

New Licence condition on independent systems for the GDNs

[NOTE: THE DRAFTING NEEDS CONSISTENCY IN THE USE OF WITH UPPER/LOWER CASES AND EXISTING DEFINED TERMS IN StSpC A3]

1. Pursuant to the direction ~~regarding on~~ the Continuation of the Cross-Subsidy Arrangements for Independent Gas Systems ~~given made~~ by the Secretary of State on xx December 2007, the licensee is required, up until 31 March 2013, to ~~undertake the relevant activities as detailed within~~ comply with this ~~licensee~~ condition.
2. The licensee shall not, in respect of any of its Independent Systems, change the fuel type conveyed to such Independent System from methane to propane or butane or a combustible mixture of propane and butane with air.

Liquefied Petroleum Gas Systems **[NOTE: THIS HEADING SHOULD USE THE DEFINED TERMS]**

3. The licensee shall by 1 April 2008, enter into appropriate terms with a relevant shipper for the transportation of liquefied petroleum gas from any bulk supply point (notified to the Authority and approved by it) to the premises of customers connected to an ~~Independent System operated by the licensee.~~ **[NOT NEEDED IF USE PROPOSED AMENDMENTS TO DEFINITION OF "INDEPENDENT SYSTEM"]**
4. The licensee shall make payments of any Bulk Price Differential to the relevant shipper, such payments to be made in accordance with the terms agreed in paragraph 3.
5. The licensee shall inform ~~the National Grid Gas plc~~ the NTS operator **[NOTE: AS DEFINED IN SSCA3]** of the aggregate payments made to relevant shippers under paragraph 4 above by 31 May in the year immediately following the relevant formula year in which such payments were made.
6. The licensee shall not seek to recover from shippers the amounts paid under paragraph 4 above by means of its gas transportation charges or by any other means ~~the amounts paid under paragraph 4 above.~~

Local GDN charge

7. The licensee shall, in respect of each Independent System, set ~~their~~ its gas transportation charges so that they are consistent with the direction given by the Secretary of State referred to in paragraph 1 having regard to the need to ensure that such charges to customers ~~on~~ connected to the Independent System do not exceed the charges to equivalent customers.
8. In this condition:

“Bulk Price Differential” means the difference between the reasonable estimate (made by the licensee) of the average price for liquefied petroleum gases supplied

to large industrial customers in Great Britain and the average price of gas consisting principally of methane supplied to large industrial customers in Great Britain, [where the price is calculated on an equivalent basis] **[WHAT DOES THIS MEAN?]**. This estimate should, as far as practicable, recover the additional costs of shipping Liquefied Petroleum Gas [and be reflected in terms agreed] **[WHAT DOES THIS MEAN?]**.

[CAN THE DNS MAKE THIS ESTIMATE? ISN'T THIS FOR THE NTS?]

“Distribution Network” has the meaning given in Special Condition E1 (Definitions and Interpretation) of the licence. **[N/A GIVEN REVISED DEFINITION OF “INDEPENDENT SYSTEM” BELOW.]**

“equivalent customers” Means customers connected to the ~~licensee’s network pipe-line system~~ to which this licence relates other than those customers whose premises are connected to an independent system.

“Independent System” Means a ~~discrete~~ pipe-line system ~~operated by the licensee as at 31 March 2007 in a Distribution Network in Great Britain to which this licence relates which includes relevant mains~~ and which is not connected (directly or indirectly) by pipes to the main pipe-line system of ~~the licensee acting as a~~ relevant gas transporter. **[DEFINITION NEEDS TO BE BASED ON SSC A3 TERM NOT DEFINITION IN SC1]**

“Relevant Shipper” For the purposes of this condition only, means in relation to any premises connected to an independent system, a gas shipper which has, by 1 April 2008, made arrangements with the licensee in pursuance of which liquefied petroleum gas is transported to those premises.

“Bulk supply point” To be defined

“Liquefied Petroleum Gas” Means a mix of hydrocarbon gases including propane and butane in accordance with BS EN 589:2004

New Licence condition on independent systems for NGG NTS

1. Pursuant to the direction on the Continuation of the Cross-Subsidy Arrangements for Independent Gas Systems given by the Secretary of State on xx December 2007, the licensee is required, up until 31 March 2013, to ~~undertake the relevant activities as detailed within~~comply with this licence condition.

Bulk Price Differential

2. The licensee shall make a reasonable estimate of the Bulk Price Differential **[NOTE: WHERE IS THIS DEFINED?]** payment it expects to incur under paragraph 3 and pay the relevant DN Operator this estimate on a quarterly basis, or as otherwise agreed ~~by with~~ the DN ~~operator~~Operator, in the formula year in which the costs occur. This estimate should be updated for any under or over estimates in previous years. **[HOW CAN NTS DO THIS WHEN BPD IS AN AMOUNT BEING ESTIMATED BY THE DNS?]**
3. The licensee shall pay the aggregate amount of the Bulk Price Differential (the “Bulk Price Differential payment”) for each relevant Independent System ~~operated by a relevant gas transporter~~ where the relevant DN Operator that gas transporter has made payments to a relevant gas-shippers and has so informed the licensee in writing.

GDN Additional costs

4. The licensee shall pay to the relevant DN ~~operator~~Operator the amount set out in Table ~~X-1 in respect of to cover~~ the additional costs of transporting liquefied petroleum gas to each Independent System operated by that DN operator (“additional costs payments”), any such payments taking account of RPI for that formula year in the relevant formula year:

Table 1

£m, 2005-06 prices	2008-09	2009-10	2010-11	2011-12	2012-13
Scotland Gas Networks plc	6.0	5.4	5.4	5.4	5.4
Wales & West Utilities Limited	0.1	0.1	0.1	0.1	0.1

5. The licensee shall pay to the relevant DN operator the appropriate proportion of the ~~costs~~ amounts detailed in paragraph 4 on a quarterly basis for each formula year from 2008-09 to 2012-13 or as otherwise agreed ~~by with~~ the relevant ~~Gas Distribution Network~~DN Operator.

Recovery

6. The licensee shall recover the ~~reasonable estimate of the~~ Bulk Price Differential payment made under paragraph ~~2-3~~ along with the payment for

additional costs made under paragraph 4 from shippers in the relevant formula year in which they are paid.

7. The licensee shall by [] submit to the Authority in the following formula year following payment submit to the Authority a statement detailing the money paid to each DN operator under paragraph ~~2~~ 3 and 4 above.

8. In this condition:

“RPI” means the RPI adjustment and shall be calculated as the arithmetic average of the retail price index numbers published or determined with respect to each of the six months from July to December in preceding formula year divided by the arithmetic average of the retail price index numbers published or determined with respect to the period from July to December 2004.

[NEED TO DEFINE IN NTS LICENCE:

“INDEPENDENT SYSTEM”

“BULK PRICE DIFFERENTIAL”

“RELEVANT SHIPPER”

“LPG”]

Amendment to Special Condition C8B of NGG NTS’s licence.

[revise IS_t term]

IS_t means an amount equal to the payments made under paragraph ~~2~~ 3 and paragraph 4 of the xx condition xxx in respect of any formula year commencing on or after 1 April 2008.