

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 INEOS Enterprises Limited ("IEL") and received by the Authority on 8 February 2006. In the Application, IEL requested a number of modifications be made to the standard conditions of the licence on the grounds that:

- a. The project will only be operated at high pressures;
- b. The gas will not be odourised and will therefore be unsafe for domestic or commercial use;
- c. The short pipeline (approx 2km) will be sized to meet the needs of the project only and will only run through open countryside; and
- d. It is expected that there will only be one user of the facility, with title passing from the NTS to the applicant at the connection point.

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

A. Notice under section 7(5)

1. The Authority proposes to grant a gas transporter licence ("the Licence") under Section 7(2) of the Act to IEL (company number 04651437), whose registered office is situated at Runcorn Site HQ, South Parade, Runcorn, Cheshire, WA7 4JE.
2. The Licence, if awarded, will authorise IEL to convey gas through pipes to and from the proposed gas storage facility at Holford Brinefield in Cheshire (the area south of Lach Dennis SJ 708 720) within the area shown on the map attached at Appendix 1, to the National Transmission System (NTS) operated by National Grid Gas Plc (company number 2006000).
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 IEL then the Authority proposes to modify the following licence conditions in an identical manner:
 - 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
- 16 – Pipeline Security Standards
- 17 – Provision 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 Officers
- 19B – Exercise of Powers of Entry
- 20 – Standards of Performance
- 21 – Complaint 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
- 31 – Supply Point Information Service

5. The purpose and effect of the proposed modifications are that for each of the standard conditions modified:

- a. the standard condition shall not have effect in the licence until the Authority has issued a direction;
- b. the Authority may issue a direction where, on the licensee's application, the Authority grants an extension to the licence; and
- c. where the Authority issues a direction the standard conditions shall have effect to the extent and subject to the terms specified in the direction.

The proposed modifications are set out in Appendix 2.

6. The reasons for the proposed modifications is that having considered the grounds stated above the Authority is of the view that it is requisite to meet the circumstances of the particular case, in accordance with Section 8(3) of the Act, to modify the licence. Given the limited extent of the licence applied for it is not necessary for the conditions to be modified to be in effect. However, were the licence to be extended it may become necessary for those conditions to have effect.

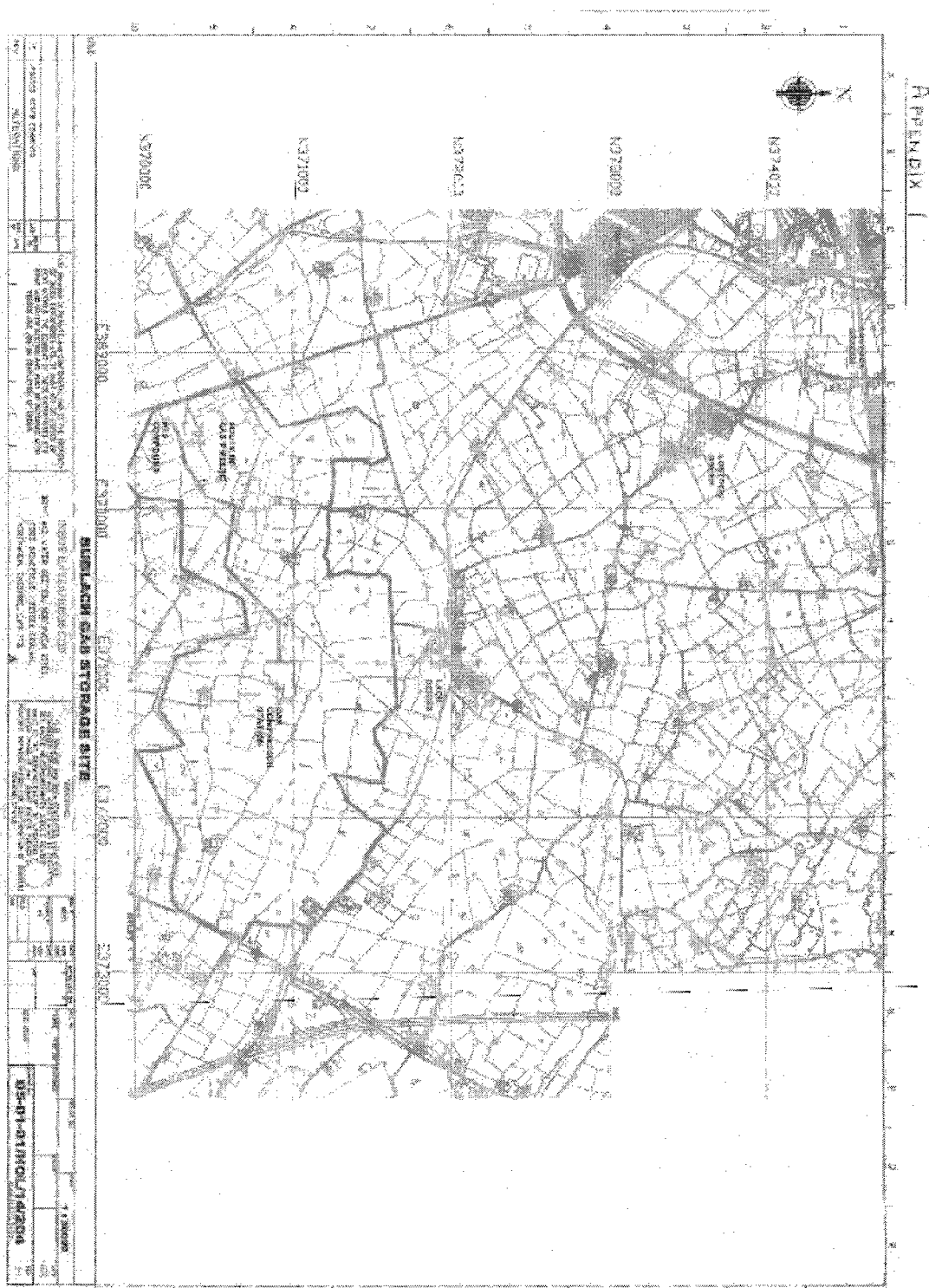
7. Any representations or objections with respect to the proposed grant of the licence to IEL or in relation to the proposed modifications may be made on or before 16 August 2006 and should be addressed to Ikbāl Hussain at 9 Millbank, London, SW1P 3GE, or Ikbāl.hussain@ofgem.gov.uk



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NICK SIMPSON
 Duly authorised on behalf of the Authority

12 June 2006

Appendix 1



Appendix 2

Proposed amended standard conditions

Each of the standard conditions to be modified (listed below) shall have two paragraphs (set out below) inserted before what is currently the first paragraph. The numbering of the current paragraphs will change accordingly, with paragraph 1 becoming paragraph 3 and so on. For clarity Appendix 3 sets out the form of standard licence condition 27 once modified.

Paragraphs to be inserted (x will be replaced with the number of the final paragraph in each of the standard conditions):

- 1 Until the Authority has issued to the licensee a direction pursuant to paragraph 2, paragraphs 3 – x of this condition shall not have effect within this licence; and the licensee shall not be obliged to comply with any of the requirements in paragraphs 3 – x of this condition.
- 2 Where the Authority, on the licensee's application, grants an extension to this licence the Authority may issue a direction. When the Authority has issued to the licensee a direction paragraphs 3 – x of this condition 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 paragraphs 3 – x to the extent and subject to the terms specified in the direction.

Standard conditions to be modified:

- 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
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Appendix 3

Proposed form of standard condition 27

Condition 27. Adjustment of Amounts by Reference to the Retail Price Index

1. Until the Authority has issued to the licensee a direction pursuant to paragraph 2, paragraphs 3 – 5 of this condition shall not have effect within this licence; and the licensee shall not be obliged to comply with any of the requirements in paragraphs 3 – 5 of this condition.
2. Where the Authority, on the licensee's application, grants an extension to this licence the Authority may issue a direction. When the Authority has issued to the licensee a direction paragraphs 3 – 5 of this condition 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 paragraphs 3 – 5 to the extent and subject to the terms specified in the direction.
3. Where it is provided in these standard conditions that an amount ("the unadjusted amount") shall be adjusted in accordance with this condition, the adjusted amount shall be the unadjusted amount multiplied by the appropriate factor mentioned in paragraph 2.
4. The appropriate factor referred to in paragraph 1 shall be obtained by dividing the retail price index for the first month of the year beginning with an anniversary of 1 October 2001 which includes the date by reference to which the adjustment falls to be made by the retail price index for the month beginning with 1 October 2001.

5. Any reference in this condition to the retail price index is a reference to the general index of retail prices (for all items) published by The Office for National Statistics; and if that index is not published for any month that reference shall be read as a reference to any substituted index or index figures published by that office for that month.