

To the Company Secretary:

Wales & West Utilities Limited
Company No. 05046971
Wales & West House
Spooner Close Coedkernew
Newport
South Wales
NP10 8FZ

GAS TRANSPORTER LICENCE

Direction given by the Gas and Electricity Markets Authority pursuant to Standard Special Condition A34 (Appointment of Compliance Officer)

WHEREAS:

- (a) Wales and West Utilities Limited (the "licensee") is the holder of a gas transporter licence (the "licence") granted by the Gas and Electricity Markets Authority (the "Authority") under section 7 of the Gas Act 1986 (the "Act").
- (b) By Standard Special Condition A34 (Appointment of Compliance Officer) ("SSC A34"), the licensee is required to appoint a compliance officer to facilitate compliance with Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business) ("SSC A33") and Standard Special Condition A35 (Prohibition of Cross-Subsidies) ("SSC A35").
- (c) SSC A34(9) enables the licensee to apply to the Authority for a direction that paragraphs 1 to 8 of SSC A34 shall cease to apply in the licence.
- (d) On 21 April 2008 the licensee requested the Authority to issue a direction that paragraphs 1 to 8 of SSC A34 shall cease to apply in the licence and informed the Authority that the licensee—
 - i. did not own or operate any supply, generation or shipping business;
 - ii. intends to comply with its continuing obligations under SSC A33 and SSC A35; and
 - iii. has affiliated or related shipper interests but has adopted practices, procedures and systems to ensure full managerial and operational independence of those interests.
- (e) Having carefully considered the licensee's application and following consultations with the licensee the Authority is minded to issue a direction that paragraphs 1 to 8 of SSC A34 shall cease to apply in the licence.

NOW THE AUTHORITY HEREBY DIRECTS AS FOLLOWS:-

1. Having regard to the licensee's 21 April request the Authority hereby directs that paragraphs 1 to 8 of SSC A34 shall cease to apply in the licence.
2. This direction takes effect on the date below and shall continue in effect unless revoked, amended or replaced by the Authority following consultation with the licensee on giving six months prior written notice to the licensee or such other period as may be agreed in writing between the Authority and the licensee.

3. If the licensee's relevant circumstances, as set out in paragraph (d)(i) and (iii) above of the recital, change the licensee is required to notify the Authority and the consent will be revoked unless the Authority determines that the change to the relevant circumstances does not have a material bearing on the direction, and for the avoidance of doubt failure on the part of the licensee to notify the Authority of a change in the relevant circumstances would be very likely to result in the immediate revocation of the consent.
4. This direction is issued pursuant to SSC A34 only and its effect is restricted to this condition and unless otherwise stated -
 - (a) nothing in this direction shall fetter the Authority's discretion in relation to the interpretation or enforcement of any other provision of the licence, including, without limitation, any other paragraph of SSC A34 even if such interpretation or enforcement relates to the activities covered by this direction;
 - (b) any reference in this direction to compliance with any specific provision of the licence or the absence of such references in this direction or any other direction, acceptance, approval, consent, indication, agreement or other similar licence related instrument issued by the Authority, shall in no way be construed as meaning that the licensee is not required to comply with any condition which is not specifically referenced and no adverse inference shall be drawn by any inconsistencies in approach; and
 - (c) notwithstanding paragraph 2, in the event that the Authority determines that the licensee has breached this direction, this direction shall be revocable immediately without notice at the sole discretion of the Authority.

NOTICE

This document also constitutes notice under section 38A of the Act of the reasons for the Authority's decision to give this direction.

Dated 16 May 2008

A handwritten signature in black ink, appearing to read 'Rachel Fletcher', is written over a light grey rectangular background.

Rachel Fletcher
Director of Distribution

Duly authorised by the Authority