

NB all references below link to the numbering in the statutory consultation and are not updated where that numbering is incorrect.

Typographical errors are included in the tables below, except for the Special Conditions where they have been marked up in the copy of the licence.

Northern Gas Networks Standard Special Conditions - comments		
Comment number	Para Ref in the statutory consultation	Comment
Standard Special Condition A30		
1	31	In A30(31) the reference to “transmission” would seem to be incorrect and should read “transportation” and the reference should, surely, merely be to the financial year “commencing” on 1 st April 2012 not “on or after”.
Standard Special Condition A40		
2	5 (h)	This provision should be deleted. The requirement for carrying out specific data assurance activities such as audit is either set out in the specific licence condition (e.g. regulatory accounts) or will be directed under the powers set out in SSC A55 Part E.
3	17	In SS CA40(17) the protection for legal privilege is incomplete and should include the words of the documents “or give any information” see SS CA26(7).

Northern Gas Networks Special Conditions - comments		
Comment number	Para Ref in the statutory consultation	Comment
Special Condition 1A		
	1A.4	The definition Distribution Network Transportation Activity Revenue is flawed because of the lack of the definition of Supply of Distribution Network Services, which means the condition does not work. Suggest that the specific definition is included here rather than attempting to rely on the definition of Supply of Transportation Services in the general definitions in the licence.
	1A.4	In the definition of innovation, "Ordinary Business Arrangement" is not defined and should either be lower case or a have a definition added.
Special Condition 1B		
	1B.1	There is no definition of "Maximum Distribution Network Transportation Activity Revenue".
	1B.4	There is no definition of the factor 'N'
	1B.7	In the definition of GRPIFc, what power of the Authority "to determine otherwise" is being referred to?
Special Condition 1E		
	1E.3 & General	The values contained in Appendices 1 to 5 are fixed values when the policy is for the incentives to be a percentage of the allowed revenue. It also appears the values do not adjust to money of the day. The impact of these two factors is to significantly reduce the scale of the incentive over time. We do not believe this is intended policy as reflected in FP.
	1E.21	In the definitions of PCUDPO, PCUDPT, PRC and POF, definitions are by reference to a percentage of repeat complaints or total complaints etc. as the case may be, but it does not say, in each case, particularly in relation to Ombudsman findings, what the percentage is measured against; ie, is it in the case of the Ombudsman, the total number of Ombudsman cases against all licensees, or measured against complaints we have generally.
Special Condition 1F		
	1F.4	The definition capital I should be little i. The definition t is not required as it is provided elsewhere.

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Comment number	Para Ref in the statutory consultation	Comment
	1F.5	Same comment regarding t. In the definition of n it says “an index for t” but what index?
Special Condition 3F		
	3F.28	Delete. The purpose of the fuel poor network scheme is the removal of fuel poverty not carbon reduction.
Special Condition 4A		
	4A.6	There is a technical issue with the drafting of the condition in that it seems to suggest that if Ofgem serves an information request then the disapplication request we have submitted is treated as not having been served which cannot be correct as it surely not the intent to cancel a request once served, or the operation of the 18 month period.
Special Condition 4B		
	4B.2	This should also include reference to 4B.3.
	4B.6 c & D	The definitions of metering business and meter reading business have been deleted from Special Condition 1A though could be implied from SSAC3.
Special Condition 4C		
	4C.8 (b)	This does not appear correct as Returned Royalty Income will already be netted off any payment received from the NTS under the NIC or paid to the NTS as set out in Special Condition 1I. If any such income is not treated as excluded then the amount will be included in Distribution Network Transportation Activity Revenue and effectively be paid back twice.
Special Condition 4G		
	4G.2	<p>We believe the proposed date of 31st March 2013 for a Methodology for Network Output Measures common to all DN operators for each asset group is not achievable and should be replaced by 31st March 2014. There is willingness and commitment from GDNs to achieve the goal of comparable health and risk assessment but work to date has identified differences in approach that will require significant time to resolve. These differences are across a number of key areas</p> <ul style="list-style-type: none"> • Factors used to determine health

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Comment number	Para Ref in the statutory consultation	Comment
		<ul style="list-style-type: none"> • Mechanism and weightings to convert these factors into a health score • Approach to deterioration, both rate and what the impact on health would be, given many assets have never operated in that regime before. • Factors used in assessing criticality • Likelihood of a failure resulting in the criticality being realised • ‘Scoring’ of criticality factors and mechanism to map from multiple criticality factors to a single rating • Data in terms of both quality and quantity <p>For some asset groups the differences are relatively minor and consistency is achievable in the short term. However, for others there will be considerable research and data gathering to achieve meaningful and comparable assessment.</p>
	4G.8 (a) (i) & (ii)	We believe 12 rather than 24 months would give a clearer picture to inform any mid-period review whilst at the same time give a sufficient period for the impact to be assessed.
Special Condition 4H		
	4H.2	Subject to the requirements of 4H.3. as drafted a network which failed to deliver any of the very granular outputs contained in the workbook would potentially be in breach of licence. We do not believe this is the intent as the incentive mechanisms set out in tables 1 & 2 are the penalty that would apply to any unjustified material under-delivery not any action for licence beach. This could potentially be remedied by adding “For the avoidance of doubt failure to deliver any individual Network Output would not constitute a breach of licence.”
Special Condition 4I		
	Whole condition	This condition should not be applied to NGN’s licence as there are no independent systems connected to NGN’s network. Before and since the privatisation of British Gas there were 13 properties in the village of Colden (near Hebden Bridge in West Yorkshire) that were supplied with LPG gas but considered for licence purposes as integral part of the mains gas network. As such Colden was deemed to be an Independent System. In 2010 it became clear

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		that the LPG assets (storage tanks etc) in use at Colden would require replacing due to their condition after decades of use. Having undertaken an assessment of the cost to replace to the LPG assets NGN found that it would be more economic to connect the properties to NGN's main gas pipeline system. Therefore as from 21 October 2010 all the affected properties were supplied with mains gas. Ofgem was notified of this on 15 November 2010. There are no other Independent Systems in NGN's network area.