and Payments) and/or Section B (General).
- 4. Notwithstanding references in this condition to the consent of the licensee being required to issue or vary a Standard Special Conditions Part B direction, where a Standard Special Condition is:
 - (a) modified; or
 - (b) a new Standard Special Condition is introduced,

in accordance with Standard Special Condition B2 (Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to NTS licensees) the consent of the licensee to introduce such new condition or modification to a condition shall not be required where the procedure for introduction or modification set out in Standard Special Condition B2 (Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to NTS licensees) has been complied with and the Authority shall be able, consistent with the private collective licence modification procedure (as defined in that condition) to introduce such a condition or modification without the consent of the licensee and make any incidental or consequential variation to the licence as it considers necessary or expedient.
- 5. Where the Authority has issued a Standard Special Conditions Part B direction to the licensee in accordance with paragraph 2,
 - (a) the conditions in this Part B: Standard Special Conditions applicable to all NTS licensees (as a whole or, as the case may be, in part) shall have effect within this licence from the date specified in such direction and the licensee shall be obliged to comply with the requirements of the Standard Special Conditions applicable to NTS licensees (as a whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction;

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

standard conditions set out in Section A (Interpretation, Application and Payments) and/or Section B (General) (or parts thereof) to have effect or cease to have effect in this licence.

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

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

Standard Special Condition B2. Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to NTS licensees

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

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| “modifications” | includes additions, alterations, and omissions and cognate expressions shall be construed accordingly; |
| “private collective licence modification procedure” | means the procedure set out in this condition and the corresponding provisions of other relevant gas transporter licences for modifying collectively only the Standard Special Conditions in Part B: Standard Special Conditions applicable to all NTS licensees; |
| “relevant gas transporter licence” | means in relation to this condition a licence granted under section 7 of the Act which contains Part B: Standard Special Conditions applicable to all NTS licensees; |
| “relevant licence holder” | in relation to proposed modifications under this condition, means the holder of a relevant gas transporter licence which: (a) is to be modified under the proposals by the inclusion of any new condition in Part B: Standard Special Conditions applicable to all NTS licensees; or (b) includes any condition in Part B: Standard Special Conditions applicable to all NTS licensees to which the proposals relate, other |

than conditions in Part B: Standard Special Conditions applicable to all NTS licensees which are not in effect (by virtue of any direction issued pursuant to 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) at the time specified in the relevant notice under paragraph 3(a) of this condition;

“relevant notice”

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

“relevant time”

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

“statutory CLM procedure”

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

“weighted according to market share”

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

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

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

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

or

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