

MODIFICATION PURSUANT TO STANDARD SPECIAL CONDITION A2 OF ALL NTS OPERATOR AND DN OPERATOR GAS TRANSPORTER LICENCES GRANTED OR TREATED AS GRANTED UNDER SECTION 7 OF THE GAS ACT 1986, AND

NOTICE PURSUANT TO SECTION 38A OF THE GAS ACT 1986 OF THE REASONS FOR THE DECISION OF THE GAS AND ELECTRICITY MARKETS AUTHORITY TO MODIFY THE NTS OPERATOR AND DN OPERATOR GAS TRANSPORTER LICENCES

WHEREAS

1. The companies to whom this document is addressed:
 - i. National Grid Gas plc (NTS operator and DN operator);
 - ii. Northern Gas Networks Limited (DN operator);
 - iii. Scotland Gas Networks plc (DN operator);
 - iv. Southern Gas Networks plc (DN operator); and
 - v. Wales & West Utilities Limited (DN operator),all hold gas transporter licences (the "Licences") granted or treated as granted by the Gas and Electricity Markets Authority (the "Authority") under section 7 of the Gas Act 1986 (the "Act") and are the NTS operator and the DN operators (within the meaning in Standard Special Condition A3(1) (Definitions and Interpretation) of the gas transporter licence.

2. In accordance with Standard Special Condition A2 (Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to both NTS and DN licensees) ("SSC A2") of the Licences, the Authority gave notice on 21 February 2008 on the Ofgem website (www.ofgem.gov.uk) that it proposed to:
 - i. Alter Standard Special Condition A3 (Definitions and Interpretation);
 - ii. Alter Standard Special Condition A15 (Agency);
 - iii. Omit Standard Special Condition A19 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick: Arrangements in Respect of Meters);
 - iv. Omit Standard Special Condition A20 (Provision of Services for Persons who are Blind and Deaf);
 - v. Omit Standard Special Condition A21 (Not Used);
 - vi. Omit Standard Special Condition A22 (Arrangements in Respect of Powers of Entry);
 - vii. Omit Standard Special Condition A22A (Authorisation of Officers);
 - viii. Omit Standard Special Condition A22B (Exercise of Powers of Entry);
 - ix. Omit Standard Special Condition A23 (Complaint Handling Procedure);

- x. Omit Standard Special Condition A24 (Preparation, Review and Compliance with Statements and Codes);
 - xi. Omit Standard Special Condition A25 (Record of and Report on Performance);
 - xii. Alter Standard Special Condition A30 (Regulatory Accounts);
 - xiii. Alter Standard Special Condition A34 (Appointment of a Compliance Officer);
 - xiv. Alter Standard Special Condition A35 (Prohibition of Cross-subsidies);
 - xv. Alter Standard Special Condition A37 (Availability of Resources);
 - xvi. Alter Standard Special Condition A38 (Credit Rating of the Licensee);
 - xvii. Alter Standard Special Condition A40 (Price Control Review Information); and
 - xviii. Omit Standard Special Condition A55 (Enduring Offtake Arrangements);
- (all, the "Conditions") of the Licences and the Authority specified that any representations or objections to the proposed modifications to the Conditions must be made on or before 20 March 2008.
3. In accordance with section 38A(1) of the Act, the reasons for the decision of the Authority to modify the Conditions are to implement those changes to the regulatory framework which have been consulted on as part of, or in conjunction with the Gas Distribution Price Control Review; in particular, to implement those changes required to remove and terminate the existing gas distribution price controls and give effect on and from 1 April 2008 to the revised price controls for each DN operator, as well as to implement those changes intended to rationalise and update the DN operators' outputs and standards of performance arrangements and improve the manner of measuring the DN operators' performance, all of which are set out in the Authority's *'Gas Distribution Price Control Review', Final Proposals Decision and Supplementary Appendices Documents*, December 2007, ref: 285/07 and 285a/07 respectively.
4. Further details of the reasons are set out in various other documents including:
- a. *'Gas Distribution Price Control Review Initial Proposals Document*, 29 May 2007, ref: 125/07;
 - b. *'GDPCR: Initial Licence Drafting Consultation'*, 10 September 2007, ref: 221/07;
 - c. *'Gas Distribution Price Control Review Updated Proposals Document* Ofgem 24 September 2007, ref: 226/07;
 - d. *'Open letter on Ofgem's proposals to implement revised standards of performance arrangements for gas transporters'*, November 2007, ref: 279/07;

- e. *'Gas Distribution Price Control Review', Final Proposals Decision and Supplementary Appendices Documents*, December 2007, ref: 285 and 285a/07; and
- f. *'GDCPR: Second Licence Drafting Consultation'*, 11 December 2007, ref: 290/07,

all of which are available (free of charge) from the Ofgem library, 9 Millbank, London SW1P 3GE (020 7901 7003) or the Ofgem website.

5. In accordance with SSC A2(3)(b)(ii) the Authority sent a copy of the notice of its proposals to make the modification to the Secretary of State (and to the DN operators, the NTS operator, the Health and Safety Executive and the Consumer Council) and did not receive by 20 March 2008 or at all, a direction from the Secretary of State not to make any modification.
6. By 20 March the Authority received six representations, including five from DN operators and one from the NTS operator, and received no objections to the proposed modifications.
7. Some of the representations suggested textual revisions to the proposed Standard Special Conditions ("SSC") in Part A of the Licence. In addition one respondent raised concern about the potential timing issues associated with SSC A15. In particular the respondent noted that a decision on whether or not the agency charging statement (ACS) and the Uniform Network Code (UNC) Modification Proposal 0188 will be approved by the Authority (which are consequential changes associated with the proposed SSC A15) will also need to be given by 1 April 2008. The respondent considers that if the proposed changes to SSC A15, the ACS or the UNC Modification Proposal 0188 are not approved by the Authority by 1 April 2008 there would be a risk to the services that the DN operators and xoserve provide to shippers.
8. The Authority has duly considered all the representations and has concluded that although that implementation of the ACS and UNC Modification Proposal 188 by 1 April would be desirable we do not consider that it is necessary and has made across the Standard Special Conditions in Part A of the Licence the following revisions in response to suggestions about the textual revisions:
 - i. Standard Special Condition A15 – in paragraph 4 re-number the duplicate paragraph 4 as paragraph 5 and re-number all consequent paragraphs; and
 - ii. Standard Special Condition A35 – in paragraph 5 replace the words "paragraph 3" with the words "paragraph 4".

9. The modified Conditions are set out in the Schedule to this notice and will have effect in conjunction with new Standard Special Conditions D13 (Provision of services for specific domestic customer groups), D14 Arrangements for access to premises, D15 (Procedure for dealing with complaints, and D16 (Reporting on Performance), which are being included in the DN operators' licences pursuant to the Authority's powers under Standard Special Condition D2 Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to DN licensees) and section 7B of the Act.

NOW THEREFORE

In accordance with its powers under section 7B of the Act and SSC A2 the Authority **HEREBY COLLECTIVELY MODIFIES** the Conditions in the DN operators' and the NTS operator's gas transporter licences granted or treated as granted under section 7 of the Act in the manner contained in the attached Schedule **WITH EFFECT** on and from 1 April 2008 and **THE CONDITIONS AS MODIFIED SHALL HAVE EFFECT OR CONTINUE IN EFFECT ON AND FROM 1 APRIL 2008.**

This document also constitutes the notice of reasons under section 38A(1) of the Act for the Authority's decision to modify the Licences.

Dated the 31st day of March 2008

The official seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of

Steve Smith



Managing Director, Networks
Authorised on behalf of the Gas and Electricity Markets Authority

SCHEDULE

Standard Special Condition A3. Definitions and Interpretation

1. Unless the context otherwise requires, words and expressions used in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) of this licence shall bear the same meaning as set out in this paragraph, to the extent that they apply to the licensee:

“the Act”	means the Gas Act 1986;
“affiliate”	(a) in relation to an undertaking within the meaning of section 1161 of the Companies Act 2006 (“the principal undertaking”), a parent or subsidiary undertaking of the principal undertaking or a subsidiary undertaking of a parent undertaking of the principal undertaking, in each case within the meaning of section 1162 of that Act; (b) in relation to any person (including such an undertaking), a connected person of that person within the meaning of section 286 of the Taxation of Chargeable Gains Act 1992;
“amount”	in relation to gas, means the energy content thereof expressed in kilowatt hours;
“ appropriate auditors”	means:

(a) in the case of a licensee which is a company within the meaning of section 735 of the Companies Act 1985, a person appointed as auditor under Chapter 2 of Part 16 of the Companies Act 2006;

(b) in the case of any other licensee which is required by the law of a country or territory within the European Economic Area to appoint an auditor under provisions analogous to Chapter 2 of Part 16 of the Companies Act 2006, a person so appointed; and

(c) in any other case, a person who is eligible for appointment as a company auditor under sections 1212 and 1216 of the Companies Act 2006, or in relation to auditors appointed for financial years beginning before 6 April 2008, a person who is eligible for appointment as a company auditor under sections 25 and 26 of the Companies Act 1989;

“the Authority”

means the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000;

“balancing”

in relation to a pipe-line system to which this licence relates and in relation to each day, means the taking of such measures as may be available to the licensee, in particular measures

affecting the relationship between deliveries of gas to and offtakes of gas from such pipe-line system on the day in question, to maintain pressures within such pipe-line system at levels which will not, in its reasonable opinion, prejudice the interests of safety or efficiency on that day or on subsequent days;

“balancing management”

means the balancing of the total system through the management of inputs and offtakes of gas to and from the total system. For the avoidance of doubt such management includes but is not necessarily limited to:

- (i) the acquisition or disposal of gas to replace gas lost from the system in respect of NTS shrinkage;
- (ii) the licensee's functions as top-up manager; and
- (iii) the procurement of gas storage capacity for the purposes of meeting operating margins requirements (having the meaning given to that term in the network code);

“capacity rights”

means rights allocated in accordance with the network code to input up to a given volume of gas to the pipe-line system to which this licence relates or offtake up to a given volume of gas from the pipe-line system to which this licence relates;

“charging methodology”

for the purposes of Standard Special

Condition A5 (Obligations as Regard Charging Methodology) and Standard Special Condition A12 (Joint Office Governance Arrangements) only, has the meaning given in Standard Special Condition A5 (Obligations as Regard Charging Methodology);

“compliance officer”

for the purposes of Standard Special Condition A34 (Appointment of Compliance Officer) only, has the meaning given in that condition;

“constraint management”

means the management of capacity rights;

“constraint management services”

means services in relation to the management of capacity rights;

“Consumer Council”

means the Gas and Electricity Consumer Council established under section 2 of the Utilities Act 2000;

“the court”

means, in relation to England and Wales, the High Court and, in relation to Scotland, the Court of Session;

“cross-default obligation”

for the purposes of Standard Special Condition A39 (Indebtedness) only, has the meaning given in that condition;

“customer”

means any person supplied or requiring to be supplied with gas at any premises by a gas supplier;

“de minimis business”

for the purposes of Standard Special Condition A30 (Regulatory Accounts) and Standard Special Condition A36

	(Restriction on Activity and Financial Ring Fencing) only, has the meaning given in Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing);
“derivative”	shall have the meaning given to it in the Glossary to the Handbook of Rules and Guidance issued by the Financial Services Authority pursuant to the Financial Services and Markets Act 2000 as at 1 April 2002;
“designated registrar of pipes”	means the person designated by the Authority to fulfil that role pursuant to Standard Special Condition A49 (Designated Registrar of Pipes);
“disposal”	for the purposes of Standard Special Condition A27 (Disposal of Assets) only, has the meaning given in that condition;
“DN operator”	means a licence holder who is obliged to comply with one or more conditions in Part D: Standard Special Conditions applicable to all DN licensees (as a whole or in part) as a result of any direction issued pursuant to Standard Special Condition D1 (Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions

	applicable to DN licensees);
“domestic customer”	means a person supplied or requiring to be supplied with gas at domestic premises (but excluding such a person in so far as he is supplied or requires to be supplied at premises other than domestic premises);
“domestic premises”	means premises at which a gas supply is taken wholly or mainly for domestic purposes;
“financial year”	means, subject to Standard Special Condition A29 (Change of Financial Year) (where applicable), a period of 12 months beginning on 1 st April of each year and ending on 31 st March of the following calendar year;
“first supplier”	for the purposes of Standard Special Condition 50 (System Development Obligations) only, has the meaning given in that condition;
“formula year”	means a period of twelve months commencing on 1 April at 06:00 hours;
“gas”	in relation to storage, includes gas in a liquid state and “storage”, in relation to gas in either a gaseous or liquid state, means storage in, or in a facility which is connected (directly or indirectly) to, the pipe-line system to which this licence relates and cognate expressions shall be construed

	accordingly;
“gas shipper”	shall have the meaning given to it in section 7A(11) of the Act;
“holding company”	means a holding company within the meaning of sections 736, 736A and 736B of the Companies Act 1985;
“indebtedness”	for the purposes of Standard Special Condition A39 (Indebtedness) only, has the meaning given in that condition;
“independent system”	means a pipe-line system 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 a relevant gas transporter;
“information”	shall include any documents, accounts, estimates, returns, records or reports and data in written, verbal or electronic form and information in any form or medium whatsoever (whether or not prepared specifically at the request of the Authority or the Consumer Council) or of any description specified by the Authority;
“information covenantor”	for the purposes of Standard Special Condition A26 (Provision of Information to the Authority) only, has the meaning given in that condition;
“investment”	for the purposes of Standard Special

	<p>Conditions A36 (Restriction on Activity and Financial Ring Fencing) and A39 (Indebtedness) only, has the meaning given in Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing);</p>
<p>“investment grade”</p>	<p>for the purposes of Standard Special Conditions A38 (Credit Rating of the Licensee) and A39 (Indebtedness) only, has the meaning given in Standard Special Condition A38 (Credit Rating of the Licensee);</p>
<p>“issuer credit rating”</p>	<p>for the purposes of Standard Special Condition A38 (Credit rating of the licensee) and Standard Special Condition A39 (Indebtedness) only, has the meaning given in Standard Special Condition A38 (Credit rating of the licensee);</p>
<p>“last resort supplier”</p>	<p>for the purposes of Standard Special Condition 50 (System Development Obligations) only, has the meaning given in that condition;</p>
<p>“licensee”</p>	<p>means the holder of this licence in its capacity as:-</p>
<p></p>	<p>(a) NTS operator; or</p>
<p></p>	<p>(b) DN operator</p>
	<p>and, for the avoidance of doubt, nothing in this definition shall prevent a single legal entity being both an NTS operator and a DN operator. This</p>

definition will apply other than in relation to the following conditions: Standard Special Condition A29 (Change of Financial Year), Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing), Standard Special Condition A37 (Availability of Resources), Standard Special Condition A38 (Credit Rating of the Licensee) and Standard Special Condition A39 (Indebtedness) to the extent that the provisions have effect in this licence;

“main administration service”

for the purposes of Standard Special Condition A49 (Designated Registrar of Pipes) only, has the meaning given in that condition;

“metering activities”

means tariff capped metering activities and non-tariff capped metering activities;

"metering business"

means the activities of the licensee in connection with the provision of metering services;

"metering equipment"

means the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of Transco plc’s Network Code as at 1 April 1997 as defined within Amended Standard Condition 9 (Network Code) of Transco plc's gas transporter licence on that date;

"metering services"

means the provision, installation,

commissioning, inspection, repairing, alteration, repositioning, removal, renewal and maintenance of metering equipment;

"meter reading business"

means the activities of the licensee in connection with the provision of meter reading services;

"meter reading services"

means the retrieval and verification of meter reading data from gas meters, the inspection of the meter from which data is retrieved and the delivery of such data to any relevant person for the purpose of data processing, other than in relation to meter readings that the licensee obtains on its own behalf for the purpose of securing the efficient and economical physical operation of the pipe-line system to which this licence relates;

“network code”

means the document prepared by or on behalf of the licensee pursuant to paragraph 3 of Standard Special Condition A11 (Network Code and Uniform Network Code), (as that document is modified from time to time pursuant to that condition) and where the context requires, references to network code shall include the uniform network code to the extent that it is incorporated by reference;

“network code modification procedures”

for the purposes of Standard Special Condition A11 (Network Code and

	Uniform Network Code) and Standard Special Condition A12 (Joint Office Governance Arrangements), has the meaning given in Standard Special Condition A11 (Network Code and Uniform Network Code);
“network emergency co-ordinator”	for the purposes of Standard Special Condition A8 (Emergency Services and Enquiry Services Obligations) only, has the meaning given in that condition;
“non-domestic customer”	means a customer of a gas supplier who is not a domestic customer;
“non-tariff capped metering activities”	means all metering activities (including for the avoidance of doubt meter reading) provided by the licensee other than tariff-capped metering activities;
“NTS”	means the national transmission system as defined in the network code;
“NTS exit capacity”	shall have the meaning given to the terms “NTS Exit Capacity” and “NTS Offtake Capacity” in the network code;
“NTS exit flat capacity”	shall have the meaning given to the term “NTS Offtake (Flat) Capacity” in the network code;
“NTS exit flow flexibility”	shall have the meaning given to the term “NTS Offtake (Flexibility) Capacity” in the network code;
“NTS operator”	means a licence holder who is obliged to comply with one or more conditions

in Part B: Standard Special Conditions applicable to all NTS licensees (as a whole or in part) as a result of any direction issued pursuant to Standard Special Condition B1 (Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to NTS licensees);

“NTS shrinkage”

means the sum of NTS own use gas and NTS unaccounted for gas (both having the meanings given to those terms in the network code);

“owned”

in relation to a gas meter or other property, includes leased and cognate expressions shall be construed accordingly;

“participating interest”

has the meaning given in regulations made under Part 15 of the Companies Act 2006;

“permitted purpose”

for the purposes of Standard Special Conditions A36 (Restriction on Activity and Financial Ring Fencing) and A39 (Indebtedness) only, has the meaning given in Standard Special Condition A32 (Definition of Permitted Purpose);

“primary sub-deduct premises”

means premises to which gas is conveyed by a gas transporter before

	being conveyed to secondary sub-deduct premises;
“quantity” and “volume”	in relation to gas are synonymous;
“regulatory accounts”	for the purposes of Standard Special Condition A30 (Regulatory Accounts) only, has the meaning given in that condition;
“related undertaking”	in relation to any person, means any undertaking (within the meaning of section 1161 of the Companies Act 2006) in which such person has a participating interest;
“relevant customer”	for the purposes of Standard Special Condition A8 (Emergency Services and Enquiry Service Obligations) only, has the meaning given in that condition;
“relevant gas transporter”	means a gas transporter who is a DN operator or an NTS operator;
“relevant methodology objective”	for the purposes of Standard Special Condition A5 (Obligations as Regard Charging Methodology) only, has the meaning given in that condition;
“relevant objectives”	for the purposes of Standard Special Condition A11 (Network Code and Uniform Network Code) only, has the meaning given in that condition;
“relevant period”	for the purposes of Standard Special Condition A50 (System Development Obligations) only, has the meaning given in that condition;

“relevant shipper”

means, in relation to any premises, a gas shipper which has made arrangements with the licensee in pursuance of which gas is conveyed to those premises, and, in relation to any secondary sub-deduct premises, such arrangements shall be deemed to have been made where, in pursuance of arrangements made by a gas shipper, gas is taken out of the pipe-line system to which this licence relates at the relevant primary sub-deduct premises with a view to its conveyance to those secondary sub-deduct premises. This definition will apply other than in relation to the following conditions: (to the extent that the provisions have effect in this licence), Standard Special Condition A11 (Network Code and Uniform Network Code) and Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business);

“relevant supplier”

means in relation to any premises, a gas supplier which supplies to those premises gas which is conveyed thereto (or, where the premises are secondary sub-deduct premises) by the licensee. This definition will apply other than in relation to the following condition: Standard Special Condition A33 (Restriction on Use of Certain

Information and Independence of the Transportation Business);

“relevant year”

for the purposes of Standard Special Condition A48 (Last Resort Supply: Payment Claims) only, has the meaning given in that condition;

“retail price index”

means the general index of retail prices published by the Office for National Statistics each month in respect of all items or:-

(a) if the index for any month in any year shall not have been published on or before the last day of the third month after such month, such index for such month or months as the Authority may after consultation with the licensee and for the purposes of this condition generally determine to be appropriate in the circumstances; or

(b) if there is a material change in the basis of the index, such other index as the Authority may after consultation with the licensee and for the purposes of this condition generally determine to be appropriate in the circumstances;

“risk criteria”

for the purposes of Standard Special Condition A50 (System Development Obligations) only, has the meaning given in that condition;

“routing guidelines”

for the purposes of Standard Special Condition A50 (System Development Obligations) only, has the meaning

	given in that condition;
“secondary sub-deduct premises”	means premises to which gas is conveyed in pursuance of an exemption from section 5(1)(a) of the Act granted under section 6A thereof, for supply by a gas supplier;
“specified amount”	for the purposes of Standard Special Condition A48 (Last Resort Supply: Payment Claims) only, has the meaning given in that condition;
“statutory accounts”	means the accounts that the licensee prepares under the Companies Act 2006
“subsidiary”	means a subsidiary within the meaning of sections 736, 736A and 736B of the Companies Act 1985;
“supply of transportation services”	means the undertaking and performance for gain or reward of engagements – <ul style="list-style-type: none"> (a) in connection with the conveyance of gas through the transportation system; (b) for the prevention of the escape of gas which has been taken off the transportation system; and (c) relating to the acquisition of capacity rights, gas or gas derivatives for the purpose of: <ul style="list-style-type: none"> (i) the balancing of the transportation system through the acquisition or disposal of

gas to replace gas lost from the transportation system; and

(ii) constraint management;

not being the provision of metering services or the provision of meter reading services. This definition will apply other than in relation to the following conditions: Standard Special Condition A5 (Obligations as Regard Charging Methodology), and Special Condition C1A (NTS definition of supply of transportation services), to the extent that these provisions have effect in this licence.

“supply point information service”

for the purposes of Standard Special Condition A31 (Supply Point Information Service) only, has the meaning given in that condition;

“tariff capped metering activities”

in respect of an NTS operator, shall have the meaning given to that term in Special Condition C12 (Restriction of prices in respect of tariff capped metering activities) or in respect of a DN operator, shall have the meaning given to that term in Special Condition E19 (Restriction of prices in respect of tariff capped metering activities).

“top-up manager”

shall have the meaning given to that term in the network code;

“total system”

means the pipe-line system to which this licence relates, together with any other pipe-line system operated by the

licensee and the pipe-line systems of all other relevant gas transporters as further described in the network code;

“trading business”

for the purposes of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business) only, has the meaning given in that condition;

“Transco plc”

means the company (registered in England and Wales under company registration number 2006000) which had that name on 1 October 2001 whether or not it previously had a different name and whether that name is subsequently changed;

“transportation arrangements”

means arrangements (including subduct arrangements defined in paragraph 2 of this condition) whereby gas shippers and relevant gas transporters (insofar as their licences permit) may, from time to time and in different cases and circumstances, have gas introduced into, conveyed by means of and taken out of the pipe-line system to which this licence relates and arrangements falling within the preceding provisions of this definition shall be transportation arrangements notwithstanding that they may involve the utilisation of -

(a) facilities for the storage of gas

in so far as the licensee uses them in connection with its independent systems, including such facilities so used for the purpose of conveying gas to such a system; or

- (b) storage facilities used by the licensee solely for the diurnal storage of gas which has been introduced into its pipe-line system,

but excepting arrangements relating to services supplied pursuant to Standard Special Condition A43 (Provision of Metering and Meter Reading Services). This definition will apply other than in relation to the following conditions (to the extent that the provisions have effect in this licence): Standard Special Condition A4 (Charging – General), Standard Special Condition A5 (Obligations as Regard Charging Methodology), Standard Special Condition A7 (Requirement to Enter into Transportation Arrangements in conformity with the Network Code), Standard Special Condition A11 (Network Code and Uniform Network Code), and Special Condition C2 (Long Term Development Statement);

“transportation asset”

for the purposes of Standard Special

Condition A27 (Disposal of Assets) only, has the meaning given in that condition;

“transportation business”

means the activities of the licensee connected with the development, administration, maintenance, and operation of the transportation system and with the supply of transportation services but excluding the metering business and the meter reading business. This definition will apply other than in relation to the following conditions (to the extent that the provisions have effect in this licence): Standard Special Condition A5 (Obligations as Regard Charging Methodology), Standard Special Condition A6 (Conduct of Transportation Business), Standard Special Condition A26 (Provision of Information to the Authority), Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business), Standard Special Condition A35 (Prohibition of Cross Subsidies), Special Condition C9 (Allocation of revenues and costs for calculations under the price control in respect of the NTS transportation owner activity and NTS system operation activity) and Special Condition E17 (Allocation of revenues

and costs for calculations under the price control in respect of the Distribution Network);

“transportation system”

means the facilities to which this licence relates which are used by the licensee for the conveyance of gas within Great Britain;

“ultimate controller”

means:-

(a) a holding company of the licensee which is not itself a subsidiary of another company;

(b) any person who (whether alone or with a person or persons connected with him) is in a position to control, or to exercise significant influence over, the policy of the licensee or any holding company of the licensee by virtue of:

(i) rights under contractual arrangements to which he is a party or of which he is a beneficiary; or

(ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by him or of which he is a beneficiary,

but excluding any director or employee of a corporate body in his capacity as such; and

(c) for the purposes of subparagraph (b), a person is connected

with another person if they are party to any arrangement regarding the exercise of any such rights as are described in that paragraph;

“uniform network code”

means the document prepared by the licensee together with other relevant gas transporters pursuant to Standard Special Condition A11 (Network Code and Uniform Network Code) (as from time to time modified pursuant to that condition); and

“working day”

means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.

- 1A. Any reference in this condition to the provisions of the Companies Act 2006 shall before 6 April 2008 be construed as a reference to the corresponding provisions of the Companies Act 1985 or the Companies Act 1989 where applicable in force on 31 March 2008.
2. In the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence) except where the context otherwise requires -
 - (a) any reference to “**the relevant primary sub-deduct premises**”, in relation to any secondary sub-deduct premises, is a reference to the primary sub-deduct premises to which gas was conveyed before its conveyance to those secondary sub-deduct premises;
 - (b) any reference to “**sub-deduct arrangements**”, in relation to any secondary sub-deduct premises, is a reference to arrangements which a gas shipper

makes with the licensee in pursuance of which gas is taken out of the pipeline system to which this licence relates at the relevant primary sub-deduct premises with a view to its conveyance to those secondary sub-deduct premises; and/or

- (c) any reference to “customer” shall, notwithstanding paragraph 3 include a person who is supplied with gas at secondary sub-deduct premises.
3. Any words or expressions used in the Utilities Act 2000 or Part I of the Act shall, unless contrary intention appears, have the same meanings when used in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence).
 4. Except where the context otherwise requires, any reference to a numbered Standard Special Condition (with or without a letter), Special Condition applicable to the licensee (with or without a letter) or Schedule is a reference to the Standard Special Condition (with or without a letter), Special Condition applicable to the licensee (with or without a letter) or Schedule bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter) is a reference to the paragraph bearing that number in the Standard Special Condition, Special Condition applicable to the licensee or Schedule in which the reference occurs, and any reference to a numbered part is a reference to the part bearing that number in this licence.
 5. The conditions in this Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence) shall have effect as if, in relation to a licence holder who is a natural person, for the words “it”, “its”

and “which” there were substituted the words “she”, “her”, “hers” and “whom”, and cognate expressions shall be construed accordingly.

6. Except where the context otherwise requires, a reference in a Standard Special Condition or Special Condition applicable to the licensee to a paragraph is a reference to a paragraph of that condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.

7. Any reference in the conditions contained in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence) to -

- (a) a provision thereof;
- (b) a provision of the standard conditions of gas transporters’ licences;
- (c) a provision of the standard conditions of gas shippers’ licences, or
- (d) a provision of the standard conditions of gas suppliers’ licences,

shall, if these conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these or the other standard conditions in question as modified.

8. In construing the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence), the heading or title of any Standard Special Condition or Special Condition applicable to the licensee or paragraph shall be disregarded.

9. Any reference in a Standard Special Condition or Special Condition which has effect in this licence to the purposes of that condition generally is a reference to the purposes

of that condition as incorporated in this licence and as incorporated in each other licence under section 7 of the Act (whenever granted) which incorporates it.

10. Where any obligation of the licence is required to be performed by a specified date or time, or within a specified period, and where the licensee has failed so to perform, such obligation shall continue to be binding and enforceable after the specified date or time, or after the expiry of the specified period (but without prejudice to all the rights and remedies available against the licensee by reason of the licensee's failure to perform by that date or time, or within that period).
11. Where a condition in this licence refers to the consent or approval of the Authority, such consent or approval may be made subject to such conditions as the Authority may specify.
12. Anything required by or under the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same has effect in this licence) to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case:
 - (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first-class post as soon as is reasonably practicable, and
 - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.
13. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Standard Special Conditions or Special Conditions applicable to the licensee which are incorporated in all gas transporter licences. Where -

- (a) any definition is not used in the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same has effect in this licence), a definition shall, for the purposes of this licence, be treated -
- (i) as part of the Standard Special Condition or Special Condition applicable to the licensee in which it is used; and
 - (ii) as not having effect in the licence until in relation to Standard Special Conditions, such time as the Standard Special Condition in which the definition is used has effect within the licence as a result of any direction issued pursuant to Standard Special Condition A1 (Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to both NTS and DN licensees), Standard Special Condition B1 (Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to NTS licensees) or Standard Special Condition D1 (Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to DN licensees) or, in relation to Special Conditions when such condition has been inserted into the licence with the consent of the licensee;
- (b) any definition which is used in the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions

applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same has effect in this licence) is also used in one or more other Parts -

(i) that definition shall only be modifiable in accordance with the modification process applicable to each of the Standard Special Conditions or Special Conditions applicable to the licensee in which it is used; and

(ii) if any such Standard Special Condition or Special Condition applicable to the licensee is modified so as to omit that definition, then the reference to that definition in this condition shall automatically cease to have effect.

14. Without prejudice to sections 11 and 23(1) of the Interpretation Act 1978 -

(a) the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) (to the extent that the same have effect in this licence) shall be interpreted and construed in like manner as an Act of Parliament passed after the commencement of the Interpretation Act 1978, and

(b) words or expressions used in the conditions in Part A: Standard Special Conditions applicable to both NTS and DN licensees, Part B: Standard Special Conditions applicable to all NTS licensees, Part C: Special Conditions applicable to the licensee (NTS), Part D: Standard Special Conditions applicable to all DN licensees, and/or Part E: Special Conditions applicable to the licensee (DN) to the extent that the same have effect in this licence which are also used in Part I of the Act or in the standard conditions of gas transporters licences shall, unless the contrary intention appears, have the same meaning when used in these conditions.

15. For the avoidance of doubt, if, pursuant to a direction issued pursuant to Standard Special Condition A1 (Application/Disapplication of standard conditions in Section A (Interpretation and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to both NTS and DN licensees), Standard Special Condition B1 (Application/Disapplication of standard conditions in Section A (Interpretation and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to NTS licensees) or Standard Special Condition D1 (Application/Disapplication of standard conditions in Section A (Interpretation and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to DN licensees), any standard condition ceases to have effect, any references to such standard condition in any condition in this licence (including for the avoidance of doubt any other standard condition) shall be construed, so far as the context permits, as a reference to the corresponding provision of the Standard Special Conditions or Special Conditions applicable to the licensee which have been made effective pursuant to such direction in place of such standard condition.

Standard Special Condition A15. Agency

1. The licensee shall, together with the other relevant gas transporters, by the date at which this condition becomes effective (unless the Authority consents otherwise in writing), have entered into an agency services agreement (“**AS agreement**”) with the other relevant gas transporters providing for the common provision of services and systems, including the common provision by the agency (as defined in paragraph 3 below) of such services and systems, the scope of which are set out within the uniform network code.

2. The licensee shall, together with other relevant gas transporters procure, or cause to be procured:
 - (a) that the Authority is provided with a copy of the AS agreement and each amendment thereof; and

 - (b) the publication of the AS agreement as modified from time to time, with the exception of any information agreed in writing as being confidential by the Authority.

3. Where services and systems are sub-contracted to a common service provider (the “**agency**”) by all relevant gas transporters including the licensee (unless the Authority has otherwise consented under paragraph 6), the scope of such sub-contracting arrangements (save in respect of certain user pays services) shall be set out in the uniform network code, and the agency and the agreement referenced in paragraph 1 shall, without limitation, be based on the following principles:
 - (i) such services and systems shall be established, operated and developed on an economic and efficient basis;

 - (ii) the costs of the agency shall be determined on an activity cost basis such that the services and systems costs associated with each activity, as set out within

the uniform network code as being within the scope of the agency, are separately assessed and reported; and

- (iii) the costs of the agency shall be allocated on a transparent basis.
4. Where services and systems are to be provided pursuant to the uniform network code by the agency, the licensee shall, together with other relevant gas transporters, ensure that all such services and systems are provided or otherwise procured (including without limitation on a sub contracted basis) on a common basis pursuant to the AS agreement.
 5. In respect of the services and systems to be provided by the agency under paragraphs 3 and 4 of this condition, the licensee shall be under an obligation to use or procure the use of such services and systems from the agency and shall not elect either expressly or by its conduct not to use nor to procure the use of the agency as the provider of such services and systems without the prior written consent of the Authority.
 6. In the event that the licensee requests the consent of the Authority, subject to paragraph 5, such that it is not required to use or procure the use of all systems and services to be provided by the agency under paragraphs 3 and 4:
 - (a) the licensee shall:
 - (i) write to the Authority stating its reasons for this request; and
 - (ii) clearly identify whether any of the information provided as part of the statement of reasons for the change is of a confidential nature;
 - (b) the Authority, in relation to any information provided under sub-paragraph (a), if applicable:
 - (i) may, if it considers that the information provided is insufficient, request that this information be supplemented with such additional material that it considers appropriate;

- (ii) shall make public the information (other than any confidential information) supplied by the licensee in any statement made under sub-paragraph (a) and, if applicable, any supplementary information provided to the Authority following its receipt in response to a request under sub-paragraph (i); and
- (iii) shall consult with all relevant shippers, each other relevant gas transporter and other interested parties on the licensee's request for consent, under the provisions of paragraph 5, for a period of at least twenty-eight (28) days before providing its decision regarding the granting of consent, and any such conditions as the Authority may specify, to such a request.

7. The licensee shall, together with the other relevant gas transporters , by 1 April 2008 (unless the Authority otherwise consents in writing):

(a) determine and prepare a joint agency charging statement ("the statement"), approved by the Authority, setting out the scope of core services and user pays services, the methodology for deriving charges for user pays services and the charges associated with such services.

(b) In preparing the statement, and before seeking approval from the Authority, the licensee shall, together with other relevant gas transporters consult interested parties on the details of the statement and furnish the Authority with a report setting out :

(i) the representations (if any) made by interested parties; and

(ii) any changes in the details of the statement intended in consequence of such representations.

8. The licensee shall, together with other relevant gas transporters, (unless the Authority otherwise consents in writing):

- (a) procure the publication of the statement on the agency’s website and give or send an electronic copy of the statement to any person who requests it;
 - (b) procure that the agency complies with the statement approved by the Authority and as modified from time to time thereafter in accordance with the provisions of this condition; and
 - (c) keep the statement under review and, subject to paragraph 9, from time to time modify the statement to ensure that the information in the statement is up to date and to reflect any changes in scope and nature of user pays services.
9. Except with the consent of the Authority, before making a modification to the statement the licensee shall, together with the other relevant gas transporters, send a report to the Authority setting out:
- (i) the terms of the proposed modification; and
 - (ii) a timetable for implementing the modification.
10. The licensee shall, together with the other relevant gas transporters, make the modification unless, within 28 days of receiving the report under paragraph 9, the Authority has directed the licensee not to make the modification.
11. The charges for user pays services should, as far as reasonably practicable, reflect the costs of providing the service. In setting the charges for the user pays services the licensee, together with the other relevant gas transporters, shall not unduly discriminate between or unduly prefer any person or class or classes of persons.
12. In this condition:
- “core services” means the services set out and described as such in the statement prepared in accordance with paragraph 7 of this condition;

“user pays services” means the services set out and described as such in the statement prepared in accordance with paragraph 7 of this condition.

Standard Special Condition A30. Regulatory Accounts

Part A: Application and purpose

1. This condition applies for the purpose of ensuring that the licensee maintains (and secures that any affiliate or related undertaking of the licensee maintains) such accounting records, other records and reporting arrangements as are necessary to enable the licensee to prepare and publish regulatory accounts for the following businesses, unless the Authority otherwise consents in writing –
 - (a) the transportation business in respect of each Distribution Network (as defined in Special Condition E1 (Revenue restriction definitions in respect of the Distribution Network)) or the NTS (as defined in Special Condition C8A (Revenue restriction definitions in respect of the NTS transportation owner activity and NTS system operation activity)), where applicable;
 - (b) NOT USED;
 - (c) the metering business, separately identifying services provided pursuant to paragraph 1 of Standard Special Condition A10 (Provision and Return of Meters) with respect to each Distribution Network (as defined in Special Condition E1) as appropriate;
 - (d) the meter reading business;
 - (e) the de minimis business to which this licence relates, separately identifying the allocation and / or apportionment of each de minimis activity to each of the businesses in sub-paragraphs (a) to (d) above, and clearly describing each such de minimis activity;
 - (f) other activities to which this licence relates which the Authority has given its consent in writing in accordance with sub-paragraph 3(d) of Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing) separately identifying the apportionment of each of these activities to each of the businesses in sub-paragraphs (a) to (d) above, and clearly describing each service provided;

- (g) the whole business to which this licence relates, as represented by the consolidation of the businesses and activities referred to within sub-paragraphs (a), (b), (c), (d), (e) and (f) where applicable and, in addition, details of any de minimis business carried out by a relevant associate of the holder of the licence.
- 2 Where the holder of this licence also holds, in the same legal entity, one or more other gas transporter licences for relevant gas transporters, the licensee shall:
- (a) ensure that all businesses of the licence holder that relate to sub-paragraphs (a) to (f) of paragraph 1 as are applicable are reflected in the regulatory accounts submitted in respect of those licences, such that, such regulatory accounts, when consolidated, reflect the total business of the licence holder; and
 - (b) include within each set of regulatory accounts, prepared in accordance with those licences, sufficient information to reconcile all sets of regulatory accounts to the statutory accounts of the holder of this licence, prepared under the Companies Act 2006.

Part B: Preparation of accounts

3. For the purposes of this condition, but without prejudice to paragraph 7, the licensee must prepare regulatory accounts for each financial year ending on 31 March.
4. Unless the Authority otherwise consents, the licensee must:
- (a) keep or cause to be kept for a period approved by the Authority, but not less than the period referred to in section 388(4)(b) of the Companies Act 2006 and in the manner referred to in that section, such accounting records and other records as are necessary so that the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to, each of the businesses referred to in paragraph 1 are separately identifiable in the accounting records of the licensee (and of any affiliate or related undertaking of the licensee) from those of any other business of the licensee; and
 - (b) prepare, on a consistent basis from such accounting records in respect of each financial year, regulatory accounts (including notes thereto and statements of

the accounting policies adopted) of the licensee comprising, in respect of each of the businesses referred to in paragraph 1:

- (i) a profit and loss account (or, as appropriate, an income statement);
- (ii) a statement of total recognised gains and losses (or, as appropriate, a statement of changes in equity and if appropriate a statement of recognised income and expense);
- (iii) a balance sheet (or, as appropriate, a statement of financial position);
- (iv) a cash flow statement (or, as appropriate, a statement of cash flows);
- (v) a corporate governance statement in respect of the whole business to which this licence relates;
- (vi) a directors' report in respect of the whole business to which this licence relates;
- (vii) an operating and financial review in respect of the whole business to which this licence relates; and
- (viii) a statement showing separately in respect of each of the businesses referred to in paragraph 1 and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has either been:
 - (aa) charged from any ultimate controller of the licensee, together with any subsidiary of such ultimate controller (other than the licensee or its subsidiaries) in relation to the provision of goods or services to the licensee;
 - (bb) charged from the licensee together with any subsidiary of the licensee in relation to the provision of goods or services to any ultimate controller of the licensee together with any subsidiaries of such ultimate controller (other than the licensee or its subsidiaries); or
 - (cc) determined by apportionment or allocation between any of the businesses referred to in paragraph 1 or any other business of the licensee or affiliate or related undertaking together with a description of the basis of the apportionment or allocation;

provided that the obligations in (aa), (bb) and (cc) above shall only apply to goods and services received or supplied for the purposes of the businesses referred to in paragraph 1.

5. Unless the Authority so specifies in directions issued for the purposes of this condition, or with the Authority's prior written approval, the licensee shall not in relation to the regulatory accounts in respect of a financial year change the bases of charge or apportionment or allocation referred to in paragraph 4(b)(viii) from those applied in respect of the previous financial year.
6. Where, in relation to the regulatory accounts in respect of a financial year, the licensee has changed such bases of charge or apportionment or allocation or changed any of its accounting policies or the application of those accounting policies from those adopted for the immediately preceding financial year, the licensee shall, if directed by the Authority in writing, in addition to preparing regulatory accounts on those bases which it has adopted, also prepare such regulatory accounts on the bases and the accounting policies and the application of its accounting policies which applied in respect of that immediately preceding financial year.
7. Regulatory accounts and information in respect of a financial year prepared under paragraph 4(b) shall, so far as reasonably practicable and unless otherwise approved by the Authority having regard to the purposes of this condition, have the same content and format as the most recent or concurrent statutory accounts of the licensee prepared under sections 394, 395 and 396 or, where appropriate, section 397 of the Companies Act 2006 and shall comply with all relevant accounting and reporting standards currently in force which have been issued or adopted by the Accounting Standards Board or, if the regulatory accounts and information have been prepared under section 397 of the Companies Act 2006, all relevant accounting and reporting standards currently in force which have been issued by the International Accounting Standards Board and adopted by the European Union pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Part C: Audit and delivery of accounts

8. Unless the Authority otherwise consents, the licensee must:
 - (a) procure, in relation to its regulatory accounts:
 - (i) an audit by an appropriate auditor of the operating and financial review referred to in paragraph 16(d) of this condition, and such parts of those accounts and the directors' report as are specified in the Companies Act 2006 as being required to be so audited as if the licensee were a quoted company and they were the statutory accounts of the licensee prepared under sections 394, 395 and 396 or, as appropriate, section 397 of the Companies Act 2006 drawn up to 31 March, and
 - (ii) a report by that auditor, addressed to the Authority, stating whether in the auditor's opinion those accounts fairly present the financial position, financial performance and cash flows of or reasonably attributable to each of the businesses referred to in paragraph 1 and the reconciliation information provided under paragraph 2 in accordance with the requirements of this condition; and
 - (b) deliver to the Authority those accounts and the auditor's report referred to in sub-paragraph (a)(ii) as soon as is reasonably practicable, and in any event prior to their publication under Part D and not later than 31 July following the end of the financial year to which the regulatory accounts relate.
- .
9. For the purposes of paragraph 8, the licensee must, at its own expense, enter into a contract of appointment with an appropriate auditor which includes a term requiring that the audit of the regulatory accounts of the licensee must be conducted by that auditor in accordance with all such relevant auditing standards in force on the last day of the financial year to which the audit relates as would be appropriate for accounts prepared in accordance with either section 396 or 397 of the Companies Act 2006.

Part D: Publication of regulatory accounts

10. Unless the Authority otherwise directs, after consulting the licensee, the licensee must, subject to paragraph 12 below, publish its regulatory accounts and the reconciliation provided under paragraph 2, with the exception of the part of such regulatory accounts which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively required under paragraph 4(b)(viii), any information provided under paragraph 1(e), and any other information agreed by the Authority in writing to be confidential:
 - (a) as a stand-alone document in accordance with this condition;
 - (b) by 31 July following the end of the financial year to which the accounts relate;
 - (c) on a website used by the licensee in its ordinary course of business (where the regulatory accounts should be reasonably accessible to any person requiring them); and
 - (d) in any other manner which, in the opinion of the licensee, is necessary to secure adequate publicity for the accounts.
11. A copy of the regulatory accounts must be provided free of charge:
 - (a) to the Consumer Council no later than the date on which the accounts are published; and
 - (b) to any person requesting a copy.
12. This condition shall not require the publication of any regulatory accounts for the metering business or the meter reading business where publication would or might seriously and prejudicially affect the interests of the licensee, any ultimate controller of the licensee or any subsidiary of any ultimate controller and for this purpose the licensee shall (except in so far as the Authority consents to the licensee not doing so) refer for determination by the Authority any question as to whether any such publication would or might so affect the interests of the licensee or any ultimate controller of the licensee or any subsidiary of any ultimate controller.

Part E: Interpretation

13. Save for section 385 and section 417 of the Companies Act 2006 both of which came into force on 1 October 2007, any reference in this condition to the provisions of the Companies Act 2006 shall before 6 April 2008 be construed as a reference to the corresponding provisions of the Companies Act 1985 in force on 31 March 2008.
14. NOT USED
15. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to either metering or to meter reading and its view on the subject considers it appropriate that references to either the metering business or to the meter reading business should be deleted for the purpose of this condition then for the purpose of this condition those references shall cease to have effect from the date or dates specified in a notice published by the Authority for that purpose.
- 15A. A consent under paragraph 4, 5, 8 or 12 may be given in relation to some or all of the requirements of the relevant paragraph and subject to such conditions as the Authority considers appropriate or necessary having regard to the purposes of this condition.
16. In this condition:
 - (a) references to “**de minimis business**” shall include those businesses or activities that fall within the definition of de minimis business within Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing), and:
 - (i) have been allocated or apportioned to this licence; or
 - (ii) are businesses or activities undertaken by a relevant associate or relevant associates of the licence holder with either sub-paragraph (i) or sub-paragraph (ii) applying as the context requires.
 - (b) “**corporate governance statement**” means a statement which describes how the principles of good corporate governance have been applied to the licensee and which has the same content as the statement a quoted company is required to

prepare pursuant to the Combined Code on Corporate Governance issued under the Financial Services Authority's listing rules and interpretations on corporate governance (and, for the purposes of this condition, the requirement for a quoted company to prepare such a statement is to be taken as a requirement for the licensee to do so whether or not it is a quoted company).

- (c) “**directors’ report**” means a report having the coverage and content of the directors’ report which a quoted company is required to prepare pursuant to sections 415, 416, 417, 418(2) and 419(3) and (4) of the Companies Act 2006 (and, for the purposes of this condition, the requirement for a quoted company to prepare such a report is to be taken as a requirement for the licensee to do so whether or not it is a quoted company).
- (d) “**operating and financial review**” means a review having the coverage and content as specified in Part F of this condition
- (e) “**quoted company**” has the meaning attributed to it by section 385 of the Companies Act 2006.
- (f) “**relevant associate**” is as defined in paragraph 4 of Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing).

Part F: Operating and financial review

Review objective

17. An operating and financial review (“the review”) must be a balanced and comprehensive analysis, consistent with the size and complexity of the business, of -

(a) the development and performance of the business of the licensee during the financial year;

(b) the position of the licensee at the end of the year;

(c) the main trends and factors underlying the development, performance and position of the business of the licensee during the financial year; and

(d) the main trends and factors which are likely to affect the licensee's future development, performance and position

prepared so as to assist the readers of the accounts to assess the strategies adopted by the licensee and the potential for those strategies to succeed.

Other general requirements

18. The review must include:

(a) a statement of the business, objectives and strategies of the licensee;

(b) a description of the resources available to the licensee;

(c) a description of the principal risks and uncertainties facing the licensee; and

(d) a description of the capital structure, the treasury policies and objectives and the liquidity of the licensee.

Details of particular matters

19. To the extent necessary to comply with the general requirements of paragraphs 17 and 18, the review must comply with paragraphs 20 to 22. If the review does not contain information and analysis of each kind mentioned in paragraphs 21 and 22, it must state which of those kinds of information and analysis it does not contain.

20. The review must include -

(a) information about environmental matters (including the impact of the business of the licensee on the environment);

(b) information about the licensee's employees;

(c) information about social and community issues; and

(d) information about the policies of the licensee in each of these areas mentioned in sub-paragraphs (a) to (c) above and information about the extent to which those policies have been successfully implemented.

21. The review must also include information about persons with whom the licensee has contractual or other arrangements which are essential to the business of the licensee.
22. The review must include analysis using financial and, where appropriate, other key performance indicators, including information relating to environmental matters and employee matters. For the purposes of this condition, "key performance indicators" means factors by reference to which the development, performance or position of the business of the licensee can be measured effectively.

Reference to and explanation of regulatory accounts

23. To the extent necessary to comply with the general requirements of paragraphs 17 and 18, the review must, where appropriate, include references to, and additional explanations of, amounts included in the licensee's regulatory accounts.

Compliance with standards

24. The review must -
 - (a) state whether it has been prepared in accordance with relevant reporting standards, and
 - (b) contain particulars of, and reasons for, any departure from such standards.

Standard Special Condition A34. Appointment of Compliance Officer

1. The licensee shall ensure, following consultation with the Authority that a competent person (who shall be known as the “**compliance officer**”) shall be appointed for the purpose of facilitating compliance by the licensee with Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business) and Standard Special Condition A35 (Prohibition of Cross-Subsidies).
2. The licensee shall at all times ensure that the compliance officer is engaged for the performance of such duties and tasks as the licensee considers it appropriate to assign to him for the purpose specified in paragraph 1, which duties and tasks shall include those set out at paragraph 5.
3. The licensee shall procure that the compliance officer:
 - (a) is provided with such staff, premises, equipment, facilities and other resources; and
 - (b) has such access to the licensee’s premises, systems, information and documentationas, in each case, he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him.
4. The licensee shall make available to the compliance officer a copy of any complaint or representation received by it from any person in respect of a matter arising under or by virtue of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business).
5. The duties and tasks assigned to the compliance officer shall include:
 - (a) providing relevant advice and information to the licensee for the purpose of ensuring its compliance with relevant duties;
 - (b) monitoring the effectiveness of the practices, procedures and systems adopted by the licensee in accordance with the statement referred to at paragraph 4 of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business);

- (c) advising whether, to the extent that the implementation of such practices, procedures and systems requires the co-operation of any other person, they are designed so as reasonably to admit the required co-operation;
 - (d) investigating any complaint or representation made available to him in accordance with paragraph 4;
 - (e) recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable;
 - (f) providing relevant advice and information to the licensee for the purpose of ensuring its implementation of;
 - (i) the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 4 of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business); and
 - (ii) any remedial action recommended in accordance with sub-paragraph (e); and
 - (g) reporting annually to the directors of the licensee – in respect of each year after this condition comes into force – as to his activities during the period covered by the report, including the fulfilment of the other duties and tasks assigned to him by the licensee.
6. As soon as is reasonably practicable following each annual report of the compliance officer, the licensee shall produce a report:
- (a) as to its compliance during the relevant year with the relevant duties; and
 - (b) as to its implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 4 of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business).
7. The report produced in accordance with paragraph 6 shall in particular:
- (a) detail the activities of the compliance officer during the relevant year;

- (b) refer to such other matters as are or may be appropriate in relation to the implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 4 of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business); and
 - (c) set out the details of any investigations conducted by the compliance officer, including:
 - (i) the number, type and source of the complaints or representations on which such investigations were based;
 - (ii) the outcome of such investigations; and
 - (iii) any remedial action taken by the licensee following such investigations.
8. The licensee shall submit to the Authority a copy of the report produced in accordance with paragraph 6, and shall publish the report on its website.
9. Paragraphs 1 to 8 shall cease to apply if the Authority so directs, and the licensee may apply to the Authority for such a direction at any time.

Standard Special Condition A35. Prohibition of Cross-Subsidies

1. The licensee shall procure that the transportation business shall not give any cross-subsidy to, or receive any cross-subsidy from, any other business of the licensee or of an affiliate or related undertaking of the licensee.
2. In the event that the holder of this licence also owns one or more relevant gas transporters, the licences for which are held in the same legal entity, such that the holder of this licence is:
 - (a) an NTS operator; and/or
 - (b) a DN operator,the licensee acting as either an NTS operator or a DN operator, as the context requires, shall procure that:
 - (i) it shall neither give any cross-subsidy to, or receive any cross-subsidy from, directly or indirectly, a DN operator or any other business operated by the holder of this licence pursuant to any such other gas transporter licence held by the holder of this licence; and/or
 - (ii) it shall neither give any cross-subsidy to, or receive any cross-subsidy from, directly or indirectly, an NTS operator or any other business operated by the holder of this licence pursuant to any such other gas transporter licence held by the holder of this licence.
3. If applicable, where the licensee is a DN operator that operates more than one Distribution Network (as defined in Special Condition E1 (Revenue Restriction Definitions in respect of the Distribution Network)) no such Distribution Network shall be operated in a manner that gives any cross-subsidy to, or receives any cross-subsidy from, any other such Distribution Network.
- 4.a) Unless the Authority otherwise consents, the licensee must procure, for each formula year a report by an appropriate auditor that sets out the procedures, and the results of

those procedures, carried out by the auditor for the purposes of demonstrating the extent to which the licensee has complied with paragraphs 1 and 2 of this condition.

- b) The procedures to be carried out shall have been approved by the Authority.
 - c) The report shall be delivered to the Authority by 31 July following the end of the formula year to which it relates.
5. If the Authority is satisfied that the report referred to in paragraph 4 above demonstrates that the licensee has complied with the obligation to avoid discrimination and cross-subsidies specified in Article 17 of Directive 2003/55/EC of the European Parliament and of the European Council of 26 June 2003 and imposed on the licensee by paragraph 1 of this condition, then the report shall be deemed as representing the results of an audit of this obligation, as required by the Article.

Standard Special Condition A37. Availability of Resources

1. The licensee shall at all times act in a manner calculated to secure that it has available to itself such resources, including (without limitation) management and financial resources, personnel, fixed and moveable assets, rights, licences, consents and facilities, on such terms and with all such rights, as shall ensure that it is at all times able:
 - (a) to properly and efficiently carry on the transportation business of the licensee;
and
 - (b) to comply in all respects with its obligations under this licence and such obligations under the Act as apply to those activities authorised by this licence including, without limitation, its duty to develop and maintain an efficient, co-ordinated and economical system of gas transportation.

2. The licensee shall by 31 July of each year submit to the Authority a certificate, approved by a resolution of the board of directors of the licensee and signed by a director of the licensee pursuant to that resolution, in one of the following forms:
 - (a) “After making enquiries, and having taken into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid by the licensee, the directors of the licensee have a reasonable expectation that the licensee will have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the activities authorised by the licence(s) held in accordance with its obligations under the Act and such licence(s) for a period of 12 months from the date of this certificate.”
 - (b) “After making enquiries, and having taken into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid by the licensee, the directors of the licensee have a reasonable expectation, subject to what is explained below, that the licensee will have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the activities authorised by the licence(s) held in accordance with its obligations under the Act and such licence(s) for a period

of 12 months from the date of this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the licensee to carry on the activities authorised by the licence(s) held in accordance with its obligation under the Act and such licence(s).”

(c) “In the opinion of the directors of the licensee, the licensee will not have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the activities authorised by the licence(s) held in accordance with its obligation under the Act and such licence(s) for a period of 12 months from the date of this certificate.”

3. The licensee shall submit to the Authority with that certificate:
 - (a) a statement of the main factors which the directors of the licensee have taken into account in giving the certificate, together with a confirmation of the availability of financial facilities; and
 - (b) a cashflow forecast, movement in net debt and analysis of net debt.
4. The statement submitted to the Authority in accordance with paragraph 3 shall be approved by a resolution of the board of directors of the licensee and must be signed by a director of the licensee pursuant to that resolution.
5. The licensee shall inform the Authority in writing immediately if the directors of the licensee become aware of any circumstance which causes them no longer to have the reasonable expectation expressed in the most recent certificate given under paragraph 2.
6. The licensee shall require that each certificate provided for in paragraph 2 is accompanied by a report prepared by its auditors and addressed to the Authority stating whether or not the auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement and the supporting documents required pursuant to paragraph 3 of this condition submitted with it and, on the other hand, any information which they obtained during their audit work on the regulatory accounts of the licensee prepared pursuant to Standard Special Condition A30 (Regulatory Accounts).
7. The directors of the licensee shall not declare or recommend a dividend, and the licensee shall not make any other form of distribution within the meaning of sections

829, 830, 849 and 850 of the Companies Act 2006, or redeem or repurchase any share capital of the licensee unless prior to the declaration, recommendation or making of the distribution (as the case may be) the licensee has issued to the Authority a certificate complying with the following requirements of this paragraph:

(a) The certificate shall be in the following form:

“After making enquiries, the directors of the licensee are satisfied:

- (i) that the licensee is in compliance in all material respects with all obligations imposed on it by Standard Special Condition A26 (Provision of Information to the Authority), Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing), Standard Special Condition A37 (Availability of Resources), Standard Condition 45 (Undertaking from Ultimate Controller), Standard Special Condition A38 (Credit Rating of the Licensee) and Standard Special Condition A39 (Indebtedness) of its licence; and
- (ii) that the making of a distribution of [] on [] will not, either alone or when taken together with other circumstances reasonably foreseeable at the date of this certificate, cause the licensee to be in breach to a material extent of any of those obligations in the future.”

(b) The certificate shall be signed by a director of the licensee and must have been approved by a resolution of the board of directors of the licensee passed not more than 14 days before the date on which the declaration, recommendation or payment will be made.

(c) Where the certificate has been issued in respect of the declaration or recommendation of a dividend, the licensee shall be under no obligation to issue a further certificate prior to payment of that dividend, provided that such payment is made within six months of the issuing of that certificate.

8. **NOT USED**

9. Where the holder of this licence owns one or more relevant gas transporters, the licences for which are held in a single legal entity, references in this condition to “**licensee**” shall mean this legal entity.

10. Any reference in this condition to the provisions of the Companies Act 2006 shall before 6 April 2008 be construed as a reference to the corresponding provisions of the Companies Act 1985 or the Companies Act 1989 where applicable in force on 31 March 2008.

Standard Special Condition A38. Credit Rating of the Licensee

1. The licensee shall take all appropriate steps to ensure that the licensee maintains at all times an investment grade issuer credit rating.
2. In this condition:

“issuer credit rating” means:

- (a) an issuer rating by Standard & Poor’s Ratings Group or any of its subsidiaries;
- (b) an issuer rating by Moody’s Investors Service Inc. or any of its subsidiaries;
- (c) an issuer default rating by Fitch Ratings Ltd or any of its subsidiaries; or
- (d) a rating which, in the opinion of the Authority, notified in writing to the licensee, is equivalent to those referred to in sub-paragraphs (a), (b) or (c) and issued by:
 - (i) any of the credit rating agencies referred to in sub-paragraphs (a), (b) or (c); or
 - (ii) any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in both the United Kingdom and the United States of America.

In relation to any issuer credit rating, **“investment grade”** means:

- (a) unless sub-paragraph (b) below applies:
 - (i) an issuer rating of not less than BBB- by Standard & Poor’s Ratings Group or any of its subsidiaries;
 - (ii) an issuer rating of not less than Baa3 by Moody’s Investors Service Inc. or any of its subsidiaries;
 - (iii) an issuer default rating of not less than BBB- by Fitch Ratings Ltd or any of its subsidiaries; or

(iv) a rating which, in the opinion of the Authority, notified in writing to the licensee, is equivalent to those referred to in sub-paragraphs

(i), (ii) and (iii) and issued by:

(aa) any of the credit rating agencies referred to in sub-paragraphs (i), (ii) or (iii); or

(bb) any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in both the United Kingdom and the United States of America.

(b) such higher rating as may be specified by those agencies from time to time as the lowest investment grade credit rating.

3. Where the holder of this licence owns one or more relevant gas transporters, the licences for which are held in a single legal entity, references in this condition to “**licensee**” shall mean this legal entity.

Standard Special Condition A40. Price Control Review Information

Part A: Application and purpose

1. The licensee shall be obliged to comply with this condition from the date specified in a notice in writing issued by the Authority (such date not to be a date preceding the date on which this condition becomes effective in respect of the licensee) for the purposes set out in paragraph 2.
2. Those purposes are:
 - (a) to ensure that the licensee (in respect of the pipe-line system to which this licence relates) maintains (and secures that any affiliate or related undertaking of the licensee maintains) such accounting records, other records, and reporting arrangements as are necessary to enable the licensee to prepare price control review information for submission to the Authority in accordance with the requirements of this condition. For the avoidance of doubt, any licensee who is a DN operator and operates one or more Distribution Networks (as defined in Special Condition E1) in a single legal entity, shall be obliged to comply with the requirements of this condition in respect of each Distribution Network and no consolidation or aggregation shall be permitted and all references to “licensee” in this condition shall be construed on this basis;
 - (b) to establish, by a date specified by the Authority pursuant to paragraph 1, a common set of rules which are to apply to the collection and preparation of price control review information for submission to the Authority by the licensee and every other relevant gas transporter (“**the price control review reporting rules**”);

and thereby:
 - (c) to facilitate any review or modification by the Authority of the requirements of any of the charge restriction conditions of this licence (“**a price control review**”).

Part B: Preparation of price control review information

3. Unless and insofar as the Authority otherwise consents, the licensee must:
 - (a) keep or cause to be kept for a period approved by the Authority, but not less than the period referred to in section 388(4)(b) of the Companies Act 2006 and in the manner referred to in that section, such accounting records and other records as are necessary to ensure that the price control review information of, or reasonably attributable to, each of the businesses referred to in paragraph 1 of Standard Special Condition A30, is separately identifiable in the accounting records of the licensee (and of any affiliate or related undertaking of the licensee); and
 - (b) prepare and submit to the Authority, on a consistent basis from such accounting records, price control review information for such aspects of the licensee's business, and of the business of each affiliate or related undertaking of the licensee that either directly or indirectly provides goods and services to the licensee or forms part of the licensee's business, either separately or consolidated, and in such manner as may be required under the price control review reporting rules, and in respect of each financial year (save in the financial year in which the date specified by the Authority pursuant to paragraph 1 occurs, for which only the remaining days of that financial year shall apply for the purposes of this paragraph, and where estimates derived by the licensee may be used as appropriate, if the price control review information required is not available on a reasonable endeavours basis).

Part C: Delivery and review of price control review information

4. Unless and insofar as the Authority otherwise consents, the licensee must deliver the price control review information to the Authority as soon as is reasonably practicable, and in any event not later than 31 July following the end of the financial year to which such information relates.
5. The licensee shall maintain all systems of control and other governance arrangements that ensure the information collected and reported to the Authority is in all material respects accurate and complete and is fairly presented and that all such systems of

control and other governance arrangements are kept under regular review by the directors of the licensee with a view to ensuring that they remain effective for this purpose. The licensee shall provide all such assistance as may be reasonably required to permit the Authority to review such systems from time to time.

6. The Authority may, in addition to any audit of the regulatory accounts of the licensee carried out in accordance with Standard Special Condition A30 (Regulatory Accounts), review, or arrange for a person nominated by the Authority (“a reviewer”) to review, matters in the price control review information in respect of which the Authority requires clarification.
7. Subject to paragraph 8, the licensee, in relation to the purposes of any review carried out under paragraph 6:
 - (a) shall give the Authority or (as the case may be) the reviewer all such assistance as it or he may reasonably require; and
 - (b) shall (and must procure, insofar as it is able to do so, that any affiliate or related undertaking of the licensee, any person by whom it procures the performance of any obligation under this condition and any auditor of such person, or of the licensee or any affiliate or related undertaking of the licensee, shall) co-operate fully with the Authority or (as the case may be) with the reviewer so as to enable him to carry out and complete his review for the Authority.
8. Where a reviewer has been nominated in accordance with paragraph 6, the licensee’s performance of its obligations under paragraph 7 in relation to the reviewer is conditional on the reviewer’s having entered into an agreement with the licensee to maintain confidentiality on reasonable terms.

Part D: Establishment of the price control review reporting rules

9. The price control review reporting rules shall be the rules of that name, issued by direction of the Authority in accordance with the provisions of paragraph 10 for the purposes of this condition generally, as from time to time modified by the Authority in accordance with the provisions of Part F of this condition, and with which the licensee and every other relevant gas transporter shall be required to comply for the

purposes of collecting and preparing price control review information for submission to the Authority.

10. Before issuing a direction under paragraph 9, the Authority must have:
 - (a) given notice to all relevant gas transporters:
 - (i) stating that it intends to issue the price control review reporting rules,
 - (ii) setting out the contents of those rules and the date on which it is proposed that the direction should take effect, and
 - (iii) specifying the period (not being less than 28 days from the date of the notice) within which representations or objections with respect to those rules may be made;
 - (b) considered any representations or objections which are duly made and not withdrawn; and
 - (c) given reasons for its decision.

11. The licensee shall take all appropriate steps within its power:
 - (a) in conjunction and co-operation with every other relevant gas transporter; and
 - (b) in accordance with a programme of work and an associated timetable established and directed by the Authority in consultation with all relevant gas transporters,

to develop the price control review reporting rules for implementation pursuant to this condition by a date specified by the Authority pursuant to paragraph 1.

Part E: Content of the price control review reporting rules

12. Subject to paragraphs 13 to 16, the price control review reporting rules may, in relation to any requirement of this condition in respect of the price control review information, specify:

- (a) the meaning to be applied to words and phrases (other than those defined in this or any other condition of this licence) used in connection with such information;
- (b) the methodology for calculating or deriving numbers comprising any part of such information;
- (c) requirements as to the form and manner in which such information must be recorded;
- (d) requirements as to the standards of accuracy and reliability with which such information must be recorded;
- (e) requirements as to the form and the content of such information;
- (f) requirements as to the manner in which such information must be provided to the Authority; and
- (g) requirements as to those parts of such information which may fall to be considered by a reviewer and the nature of that consideration;

and (having particular regard to the provisions of section 105 of the Utilities Act 2000) may also specify which (if any) of the information provided under this condition is to be subject to publication by the Authority.

13. The price control review reporting rules may not:

- (a) exceed what is necessary to achieve the purposes of this condition, having regard in particular to the materiality of the costs likely to be incurred by the licensee in complying therewith; or
- (b) purport to have effect with respect to the interpretation of any other condition of this licence or the fulfilment by the licensee of any obligation imposed in respect of any matter which is the subject of any such condition.

Part F: Modification of the price control review reporting rules

14. The Authority may modify, in whole or in part, any price control review reporting rules established in accordance with Part D of this condition, in accordance with the following provisions of this Part F.
15. Subject to paragraph 16, where the Authority considers that it is necessary to modify the price control review reporting rules in order to provide more accurate, consistent, useful or comparable information for the purposes of a price control review, it may do so by issuing a direction to that effect where it:
 - (a) has first given notice to all relevant gas transporters:
 - (i) stating that it proposes to make the modification,
 - (ii) setting out the text of the modification, the purpose and effect of the modification and the date on which it is proposed to come into effect, and
 - (iii) specifying the period (not being less than 28 days from the date of the notice) within which representations or objections with respect to the proposed modification may be made;
 - (b) has considered any representations or objections which are duly made and not withdrawn; and
 - (c) has given reasons for its decisions.
16. Where a modification of the price control review reporting rules relates to the introduction into those rules of a requirement to provide:
 - (a) a new category of price control review information; or
 - (b) an existing category of price control review information to a greater level of detail,

and in either case such information has not previously been collected by the licensee (whether under the provisions of the price control review reporting rules or otherwise), it shall not be a breach of that requirement for the licensee to provide

estimates in respect of that category, for the year in which the modification is made and for any preceding year, derived from such other information available to the licensee as may be appropriate for that purpose.

Part G: Interpretation

17. A consent under paragraph 3 or 4 may be given in relation to some or all of the requirements of the relevant paragraph and subject to such conditions as the Authority considers appropriate or necessary having regard to the purposes of this condition.

18. For the purposes of this condition:

“price control review information” means the information required to be submitted by the licensee pursuant to this condition, and is to be interpreted in accordance with the price control review reporting rules.

“section 388(4)(b) of the Companies Act 2006” shall before 6 April 2008 be construed as a reference to section 222(5)(b) of the Companies Act 1985 which was in force on 31 March 2008.