

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 Severn Gas Transportation Limited ("SGTL") for the conveyance of gas from a pipeline system operated by another gas transporter to the proposed Severn CCGT (Combined Cycle Gas Turbine) Power Station near Newport, South Wales. The application was received by the Authority on 8 May 2007. In the Application, SGTL requested a number of modifications be made to the standard conditions of the licence on the grounds that:

- a. The pipeline will only be operated at high pressures;
- b. The short pipeline (approx 6km) will be sized to meet the needs of the project and will only run through open countryside/farmland and under the river Severn
- c. The pipeline will be situated in a Site of Special Scientific Interest ("SSSI") where excavation would be at a prohibitive cost due to the ecology, and
- d. Over 80% of the pipeline will be at a depth in excess of 20m, via Horizontal Directional Drilling, due to SSSI wetlands and the need to run the pipe under the river Severn.

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 SGTL (company number 05121224), whose registered office is situated at 9 Queen Street, Mayfair, London, W1J 5PE.
2. The Licence, if awarded, will authorise SGTL to convey gas through pipes from a pipeline system operated by another gas transporter in the area east of Marshfield in South Wales to the proposed Severn CCGT Power Station near Newport, South Wales, as shown on the map at Appendix 1.
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 SGTL then the Authority proposes to modify the following licence conditions in an identical manner:
 - 4B – Connection Charges
 - 4C – Charging of Gas Shippers–Supplemental Connection Charges
 - 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
 - 14 – The Supply Point Administration Agreement
 - 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

- 21 – Complaint Handling Procedure
- 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 SGTL or in relation to the proposed modifications may be made on or before 20 October 2007 and should be addressed to Ikbal Hussain at 9 Millbank, London, SW1P 3GE, or Ikbal.hussain@ofgem.gov.uk



.....
Mark Feather
Duly authorised on behalf of the Authority

17 August 2007

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 14 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:

- 4B – Connection Charges
- 4C – Charging of Gas Shippers–Supplemental Connection Charges
- 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
- 14 – The Supply Point Administration Agreement
- 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
- 21 – Complaint Handling Procedure
- 31 – Supply Point Information Service

Appendix 3

Proposed form of standard condition 14

Condition 14. The Supply Point Administration Agreement

- 1. Until the Authority has issued to the licensee a direction pursuant to paragraph 2, paragraph 3 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 paragraph 3 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 paragraph 3 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 paragraph 3 to the extent and subject to the terms specified in the direction.**

- 3. The licensee shall become a party to and thereafter comply with those provisions of the Supply Point Administration Agreement relevant to it.**