

Special Condition C18: Licensee's methodology for determining the release of exit capacity volumes

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1. The licensee shall before 1 April 2007 or such later date as the Authority may direct and thereafter before 1 April in each subsequent formula year (or such later date in each formula year as the Authority may approve) prepare and submit for approval by the Authority an exit capacity release methodology statement setting out (consistently with the licensee's duty under the Act, and the standard, Standard Special and Special Conditions of this licence) the methodology by which it will determine whether to release NTS exit capacity to gas shippers or DN operators.

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2. If directed by the Authority in writing, the statement shall be accompanied by a statement from appropriate auditors confirming that they have carried out an investigation, the scope and objectives of which shall have been established by the licensee and approved by the Authority, and giving their opinion as to the extent to which the licensee has developed a methodology that is in line with the licensee's duty under the Act, and the standard, Standard Special and Special Conditions of this licence.

3. Unless the Authority otherwise directs, such direction to be made within 2 months of the receipt by the Authority of a statement prepared pursuant to paragraph 1 of this condition, the licensee shall take all reasonable steps to apply the methodology set out in such statement in making any decisions on whether to release exit capacity for sale to gas shippers or DN operators where such decisions are made after the earlier of: (i) the date of receipt of a notice from the Authority approving the statement; or (ii) the expiry of that two month period.

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4. Except where the Authority directs otherwise or paragraph 6 applies, before submitting the statement referred to in paragraph 1 by 1 April 2007 (or such later date as the Authority may direct) pursuant to paragraph 1 or revising the exit capacity release methodology statement, the licensee shall:

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- (i) send a copy of the proposed revisions to the Authority and to any person who asks for one;

(ii) consult gas shippers and DN operators and allow them a period of not less than 28 days in which to make representations;

(iii) within 7 days of the close of the consultation referred to in paragraph 4(ii) of this condition submit to the Authority a report setting out:

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- the revisions originally proposed,
- the representations (if any) made to the licensee,
- any change to the revisions; and

(iv) where the Authority directs that paragraphs 4(i), (ii) and (iii) of this condition or any of them shall not apply, comply with any such other requirements as may be specified in the direction.

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5. The licensee shall be entitled to revise the exit capacity release methodology statement at any time referred to in paragraph 4, save that it shall not revise such statement:

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(i) where paragraph 4(iv) in this condition applies, before the day (if any) specified in the direction made pursuant to that sub-paragraph;

(ii) where there is no such direction, or no date is specified in such direction, until the expiry of 28 days from the date on which the Authority receives the report referred to in sub-paragraph 4(iii) of this condition; or

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(iii) if within the period referred to in paragraph 4(ii) of this condition the Authority directs the licensee not to make the revision.

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6. (a) The licensee shall, if so directed by the Authority but in any event at least once a year, review the statement prepared pursuant to paragraph 1 of this condition in consultation with gas shippers, DN operators and other interested persons likely to be affected thereby and allow them a period of not less than 28 days in which to make representations.

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(b) Within 7 days of the close of the consultation referred to in paragraph 6(a) of this condition, the licensee shall send to the Authority:

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(i) a report on the outcome of the review which shall be accompanied by a statement from appropriate auditors that they have carried out an investigation, the scope and objectives of which shall have been established by the licensee and approved by the Authority, and giving their opinion as to the extent to which the licensee has complied with the statement prepared pursuant to paragraph 1 of this condition;

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(ii) . the report prepared pursuant to sub-paragraph (i)

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(ii) any revision to the statement proposed (having regard to the outcome of the review) by the licensee in order to ensure that the statement remains consistent with the licensee's duties under the Act and the standard, Standard Special and Special Conditions of this licence; and

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(iii) any written representations or objections from gas shippers, DN operators and other interested parties, including proposals for revision not accepted by the licensee, arising during the consultation and subsequently maintained.

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(c) The licensee may revise the statement only in accordance with any revision within paragraph 6(b)(ii) of this condition and only if the Authority consents to such revision.

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7. The licensee shall take all reasonable steps to comply with the statement for the time being in force pursuant to paragraph 1 of this condition.

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8. The licensee shall send to the Authority a copy of each of the statements and reports prepared pursuant to paragraphs 1, 2, 3, 4, 5 and 6 of this condition and of all revisions to any such statements and reports.

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9. The licensee shall:

(a) publish (in such manner as the Authority may direct) the statements prepared pursuant to paragraph 1 of this condition and each revision thereof, and

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(b) send a copy of each statement and report prepared pursuant to paragraphs 1, 2, 3,
4, 5 and 6 of this condition or the latest revision of any such statement and report
to any person who requests the same, provided that the licensee shall exclude from
publication, so far as is practicable, any matter which relates to the affairs of any
person where the publication of that matter would or might seriously and
prejudicially affect that person's interests,

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and, for the purposes of paragraph 9(b) of this condition, the licensee shall refer for
determination by the Authority any question as to whether any matter would or might
seriously and prejudicially affect the interests of any person (unless the Authority
consents to the licensee not doing so).

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10. The licensee may make a charge for any copy of a statement, report or revision sent
pursuant to paragraph 9(b) of this condition of an amount reasonably reflecting the
licensee's reasonable costs of providing such a copy which shall not exceed the maximum
amount specified in directions issued by the Authority for the purpose of this condition.

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1. In this condition:

“incremental exit capacity”

means NTS exit capacity that is in excess of the initial volume allocation; and

“initial volume allocation”

means for an NTS exit point (having the meaning given to that term in the network code):

for an NTS Supply Point or NTS Connected System Exit Point (having the meaning given to these terms in the network code) the aggregate quantity of NTS exit capacity that gas shippers are registered as holding pursuant to the network code; or

for an NTS/LDZ Offtake (having the meaning given to that term in the network code), the aggregate quantity of NTS exit flat capacity or the aggregate quantity of NTS exit flow flexibility which:

for the period until 30 September 2008 is as set out in the Offtake Capacity Statements (having the meaning given to that term in the network code) as at 1 May 2005 (or such later date as the Authority otherwise directs in writing), and

- (ii) for the period from 1 October 2008 to 30 September 2010 is as approved by the Authority in writing and published in the statement prepared pursuant to paragraph 2.