

Annex 5

Draft amendment to Standard Condition 20. Payments in Relation to Standards of Performance

1. Where the licensee is required by this licence or any provision of Regulations made under section 33AA of the Act to make a compensation payment to a customer or to another gas transporter for onward transmission to the customer it shall be sufficient compliance with this licence or that provision for the licensee to make the payment to the relevant gas shipper in such a manner and form as to ensure that the relevant gas shipper is aware that the payment is for prompt onward transmission via the relevant supplier to the customer.
2. With effect from 1 April 2008 the licensee shall not enter into or allow to continue any agreement, either for connection to or use of the pipe-line system, with any other gas transporter that does not provide:
 - (a) for the licensee to make payments in respect of its performance pursuant to any provision of the regulations to the other gas transporter for onward transmission to a customer whose premises are directly connected to the other gas transporter's pipe-line system;
 - (b) for the licensee and the other gas transporter to agree the extent of responsibility of each of them (where relevant) in relation to any failure to meet a prescribed level of performance pursuant to any provision of the regulations;
 - (c) for the other gas transporter, where he is liable to make payments pursuant to any provision of the regulations and that liability arises wholly or partly from a failure, act or omission on the part of the licensee, to recover from the licensee all or (as appropriate) part of the cost of those payments (including financing costs where any such payments have already been made to the customer, the licensee for onward transmission to the customer or a supplier via a shipper for onward transmission to the customer);

- (d) for the Authority, on the application of the licensee or the other gas transporter, to settle any dispute in such a manner as appears to the Authority to be reasonable where:
 - (i) the licensee has failed to agree with the other gas transporter the extent of the responsibility of each of them (where relevant) in relation to any failure to meet a prescribed level of performance pursuant to any provision of the regulations, as provided for in paragraph 2(b), or
 - (ii) the other gas transporter has been unable to recover from the licensee the costs that it considers are due under paragraph 2(c);
and
 - (e) for the licensee to pay to the other gas transporter such costs (including, where appropriate, financing costs) as may be determined under paragraph 2(d) as soon as is reasonably practicable.
3. The licensee shall take all appropriate steps within its power to ensure that any relevant agreement it has with the other gas transporter is so amended with effect from 1 April 2008, or as soon as may be thereafter, that the agreement is compliant in all material respects with the requirements of paragraph 2.