

To: National Grid Gas plc (with respect to its transmission business)
National Grid Gas plc (with respect to its gas distribution networks)
(Company Number: 02006000)

Northern Gas Networks Limited
(Company Number: 05167070)

Scotland Gas Networks plc
(Company Number: SC264065)

Southern Gas Networks plc
(Company Number: 05167021)

Wales and West Utilities Limited
(Company Number: 05046791)

Modification of the standard special conditions of the gas transporter licences held by National Grid Gas plc (with respect to its transmission business) and Gas Distribution Network (GDN) operators and reasons for decisions pursuant to sections 23 and 38A of the Gas Act 1986

Gas Act 1986
Section 23(1)(b)

Whereas –

1. Each of the companies to whom this document is addressed (together “the Licence Holders”) is the holder of a gas transporter licence (together “the Licence”) granted or treated as granted under section 7 of the Gas Act 1986 (“the Act”) to transport gas for the term and subject to the conditions contained in the Licence, which contains Part A: Standard Special Conditions applicable to both NTS and DN licensees and Part D: Standard Special Conditions applicable to all DN licensees.
2. In accordance with section 23(2) of the Act the Gas and Electricity Markets Authority (“the Authority”) gave notice on 24 July 2013 (“the Notice”) that it proposed to make modifications to the following Standard Special Conditions of the Licence:
 - (a) the following Standard Special Conditions in Part A of the Licence:
 - A3 (Definitions and Interpretation);
 - A30 (Regulatory Accounts);
 - A33 (Restriction on Use of Certain Information and Independence of the Transportation Business);
 - A35 (Prohibition of Cross-Subsidies);
 - A36 (Restriction on Activity and Financial Ring Fencing);
 - A37 (Availability of Resources);
 - A40 (Regulatory Instructions and Guidance);
 - A55 (Data Assurance requirements); and
 - (b) the following Standard Special Conditions in Part D of the Licence:
 - D3 (Long Term Development Statement);

- D10 (Quality of service standards);
 - D11 (Charging obligations);
 - D16 (Reporting on Performance);
 - D18 (Provision of Metering and Meter Reading Services);
 - D19 (Non-discrimination in the provision of metering activities);and
 - D20 (Distributed Gas: Connections Guide and Information Strategy).
3. The Notice required any representations on the modifications to be made on or before 30 August 2013.
 4. In accordance with section 23(4)(b) of the Act, the Authority gave notice that it proposed to make the modifications to the Secretary of State on 24 July 2013 and has not received a direction not to make the modifications.
 5. Relevant licence holders for the purposes of the modifications referred to in paragraph 2(a) are all holders of a gas transporter licence with Part A of the gas transporter licence in effect in their licences.
 6. Relevant licence holders for the purposes of the modifications referred to in paragraph 2(b) are all holders of a gas transporter licence with Part D of the gas transporter licence in effect in their licences.
 7. Prior to the close of the consultation period in respect of the Notice, the Authority received three responses. All non-confidential responses have been placed on the Ofgem website.
 8. The Authority has carefully considered all the representations received and, as a result, considers it necessary to make the following minor changes to the proposed modifications set out in the Notice:
 - (a) The insertion of "applicable to the licensee (NTS)" in various definitions in Standard Special Condition A3 has been modified to "applicable to the NTS operator".
 - (b) The insertion of "applicable to the licensee (DN)" in various definitions in Standard Special Condition A3 has been modified to "applicable to the DN operator".
 - (c) In the definition of "transportation business" in Standard Special Condition A3, "applicable to the NTS operator" has been inserted after the reference to "Special Condition 11B (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 "applicable to the DN operator" has been inserted after the reference to "Special Condition 4B (Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network)".
 - (d) In Standard Special Condition A36 paragraph 2(b), a typographical error in "permitted" has been corrected by removing the additional "r".
 9. The reasons for the modifications to the Standard Special Conditions referred to in paragraph 2 and the minor additional modifications referred to in paragraph 8 are to make sure that cross referencing contained in the Conditions reflects the current licence structure, to correctly apply lower case lettering to defined terms and to correct a number of typographical errors.

10. The effect of the proposed modifications to the Standard Special Conditions is to provide clearer and more accurate licence conditions that better reflect the Authority's decision to implement the RIIO-GD1 and RIIO-T1 price controls for the Licence Holders.
11. Where an application to the Competition Commission under section 23B of the Act for permission to appeal the Authority's decision is made, Rule 5 of the Energy Licence Modification Appeals Rules sets out the requirements relating to notice of appeal, including the matters required in Rule 5.2. For the purposes of Rule 5.7, 'relevant licence holder' has the same meaning as in section 23(10) of the Act. A list of relevant licence holders in relation to this modification decision is set out in attached Schedule 1.
12. Appendix 2 to this Modification shows the modifications to the Standard Special Conditions referred to in paragraph 2(a) as marked-up text, with the additional minor additional changes referred to in paragraph 8 shown in yellow highlight.
13. Appendix 3 to this Modification shows the modifications to the Standard Special Conditions referred to in paragraph 2(b) as marked-up text.
14. Copies of this Modification are available on the Ofgem website: (www.ofgem.gov.uk).

Now therefore

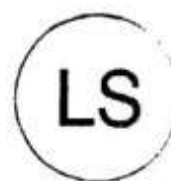
In accordance with the powers contained in section 23(1)(b) of the Act and for the reasons set out in paragraph 9 of this Modification, the Authority hereby modifies the Standard Special Conditions referred to in paragraph 2 of this Modification in the manner specified in Appendices 2 and 3, with additions and deletions shown as marked-up text.

The modifications will take effect on and from 27 November 2013.

This document constitutes notice of the reasons for the decision to modify the Licence as required by section 38A of the Act.



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Paul Branston
Associate Partner, Costs and Outputs
Duly authorised on behalf of the
Gas and Electricity Markets Authority



27 September 2013

**Appendix 1 to the Authority's Direction dated 27 September 2013 –
Relevant licence holders**

Standard Special Conditions subject to modification	Relevant licence holders
<p><u>Standard Special Conditions in Part A</u></p> <p>A3 (Definitions and Interpretation);</p> <p>A30 (Regulatory Accounts);</p> <p>A33 (Restriction on Use of Certain Information and Independence of the Transportation Business);</p> <p>A35 (Prohibition of Cross-Subsidies);</p> <p>A36 (Restriction on Activity and Financial Ring Fencing);</p> <p>A37 (Availability of Resources);</p> <p>A40 (Regulatory Instructions and Guidance);</p> <p>A55 (Data Assurance requirements); and</p>	<p>National Grid Gas plc (with respect to its transmission business and gas distribution networks)</p> <p>Northern Gas Networks Limited</p> <p>Scotland Gas Networks plc</p> <p>Southern Gas Networks plc</p> <p>Wales and West Utilities Limited</p>
<p><u>Standard Special Conditions in Part D</u></p> <p>D3 (Long Term Development Statement);</p> <p>D10 (Quality of service standards);</p> <p>D11 (Charging obligations);</p> <p>D16 (Reporting on Performance);</p> <p>D18 (Provision of Metering and Meter Reading Services);</p> <p>D19 (Non-discrimination in the provision of metering activities);and</p> <p>D20 (Distributed Gas: Connections Guide and Information Strategy).</p>	<p>National Grid Gas plc (with respect to its gas distribution networks)</p> <p>Northern Gas Networks Limited</p> <p>Scotland Gas Networks plc</p> <p>Southern Gas Networks plc</p> <p>Wales and West Utilities Limited</p>

**Appendix 2 to the Authority's Direction dated 27 September 2013 –
Modifications to Standard Special Conditions in Part A**

**STANDARD SPECIAL CONDITIONS APPLICABLE TO BOTH NTS AND DN
LICENSEES: PART A**

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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:

[Make the changes to definitions shown below]

“last resort supplier”

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

“licensee”

means the holder of this licence in its capacity as:-

- (a) NTS operator; or
- (b) DN operator

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 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;

“supply of transportation services”

means the undertaking and performance for gain or reward of engagements –

- (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:
 - (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 ~~C1A1C~~ (NTS definition of supply of transportation services) **applicable to the NTS operator**, 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 a DN operator, shall have the meaning given to that term in Special Condition 4D (Restriction of prices in respect of tariff capped metering activities) **applicable to the DN operator**.

“transportation arrangements”

means arrangements (including sub-deduct 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 D18 (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 7A (Long Term Development Statement) **applicable to the NTS operator**;

“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 11B (Allocation of revenues and costs for calculations under the price control in respect of the NTS transportation owner activity and NTS system operation activity) applicable to the licensee NTS operator and Special Condition 4B (Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network) applicable to

the DN operator;

Standard Special Condition A30: Regulatory Accounts

Introduction

1. This condition applies to ~~R~~regulatory ~~A~~accounts prepared for ~~F~~financial ~~Y~~years commencing on or after 1 April 2013 for the purpose of ensuring that the licensee:
 - (a) prepares and publishes regulatory accounts within the meaning of Part C below; and
 - (b) maintains (and ensures 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 comply with that obligation in respect of the businesses specified in Part A below and in accordance with the requirements of Part B below.

Part A: Businesses to which licensee's obligation applies

2. The businesses to which the licensee's obligation under paragraph 1 applies, in each case to the extent applicable, are:
 - (a) the transportation business in respect of each distribution network , ~~or the NTS (where applicable)~~, separately identifying the NTS transportation owner activity, the NTS system operation activity, the LNG storage business and LNG import or export facilities activities, where applicable;
 - (b) the metering business, separately identifying services provided pursuant to paragraph 1 of Standard Special Condition D17 (Provision and return of meters) with respect to each distribution network, as appropriate~~;~~;
 - (c) the meter reading business;
 - (d) any de minimis business to which this licence relates, separately identifying the allocation or apportionment of each de minimis activity to each of the businesses referred to in sub-paragraphs (a) to (c), and clearly describing each such activity;

- (e) other activities to which this licence relates and to which the Authority has given its consent in accordance with paragraph 3(d) of Standard Special Condition A36 (Restriction on activity and financial ring-fencing), separately identifying the apportionment of each such activity to each of the businesses referred to in sub-paragraphs (a) to (c), and clearly describing each service provided; and
- (f) the whole business to which this licence relates, as represented by the consolidation of the businesses and activities referred to within sub-paragraphs (a) to (e), where applicable, and, in addition, details of any de minimis business carried out by a ~~R~~relevant ~~A~~associate (as defined in paragraph 4 of Standard Special Condition A36) of the holder of the licence.

Part B: Other matters relating to licensee's obligation

- 3. Subject to the requirements of paragraph 4, where the holder of this licence is a parent undertaking as defined in Section 1162 of the Companies Act 2006 and itself prepares either IAS or Companies Act group accounts, its regulatory accounts must be prepared as group accounts in the format required by that Act, otherwise it must prepare consolidated accounts.
- 4. Where the holder of this licence also holds, within the same legal entity, one or more other gas transporter licence(s) for relevant gas transporters, it must:
 - (a) ensure that such of the businesses referred to in Part A above as are applicable are reflected in the regulatory accounts submitted in respect of those licences, such that those 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, a reconciliation to the statutory accounts of the licensee prepared under the Companies Act 2006 which (i) contains sufficient explanation of all reconciling items for all sets of regulatory accounts and (ii) covers each of the primary financial statements set out in paragraphs 9(a) to (d).

Part C: Preparation of the regulatory accounts

5. For the purposes of this condition, but without prejudice to the requirements of Part E below, the licensee must prepare regulatory accounts for each financial year, which must be prepared under the same applicable accounting framework as the most recent or concurrent statutory accounts of the licensee.
6. Except and so far as the Authority otherwise consents, the licensee must comply with the obligations imposed by the following paragraphs of this Part C in relation to the preparation of regulatory accounts.
7. The licensee must 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 all of the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to, each of the businesses referred to in Part A above 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.
8. The regulatory accounts must be prepared on a consistent basis derived from the accounting records and other records referred to in paragraph 7 in respect of each financial year, and must comprise:
 - (a) the matters set out in paragraph 9; supported by
 - (b) the matters mentioned in paragraph 10; and
 - (c) the statement required by paragraph 11.
9. The matters to which paragraph 8(a) refers are:
 - (a) an income statement and a statement of comprehensive income (or, as appropriate, a profit and loss account and, as appropriate, a statement of total recognised gains and losses);
 - (b) a statement of changes in equity, if appropriate;

- (c) a statement of financial position (or, as appropriate, a balance sheet);
 - (d) a statement of cash flows (or, as appropriate, a cash flow statement);
 - (e) a corporate governance statement in respect of the whole business to which this licence relates;
 - (f) a directors' report in respect of the whole business to which this licence relates; and
 - (g) a business review in respect of the whole business to which this licence relates.
10. The matters to which paragraph 8(b) refers are explanatory notes to the regulatory accounts that:
- (a) provide a summary of the accounting policies adopted by the licensee for the purpose of producing regulatory accounts in respect of the whole business to which this licence relates; and
 - (b) comply with the requirements applicable for preparing annual accounts in Chapter 4 of Part 15 of the Companies Act 2006 and of the reporting requirements of the applicable accounting framework in respect of each business to which this licence relates.

Part D: Bases of charge or apportionment

11. Subject to paragraph 12, the licensee must include within its regulatory accounts, a statement that, in respect of each of the businesses referred to in Part A above, shows separately and in appropriate detail the amount of any revenue, cost, asset, liability, reserve, or provision which has been:
- (a) charged from any ultimate controller of the licensee, or from any ~~S~~subsidiary of such ultimate controller (other than the licensee or any of its subsidiaries), in relation to the provision of goods or services to the licensee; or

- (b) charged from the licensee, or from any subsidiary of the licensee, in relation to the provision of goods or services to any ultimate controller of the licensee, or to any subsidiaries of such ultimate controller (other than the licensee or any of its subsidiaries); or
 - (c) determined by apportionment or allocation between any of the businesses referred to in Part A above or any other business of the licensee or affiliate or related undertaking (and, where this sub-paragraph applies, the statement must include a description of the basis of the apportionment or allocation).
- 12. The requirements of paragraph 11 apply only in respect of goods and services received or supplied for the purposes of the businesses referred to in Part A above.
- 13. Unless the Authority so specifies in directions issued for the purposes of this condition, or with the Authority's prior written consent, the licensee must not in relation to the regulatory accounts prepared in respect of any financial year change the bases of charge, apportionment, or allocation referred to in paragraph 11 from those applied in respect of the immediately preceding financial year.
- 14. Where the licensee has, in accordance with paragraph 13 above, changed its bases of charge, apportionment, or allocation or changed any of its accounting policies or the manner of their application from those adopted for the immediately preceding financial year, the licensee must, if so directed by the Authority, in addition to preparing regulatory accounts on the changed bases that it has adopted, also prepare such regulatory accounts by reference to the bases, accounting policies, and manner of application that applied in respect of that immediately preceding financial year.

Part E: Consistency with Statutory Accounts

- 15. Regulatory accounts and information prepared under Parts C and D above must, so far as is reasonably practicable and except so far as the Authority otherwise consents, having regard to the purposes of this condition:

- (a) have the same content and format as the most recent or concurrent statutory accounts of the licensee prepared under Part 15 of the Companies Act 2006; and
 - (b) comply with all relevant accounting and reporting standards currently in force under the applicable accounting frameworks as set out in Part 15 of the Companies Act 2006.
- 16. This paragraph applies if the ~~R~~regulatory ~~A~~accounts are group accounts of the licensee's gas transportation business, including those aspects of the business carried on in relevant ~~A~~affiliates, and for which there are no comparable statutory accounts of the licensee prepared under Part 15 of the Companies Act 2006.
- 17. Where paragraph 16 applies, the licensee must prepare a statement that:
 - (a) reconciles the regulatory accounts to its most recent or concurrent statutory accounts and containing appropriate explanation of all reconciling items; and
 - (b) has been audited and reported upon by the appropriate auditor engaged under Part F below.
- 18. The statement referred to in paragraph 17 must be submitted to the Authority by 31 July after the end of the financial year to which the regulatory accounts relate, but is otherwise exempt from the requirements of Part I below.

Part F: Audit and delivery of ~~R~~regulatory ~~A~~accounts

- 19. Unless the Authority otherwise consents, the licensee must:
 - (a) procure an audit by an appropriate auditor of such parts of its regulatory accounts and the directors' report and business review as would be specified in the Companies Act 2006 as being required to be so audited if the licensee were a quoted company and those accounts were the statutory accounts of the licensee drawn up to 31 March each financial year and prepared under Part 15 of the Companies Act 2006;

- (b) procure a report by that auditor, addressed to the Authority, that states whether in the auditor's opinion those accounts (and, if applicable, the reconciliation information mentioned in paragraph 4) fairly present the financial position, financial performance, and cash flows of, or reasonably attributable to, each of the businesses referred to in Part A in accordance with the requirements of this condition; and
- (c) deliver those accounts and the auditor's report required under paragraph 19 (b) of this licence condition to the Authority as soon as is reasonably practicable, and in any event before their publication of such accounts under Part I below and not later than 31 July following the end of the financial year to which the regulatory accounts relate.

Part G: Terms of appointment of the appropriate auditor

20. For the purposes of Part F above, 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 licensee's regulatory accounts 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 the provisions of Part 15 of the Companies Act 2006.

Part H: Agreed upon procedures for the appropriate auditor

21. The licensee must, at its own expense, enter into a contract of appointment with an appropriate auditor for the completion of agreed upon procedures that are to apply for the purposes of enabling that auditor to review:
- (a) the licensee's compliance with its obligations in respect of the prohibition of cross-subsidy and discrimination generally and, in particular, under such of standard or standard special conditions A6 (Conduct of transportation business), A35 (Prohibition of Cross-Subsidies) and, to the extent applicable, D19 (Non-discrimination in the provision of metering activities) of this licence as specifically impose such prohibitions; and

- (b) the statement that by virtue of Part D above is required to be included in the regulatory accounts concerning the bases of charge, apportionment, and allocation applied by the licensee in relation to those accounts.
- 22. The contract of appointment must require that the agreed ~~U~~pon ~~P~~rocedures are conducted in relation to each financial year and that the licensee will arrange for the appropriate auditor to address a report to the Authority by 31 July following the end of each such year which:
 - (a) states that he has, in a manner consistent with the relevant auditing standards, completed the agreed upon procedures issued by the Authority in respect of the financial year under report; and
 - (b) sets out his findings.
- 23. If the Authority is satisfied that the appropriate auditor's report submitted under this Part H demonstrates that the licensee has complied with the obligations to avoid discrimination and cross-subsidies imposed on the licensee, the report shall be deemed to represent the results of an audit of those obligations.

Part I: Publication and provision of regulatory accounts

- 24. Subject to paragraph 26, and unless the Authority after consulting with the licensee otherwise directs, the licensee must publish its regulatory accounts (excluding the statement required to be included in them by virtue of Part D above and any other information agreed by the Authority to be confidential):
 - (a) as a stand-alone document in accordance with this condition;
 - (b) by 31 July after the end of the ~~F~~inancial ~~Y~~ear to which the accounts relate;
 - (c) on, and in a way that is readily accessible from, its website or that of an ~~A~~ffiliate or ultimate controller of the licensee provided that link is both clear and readily accessible; and

- (d) in any other manner which, in the opinion of the licensee, is necessary to secure adequate publicity for the accounts.
- 25. The licensee must provide a copy of the regulatory accounts free of charge:
 - (a) to the National Consumer Council (or any successor entity), no later than the date on which the regulatory accounts are published; and
 - (a) to any person requesting a copy.
- 26. The licensee is not required to publish regulatory accounts for the LNG storage and LNG import or export facilities businesses, metering business or the meter reading business if such publication would or might seriously and prejudicially affect the interests of the licensee, or of any ultimate controller of the licensee, or of any subsidiary of any ultimate controller.
- 27. Any question arising under paragraph 26 as to whether a person's interests would or might be seriously and prejudicially affected is to be referred (except in so far as the Authority consents otherwise) to the Authority for determination.

Part J: Interpretation and definitions

- 28. Any consent by the Authority given in relation to a provision of this condition may be given in relation to some or all of the requirements of the relevant provision and subject to such conditions as the Authority considers appropriate or necessary having regard to the purposes of this condition.
- 29. If the Authority, having particular regard to any representations received from the licensee and other persons about the extent to which there is competition in metering or meter reading, considers it appropriate that references to either:
 - (a) the ~~M~~metering business and meter reading business; or
 - (b) the LNG storage business; or

- (c) LNG import or export facility activity,

should be deleted from this condition, then those references will cease to have effect in this condition from the date or dates specified in a notice published by the Authority for that purpose.

30. The requirement under paragraph 9 of this condition for the licensee to include a business review, a corporate governance statement, and a directors' report in its regulatory accounts is to be read as if the requirement applied to the licensee as a quoted company, whether or not it is such a company, such that:

- (a) the business review has the coverage and content of the business review that a quoted company is required to prepare under section 417 of the Companies Act 2006;
- (b) the corporate governance statement has the coverage and content of a corporate governance statement that a quoted company is required to prepare under the UK Corporate Governance Code issued under the UK Listing Authority's listing rules and interpretations on corporate governance; and
- (c) the directors' report has the coverage and content of the directors' report that a quoted company is required to prepare under sections 415, 416, 417, 418(2), and 419(3) and (4) of the Companies Act 2006.

31. For the avoidance of doubt, the licensee should prepare regulatory accounts for the financial year commencing on or after 1 April 2012 in accordance with the licence condition in force as at 31 March 2013.

32. For the purposes of this condition:

agreed upon procedures

means procedures from time to time agreed between the Authority, the appropriate auditor, and the licensee for the purpose of enabling the

applicable accounting framework

appropriate auditor to review and report to the Authority on matters relating to the requirements referred to at paragraph 21 of this condition; means:

- (a) in accordance with section 396 of the Companies Act 2006 (“Companies Act individual accounts”), or in accordance with international accounting standards (“IAS individual accounts”); or
- (b) in accordance with section 403 Companies Act group accounts, or IAS group accounts;

consolidated accounts

means the regulatory accounts of the licensee incorporating the results of all subsidiaries and the financing disclosure requirements of any subsidiary of the licensee as if they were part of the consolidated accounts;

quoted company

has the meaning given in section 385 of the Companies Act 2006;

UK Listing Authority

has the meaning given in section 72 of the Financial Services and Markets Act 2000 and refers to the Financial Services Authority when it acts in its capacity as the competent authority for the purposes of that section.

Standard Special Condition A33: Restriction on Use of Certain Information and Independence of the Transportation Business

1. In this condition, and in Standard Special Condition A34 (Appointment of Compliance Officer):

“confidential information” means information relating to, or derived from, the transportation business which is not published or otherwise legitimately in the public domain;

“relevant generator” means the holder of an electricity generation licence which is an affiliate or related undertaking of the licensee;

“relevant producer” means a person who is an affiliate or related undertaking of a licensee who conveys gas to at least 100,000 premises, and who—

(a) gets gas from its natural condition in strata otherwise than as an unintended consequence of the storage of gas, and requires a licence under section 3 of the Petroleum Act 1998 to do so or would require such a licence if getting the gas in Great Britain; or

(b) produces any other gas, including in particular biomethane, which is suitable for conveyance through pipes to premises in accordance with a gas transporter licence;

“relevant supplier” means the holder of an electricity or gas supply licence which is an affiliate or related undertaking of the licensee;

“relevant shipper”

means a gas shipper which is an affiliate or related undertaking of the licensee;

“trading business”

means:

- (a) activities connected with the acquisition and disposal of gas or electricity in Great Britain;
- (b) activities connected with the storage of gas at an offshore storage installation or storage cavities in natural strata; or
- (c) activities connected with arranging with a gas transporter for gas to be introduced into, conveyed by means of or taken out of a pipe-line system operated by that transporter

other than such activities relating to gas or electricity intended for consumption outside Great Britain as designated for the purposes of this condition by the Authority, and in the case of the licensee’s trading business only, also excluding:

- (i) such activities in connection with the supply of transportation services; or
- (ii) such activities as it may engage in with a gas shipper or with a person who benefits from an exemption under section 6A of the Act from the prohibition under section 5(1)(c) of the Act;

“meter-related services business”

means the activities of the licensee in connection with the provision of meter-related services as defined in paragraph 1A of Standard Special Condition ~~A10D17~~ (Provision and Return of Meters); and

“transportation business”

shall have the meaning given in Standard Special Condition A3 (Definitions and Interpretation) but for the purposes of this condition shall also include the licensee’s metering business other than its meter-related services business.

2. Unless the Authority otherwise consents in writing, the licensee shall put in place and at all times maintain managerial and operational systems which prevent any relevant supplier, relevant shipper, relevant generator, relevant producer, any trading business, its meter-related services business or its meter reading business from having access to confidential information except and to the extent that such information:
 - (a) is made available on an equal basis to any gas or electricity supplier or gas shipper, electricity generator, gas producer (within the meaning of section 7(10) of the Act) or any meter asset manager (bearing the meaning of that expression contained in Standard Special Condition ~~A10D17~~ (Provision and Return of Meters)); or
 - (b) relates to a customer who at the time to which the information relates was a customer of the relevant supplier.
3. The licensee shall at all times manage and operate the transportation business in a way calculated to ensure that it does not restrict, prevent or distort competition in the supply of electricity or gas, the shipping of gas, the generation of electricity, the production of gas, any trading business, or the supply of meter-related services or of meter reading services.
4. Unless otherwise directed by the Authority, the licensee shall no later than 1 May 2005 have in place a statement (in this condition “**the statement**”), approved by the Authority, describing the practices, procedures and systems which the licensee has adopted (or intends to adopt) to secure compliance with paragraphs 2 and 3.
5. Where the Authority does not indicate otherwise within 60 days of receipt of the statement, the statement shall be deemed to be approved by the Authority.
6. Unless the Authority otherwise consents in writing, the statement shall in particular (but without prejudice to the generality of paragraphs 2 and 3) set out how the licensee shall:

- (a) maintain the full managerial and operational independence of the transportation business from any relevant supplier, relevant shipper, relevant generator, relevant producer, any trading business, its meter-related services business and its meter reading business;
- (b) maintain the branding of the transportation business so that it is fully independent from the branding used by any relevant supplier, relevant shipper, relevant generator, relevant producer, any trading business, its meter-related services business or its meter reading business;
- (c) secure that any arrangements for the use of or access to:
 - (i) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the transportation business;
 - (ii) systems for the recording, processing or storage of data to which persons engaged in, or in respect of, the management or operation of the transportation business also have access;
 - (iii) equipment, facilities or property employed for the management or operation of the transportation business; or
 - (iv) the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management of operation of the transportation business;

by any relevant supplier, relevant shipper, relevant generator, any trading business, its meter-related services business or its meter reading business or by any person engaged in or in respect of the activities of such a relevant supplier, relevant shipper, relevant generator, relevant producer, any trading business, its meter-related services business or its meter reading business shall be such as to prevent any breach of the requirements of those paragraphs; and

- (b) manage the transfer of employees from the transportation business to any relevant supplier, relevant shipper, relevant generator, relevant producer, any trading business, its meter-related services business or its meter reading business.

7. The licensee shall revise the statement prepared in accordance with paragraph 4 where circumstances change such that the statement prepared in accordance with paragraph

4 no longer secures compliance with paragraphs 2 and 3. Such revision of the statement shall only become effective once the Authority has approved the revised statement in accordance with paragraphs 4 or 5.

8. The licensee shall use its best endeavours to ensure compliance with the terms of the statement as from time to time revised and approved by the Authority.
9. The licensee shall publish a copy of the approved statement prepared in accordance with paragraph 4 (or the latest approved version) on its company's website within fifteen working days of its approval by the Authority.

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 ~~D~~distribution ~~N~~network no such ~~D~~distribution ~~N~~network shall be operated in a manner that gives any cross-subsidy to, or receives any cross-subsidy from, any other such ~~D~~distribution ~~N~~network.

Standard Special Condition A36: Restriction on Activity and Financial Ring Fencing

1. Subject to paragraph 1A, and save as provided by paragraphs 3 and 4, the licensee shall not conduct any business or carry on any activity other than any business carried on by the licensee for a purpose within sub-paragraphs (a), (b), and (c) of the definition of “**permitted purpose**” in Standard Special Condition A3 (Definitions and Interpretation).
 - 1A. Nothing in this condition prevents the licensee from carrying out gas production if the licensee:
 - (a) conveys gas to less than 100,000 premises; and
 - (b) is not ~~a transmission system operator~~ the NTS operator.
2. The licensee shall not without the prior written consent of the Authority hold or acquire shares or other ~~I~~investments of any kind except:
 - (a) shares or other investments in a body corporate the sole activity of which is to carry on business for a ~~pe~~rmitted purpose;
 - (b) shares or other investments in a body corporate which is a subsidiary of the licensee and incorporated by it solely for the purpose of raising finance for any purpose falling within sub-paragraphs (a), (b) or (c) of the definition of ~~pe~~rmitted purpose contained in Standard Special Condition A3 (Definitions and Interpretation) of this licence and any other licence held by the ~~l~~icensee in the same legal entity; or
 - (c) investments acquired in the usual and ordinary course of the licensee’s treasury management operations, subject to the licensee maintaining in force, in relation to those operations, a system of internal controls which complies with best corporate governance practice as required (or, in the absence of any such requirement, recommended) by the UK Listing Authority (or a successor body) from time to time for listed companies in the United Kingdom.
3. Subject to the provisions of paragraph 2, nothing in this condition shall prevent:
 - (a) any affiliate in which the licensee does not hold shares or other investments

from conducting any business or carrying on any activity;

- (b) the licensee from holding shares as, or performing the supervisory or management functions of, an investor in respect of any body corporate in which it holds an interest consistent with the provisions of this licence;
- (c) the licensee from performing the supervisory or management functions of a holding company in respect of any subsidiary; or
- (d) the licensee from carrying on any business or conducting any activity to which the Authority has given its consent in writing.

4. Nothing in this condition shall prevent the licensee or an affiliate or related undertaking of the licensee in which the licensee holds shares or other investments (a “**relevant associate**”) from conducting de minimis business as defined in this paragraph so long as the limitations specified in this paragraph are complied with:

- (a) For the purpose of this paragraph, “**de minimis business**” means any business or activity carried on by the licensee or a relevant associate or relevant associates other than:
 - (i) the business or activities falling within sub-paragraph (a), (b), or (c) of the definition of “permitted purpose” contained in Standard Special Condition A3 (Definitions and Interpretation);
 - (ii) any other business activity to which the Authority has given its consent in writing in accordance with paragraph 3(d); and
 - (iii) gas production.
- (b) The licensee or a relevant associate may carry on de minimis business provided that neither of the following limitations is exceeded, namely:
 - (i) the aggregate turnover of all the de minimis business carried on by the licensee and the equity share of the aggregate turnover of all the de minimis business carried on by all its relevant associates does not in any period of twelve months commencing on 1 April of any year exceed 2.5 per cent of the aggregate turnover of the transportation business, the metering business and the meter reading business (excluding the turnover on transactions which each of those businesses

make with each other) as shown by the most recent audited regulatory accounts of the licensee prepared under Standard Special Condition A30 (Regulatory Accounts); and

- (ii) the aggregate amount (determined in accordance with sub-paragraph (d) below) of all investments made by the licensee in de minimis business, carried on by the licensee and all relevant associates, does not at any time after the date at which this condition takes effect in this licence exceed 2.5 per cent of the sum of the share capital in issue, the share premium and the consolidated reserves (including retained earnings) of the licensee as shown by the most recent audited regulatory accounts of the licensee prepared under Standard Special Condition A30 (Regulatory Accounts) then available.
- (c) For the purpose of sub-paragraph (b) above, “**investment**” means any form of financial support or assistance given by or on behalf of the licensee for the de minimis business whether on a temporary or permanent basis and including (without limiting the generality of the foregoing) any commitment to provide any such support or assistance in the future.
- (d) At any relevant time, the amount of an investment shall be the sum of:
 - (i) the value at which such investment was included in the audited historical cost balance sheet of the licensee as at its latest accounting reference date to have occurred prior to 13 December 1999 (or, where the investment was not so included, zero);
 - (ii) the aggregate gross amount of all expenditure (whether of a capital or revenue nature) howsoever incurred by the licensee in respect of such investment in all completed accounting reference periods since such accounting reference date; and
 - (iii) all commitments and liabilities (whether actual or contingent) of the licensee relating to such investment outstanding at the end of the most recently completed accounting reference period,

less the sum of the aggregate gross amount of all income (whether of a capital or revenue nature) howsoever received by the licensee in respect of such investment in all completed accounting reference periods since the accounting reference date referred to in sub-paragraph (d)(i).

- 5 For the purposes of paragraph 4, “**equity share**”, in relation to any shareholding, means the nominal value of the equity shares held by the licensee in a relevant associate, as a percentage of the nominal value of the entire issued equity share capital of that relevant associate.
- 5A. For the purposes of this condition, “**gas production**” means the production of gas for the purpose of its conveyance through pipes to premises, or through a pipeline system operated by a gas transporter or a transmission system operator, including where a licence is held under section 3 of the Petroleum Act 1998 for that purpose but not where such a licence is held for a different purpose.
6. 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 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.

Certificates for the Authority in relation to financial resources

2. The licensee must by 31 July each year give the Authority a certificate that has been approved by a resolution of the licensee's board of directors and signed by a director of the licensee pursuant to that resolution and is in one of the following forms:

- (a) Certificate 1F

“After making enquiries and having taken into account in particular (but without limitation) any dividend or other distribution that might reasonably be expected to be declared or paid by the licensee, the licensee's directors 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 transportation business for a period of 12 months from the date of this certificate.”

or

- (b) Certificate 2F

“After making enquiries, and subject to what is explained below, 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 licensee's directors 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 transportation business for a period of 12 months from the date of this certificate.

However, the directors of the licensee would like to draw attention to the following factors, which may cast doubt on the licensee's ability to carry on the transportation business [followed by a description of the factors concerned].”

or

(c) Certificate 3F

“In the opinion of the licensee's directors, the licensee will not have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.”

Statement of factors and report by auditors in relation to financial resources certificate

3. The licensee must ensure that the certificate given to the Authority under paragraph 2 is accompanied by:

(a) a statement of the main factors that the licensee's directors have taken into account in giving that certificate including reference to:

- (i) the main financial resources and financial facilities available to the licensee;
- (ii) the most recent cash flow statement prepared for the licensee;

and

(b) a report prepared by its auditors and addressed to the Authority which states whether or not the auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it under sub-paragraph (a), and, on the other hand, any information that they obtained

during their audit work under Standard Special Condition A30 (Regulatory Accounts) on the licensee's ~~R~~regulatory ~~A~~accounts.

Certificates for the Authority in relation to operational resources

4. With effect from 1 August 2013, the licensee must by 31 July each year give the Authority a certificate that has been approved by a resolution of the licensee's board of directors and signed by a director of the licensee pursuant to that resolution and is in one of the following forms:

(a) Certificate 1R

“After making enquiries the licensee's directors have a reasonable expectation that the licensee will have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents and facilities available to itself to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.”

or

(b) Certificate 2R

“After making enquiries, and subject to what is explained below, the licensee's directors have a reasonable expectation, subject to what is explained below, that the licensee will have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents and facilities available to itself to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.

However, the directors of the licensee would like to draw attention to the following factors, which may cast doubt on the licensee's ability to carry on the transportation business [followed by a description of the factors concerned].”

or

(c) Certificate 3R

“In the opinion of the licensee’s directors, the licensee will not have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents, and facilities available to itself to enable the licensee to carry on the transportation business for a period of 12 months from the date of this certificate.”

Statement of factors in relation to operational resources certificate

5. The licensee must ensure that the certificate given to the Authority under paragraph 4 is accompanied by a statement of the main factors that the licensee’s directors have taken into account in giving that certificate.

Certificate for the Authority in relation to compliance with certain Standard Special Licence Conditions

6. With effect from 1 August 2013, the licensee must by 31 July each year give the Authority a certificate that has been approved by a resolution of the licensee’s board of directors and signed by a director of the licensee pursuant to that resolution and is in one of the following forms:

- (a) Certificate 1C

“After making enquiries the licensee’s directors consider that, at the time of their approval of this certificate, the licensee is in compliance in all material respects with all of the 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).”

or

- (b) Certificate 2C

“In the opinion of the licensee’s directors, the licensee is not at the time of their approval of this certificate in compliance in all material respects with all of the 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).”

Obligation to report any adverse circumstances

7. The licensee must inform the Authority in writing immediately if:
 - (a) the directors of the licensee become aware of any circumstance that causes them no longer to have the reasonable expectations expressed in the most recent certificate given under paragraph 2(a), 2(b), 4(a) or 4(b); or
 - (b) the directors of the licensee consider that any adverse circumstances that caused them to give the Authority a certificate in the form of Certificate 3F under paragraph 2(c) or Certificate 3R under paragraph 4(c) have materially worsened.

Certificates for the Authority in relation to dividends

8. Subject to paragraph 11, the directors of the licensee must not declare or recommend a dividend, and the licensee must 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 before declaring, recommending, or making the distribution, redemption, or repurchase (as the case may be) the licensee has given the Authority a certificate that complies in all respects with the three requirements set out in paragraphs 9 and 10 below.
9. The first requirement is that the certificate must be in the following form:

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

- (a) that, at the time of their approval of this certificate, the licensee is in compliance in all material respects with all of the 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); and
 - (b) that the making of a distribution, redemption, or repurchase of [value] on [date] 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.”
- 10. The second and third requirements are that the certificate:
 - (a) must have been approved by a resolution of the licensee’s board of directors passed not more than 14 days before the date on which the declaration, recommendation, or payment is to be made; and
 - (b) must be signed by a director of the licensee.
- 11. The licensee need not give the Authority a certificate of the type referred to in paragraph 8 in circumstances where:
 - (a) during the three months preceding the declaration or recommendation of a dividend, the making of any other form of distribution or the redemption or repurchase of share capital, it has given the Authority a certificate in the form of Certificate 1C under the requirement set out in paragraph 6 of this condition; and
 - (b) that certificate includes an appropriate addendum using the form of the wording given at paragraph 9(b) of this condition.
- 12. Where the certificate given under paragraph 8, or relied upon under paragraph 11, relates to the declaration or recommendation of a dividend, the licensee is under no obligation to issue a further certificate before paying that dividend so long as such payment is made within six months of the date on which the certificate was given.

Requirement to maintain an intervention plan

13. The licensee must prepare by 1 April 2014, or within 12 months of this condition coming into effect in respect of the licensee, whichever is the later, and thereafter, maintain an intervention plan fulfilling the criteria described in the definition of intervention plan in paragraph 16 below.
14. The requirement for the information described in any of sub-paragraphs (a) to (k) in the definition of intervention plan in paragraph 16 below to be included in the intervention plan will be satisfied if the plan provides details of other documents or records (including electronic records) where that information can be readily obtained and those documents or records are either maintained by the licensee itself or are available to the licensee at all times under a legal or contractual right.

Interpretation

15. 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.
16. In this condition:

“associate” means:

- (a) an affiliate or related undertaking of the licensee;
- (b) an ultimate controller of the licensee;
- (c) a participating owner of the licensee; or
- (d) a common control company.

“common control company” means any company, any of whose ultimate controllers (applying the definition set out in Standard Special Condition A3 (Definitions and Interpretation) but substituting that company for the licensee) is also an ultimate controller of the licensee.

“intervention plan” means a document or set of documents (which may be in a suitably secure electronic format) containing information that would be sufficient to allow an

energy administrator (within the meaning of Chapter 3 of Part 3 of the Energy Act 2004) readily to obtain information on:

- (a) the financial assets, resources, and facilities of the licensee;
- (b) the non-financial assets, rights, and resources of the licensee including information on key management and operational personnel and information technology systems;
- (c) the liabilities of the licensee, including contingent and contractual liabilities, with counterparty and maturity information;
- (d) the tax affairs of the licensee;
- (e) the personnel of the licensee and any pension schemes sponsored or administered by the licensee;
- (f) any mortgages, charges, or other forms of security over the licensee's assets;
- (g) the systems and processes by which the licensee carries on the transportation business with information on any significant contractual arrangements, including those that impose obligations on the licensee;
- (h) any arrangements under which the licensee has relinquished operational control over transportation assets (as that term is defined in Standard Special Condition A27 (Disposal of Assets and restrictions on charges over Receivables)) to an associate of the licensee;
- (i) any contractual rights to receive cash or other financial assets from any associate of the licensee;
- (j) any contractual obligations to deliver cash or other financial assets to any associate of the licensee; and
- (k) the licensee's arrangements and procedures for ensuring compliance with legislative requirements and with its obligations under this licence, including price control reporting requirements.

“participating owner” - For the purposes of the definition of associate above, a person is subject to a participating interest by another person (a participating owner) if:

- (a) that other person holds a participating interest in the person; or

- (b) the person is subject to a participating interest by a person who is himself subject to a participating interest by that other person.

“participating interest” has the meaning given in section 421A of the Financial Services and Markets Act 2000.

17. NOT USED.

Standard Special Condition A40: Regulatory Instructions and Guidance

Introduction

1. The purpose of this condition is to set out the scope, contents, and common governance arrangements for the Regulatory Instructions and Guidance (“RIGs”) published by the Authority pursuant to this condition.
2. The RIGs are the primary means by which the Authority directs the licensee to collect and provide the information to the Authority that the Authority needs to enable it to administer the Special Conditions of this licence and, where not referenced in the licence, the final proposals.

Part A: Licensee’s obligations under this condition

3. Unless and so far as the Authority otherwise consents, the licensee must have in place and maintain appropriate systems, processes, and procedures to enable it:
 - (a) to estimate, measure, and record the information detailed in the RIGs (“specified information”); and
 - (b) to provide such information to the Authority in respect of such periods and within such timeframes as are specified in the RIGs.
4. To facilitate compliance with paragraph 3 of this condition, the accounting records and other records kept by the licensee with respect to the specified information must:
 - (a) be so arranged as to ensure that such **I**nformation can be separately identified and reasonably attributed as between the licensee’s business and the business of any affiliate or related undertaking of the licensee; and
 - (b) be maintained for a period of eight years, or such shorter period as set out in the RIGs, from the date that they are made.

Part B: Scope and content of the RIGs

5. Subject to paragraphs 6 and 7 of this condition, the matters that may be included, or for which provision may be made, in the RIGs are:
- (a) instructions and guidance on the establishment of systems, processes, procedures, and ways for recording and providing specified information;
 - (b) instructions and guidance on the standards of accuracy and reliability that are applicable to the recording of specified information (including different classes of such information);
 - (c) a timetable for the development of such systems, processes, and procedures as are required to achieve such standards;
 - (d) the methodology for calculating or deriving numbers comprising specified information;
 - (e) provision with respect to the meaning of words and phrases used in defining specified information;
 - (f) requirements as to the form and manner in which, or the frequency with which, specified information must be recorded;
 - (g) requirements as to the form and manner in which, or the frequency with which, specified information must be provided to the Authority;
 - (h) requirements as to which (if any) of the specified information is to be subject to audit, the terms on which an auditor is to be appointed by the licensee for that purpose, and the nature of the audit to be carried out by that person;
 - (i) requirements as to the circumstances in which the Authority may appoint an examiner to examine the recording of the specified information by the licensee;

- (j) a statement on whether and to what extent each category of the specified information is required for the purposes of the RIGs; and
 - (k) provision about how the Authority intends to monitor, assess, and enforce compliance with the RIGs (as to which, see also Part E of this condition).
- 6. The provisions of the RIGs must not exceed what is reasonably required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions.
- 7. No specified information may exceed what could be requested from the licensee by the Authority under paragraph 1 of standard special condition A26 (Provision of information to the Authority) excluding any reference to paragraph 8 of that condition.

Part C: Development and modification of the RIGs

- 8. The Authority may issue new RIGs or modify any existing RIGs by issuing a direction for that purpose to every licensee in whose licence this condition has effect.
- 9. Data collected in relation to the formula year commencing on 1 April 2012 must be reported according to the relevant reporting requirements provided for in these standard conditions as they were in force as at 31 March 2013.
- 10. A direction issued by the Authority under paragraph 8 of this condition will be of no effect unless the Authority has first:
 - (a) given notice to all licensees in whose licence this condition has effect that it proposes to issue new RIGs or (as the case may be) to modify the RIGs:
 - (i) specifying the date on which it proposes that the provisions of the document to be issued or modified should take effect;
 - (ii) setting out the text of the RIGs to be issued or (as the case may be) modified and the Authority's reasons for proposing to issue or modify it; and

- (iii) specifying the time (which will not be less than a period of 28 days from the date of the notice) within which representations in response to such proposals may be made; and
 - (b) considered any representations in response to the notice that are duly made and not withdrawn.
- 11. The requirements for the issuing of new RIGs or modification of existing RIGS set out in paragraph 10 of this condition may be satisfied by actions taken by the Authority before as well as after the coming into effect of this condition.

Part D: Requirements for new or more detailed information

- 12. This Part D applies if any modified or new RIGs have the effect of introducing a requirement to provide:
 - (a) a new category of specified information; or
 - (b) an existing category of specified information to a greater level of detail,which has not previously been collected by the licensee, whether under the provisions of the RIGs or otherwise.
- 13. Where this Part D applies, the licensee may provide estimates to the Authority in respect of the relevant category of specified information for any ~~F~~formula ~~Y~~year specified by the Authority.
- 14. The estimates that are mentioned in paragraph 13 of this condition may be derived from such other information available to the licensee as may be appropriate for that purpose.

Part E: Compliance with the provisions of the RIGs

- 15. The Licensee must at all times comply with the provisions of the RIGs for the time being in force pursuant to this condition.
- 16. Any Licensee that is a DN ~~O~~operator and operates one or more ~~D~~distribution ~~N~~networks (as defined in Standard Special Condition A3: Definitions and Interpretation) in a single legal entity must comply with the requirements of this condition separately in respect of each such network.

17. Nothing in this condition requires the licensee to provide any documents or give any information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

Part F: Interpretation

18. For the purposes of this condition:

examiner	means, in relation to the RIGs, a person whose degree of knowledge and experience of the matters that are the subject of the RIGs will enable him to properly carry out and complete the tasks required of him under the terms of his nomination by the Authority pursuant to the provisions of the RIGs;
final proposals	where the licensee is a DN Θ Θ operator means the document entitled RIIO GD1: Final Proposals – Overview, together with all of the supporting, associated and other relevant documents referred to in that document, which was published on 17 December 2012, ; and where the licensee is a NTS Θ operator means the document entitled RIIO-T1: Final Proposals for National Grid Electricity Transmission and National Grid Gas – Overview, together with of all the supporting, associated and other documents referred to in that document, which was published on 17 December 2012; and
specified information	means information (or a category of information) that is so described or defined in the RIGs.

Standard Special Condition A55. Data Assurance requirements

Introduction

1. This condition requires the licensee to undertake processes and activities for the purpose of reducing the risk, and subsequent impact and consequences, of any inaccurate or incomplete reporting, or any misreporting, of information to the Authority.
2. This condition comes into effect in this licence on the earlier of:
 - (a) the date on which a data assurance direction in accordance with the provisions of Part B below has effect; and
 - (b) 1 April 2015.

Part A: Licensee's obligations under this condition

3. The licensee must:
 - (a) comply with the provisions of the Data Assurance Guidance ("the DAG"), being a document that will be incorporated into this licence condition by way of licence modification, the scope and contents of which are set out in Part C of this condition, as if it were a condition of this licence;
 - (b) subject to paragraph 4, where required to provide data under the provisions of this licence, provide accurate and complete ~~D~~data;
 - (c) carry out a risk assessment in accordance with such provisions and timescales as are specified for that purpose in the DAG, and ensure that it has used its best endeavours to mitigate such risks as it has identified in that assessment;
 - (d) if directed by the Authority, procure an independent review of its data assurance activities in accordance with such provisions and timescales as are specified for that purpose in the DAG; and
 - (e) provide to the Authority, in accordance with such provisions and timescales as are specified for that purpose in the DAG, reports that variously contain:

- (i) the results of the licensee's risk assessment;
 - (ii) a description of the data assurance activities that the licensee intends to undertake concerning data for the coming financial year to mitigate the risks identified in that assessment;
 - (iii) a description of the data assurance activities undertaken by the licensee concerning data for the preceding financial year; and
 - (iv) if required, the details and results of the independent review procured by the licensee of its data assurance activities.
- 4. Data provided to the level of accuracy and reliability required under the relevant licence condition will be considered to be accurate and complete for the purposes of this condition.
- 5. The licensee must have in place and maintain appropriate systems, processes, and procedures to enable it to perform its obligations under paragraph 3.
- 6. The licensee must comply with any direction given by the Authority that requires it to carry out (or, where appropriate, to procure and facilitate the carrying out of) a specific data assurance activity in accordance with the provisions of Part E.

Part B: Requirement for consultation before giving a direction

- 7. A data assurance direction is of no effect unless, before issuing it, the Authority has first:
 - (a) given notice to all licensees in whose licence this condition has effect that it proposes to issue the direction:
 - (i) specifying the date on which it proposes that it should have effect;
 - (ii) setting out the text of the direction and the Authority's reasons for proposing to issue it; and
 - (iii) specifying the time (which must not be a period of less than 28 days from the date of the notice) within which representations or objections with respect to the proposal may be made; and
 - (b) considered any representations or objections in response to the notice that are duly made and not withdrawn.

Part C: Scope and contents of the data assurance guidance

1. The DAG may from time to time be revised by the Authority under Part D of this condition.
2. The purpose of the DAG is to establish a process under which the licensee must comply with its obligations as set out in paragraph 3 (b) to (e).
3. Subject to paragraphs 12 and 13, the DAG may include, or make provision for, any of the following matters:
 - (a) the data to which the risk assessment applies;
 - (b) the format of the risk assessment;
 - (c) the frequency with which and the timescales within which the risk assessment is required to be carried out;
 - (d) the format of any independent review that may be required of the licensee's data assurance activities and the associated reporting requirements;
 - (e) the format of the reporting requirements detailed in paragraph 3(e); and
 - (f) the frequency with which and the timescales within which the Licensee should report on its data assurance activities to the Authority.
4. Reference in paragraph 10 to the format of an assessment, review, or reporting requirement includes references to its form, layout, scope and content.
5. The provisions of the DAG must not exceed what is required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions and the impact on consumers of data reporting errors.
6. No information to be provided to the Authority under or pursuant to the requirements of the DAG may exceed what could be requested from the licensee by the Authority pursuant to Standard Special Condition A26 (Provision of information to the Authority).

Part D: Modification of data assurance guidance

7. The DAG may be modified by the Authority from time to time by direction.
8. A direction issued by the Authority under paragraph 14 is of no effect unless the Authority has first:
 - (a) given notice to all licensees in whose licence this condition has effect that it proposes to modify the DAG:
 - (i) specifying the date on which it proposes that the provisions of the document to be ~~issued or~~ modified should take effect;
 - (ii) setting out the text of the DAG to be modified and the Authority's reasons for proposing to modify it;
 - (iii) specifying the time (which must not be less than a period of 28 days from the date of the notice) within which representations concerning such proposals may be made; and
 - (b) considered any representations in response to the notice that are duly made and not withdrawn.

Part E: Authority's power to specify data assurance activity

9. The Authority may, after consulting with the licensee, issue a direction, in accordance with the provisions of paragraph 17, requiring the licensee to carry out (or, where appropriate, to procure and facilitate the carrying out of) such data assurance activity as may be specified in the direction.
10. The requirements for the direction under paragraph 16 are that it must:
 - (a) contain a description of the data assurance activity to be carried out by the licensee (or, where appropriate, by a person nominated by the Authority) for the

purpose of ensuring the accuracy and completeness of data provided to the Authority;

- (b) if it refers to a person nominated by the Authority, specify the steps that must be taken by the licensee to procure and facilitate the carrying out of that activity by that person;
- (c) contain a description of the data to which the activity that is described in the direction must apply;
- (d) contain an explanation of why the Authority requires the licensee to carry out that activity;
- (e) specify any relevant dates by which that activity must be completed; and
- (f) specify the form and content of any information relating to that activity that the licensee must provide to the Authority.

Part F: Derogations

11. The Authority may, after consulting with the licensee, give a direction (“derogation”) to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Part G: Interpretation

12. For the purposes of this condition:

data	means the relevant submissions to the Authority under this licence in respect of which the licensee must carry out a risk assessment, as specified in the DAG;
data assurance activity	means, in respect of data, the activity undertaken by the licensee (or a person nominated by the Authority, as the case may be) to address the risks identified in the risk assessment;
data assurance direction	means a direction by the Authority to bring into effect this condition; and
risk assessment	means an assessment of the likelihood and potential impact of any inaccurate or incomplete

reporting, or any misreporting, of data by the licensee to the Authority under this licence.

**Appendix 3 to the Authority's Direction dated 27 September 2013 –
Modifications to Standard Special Conditions in Part D**

**STANDARD SPECIAL CONDITIONS APPLICABLE TO ALL DN LICENSEES:
PART D**

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Standard Special Condition D3. Long Term Development Statement

1. The licensee shall comply with a direction given by the Authority to prepare an annual statement, in respect of each Distribution Network (as defined in Special Condition ~~E1 (Revenue Restriction Definitions in respect of the Distribution Network)~~1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)) in such form and at such a time as may be specified in the direction giving, with respect to each of the 10 succeeding years beginning with 1 October, such information by way of forecasts of -
 - (a) the use likely to be made of the pipe-line system to which this licence relates; and
 - (b) the likely developments of that system and those facilities which the licensee expects from time to time to be taken into account in determining the charges for making connections to that system and in pursuance of transportation arrangements,as it is reasonably practicable for the licensee to provide and which will assist a person who contemplates -
 - (i) seeking the connection of a pipe-line of his to the pipe-line system to which this licence relates;
 - (ii) entering into transportation arrangements with the licensee; or
 - (iii) seeking the connection of the pipe-line system to which this licence relates to premises which would reasonably be expected to be supplied with gas at a rate exceeding 2,196,000 kilowatt hours a year,in identifying and evaluating the opportunities for doing so.
2. Except in so far as the Authority consents to the licensee not doing so, the licensee shall use its reasonable endeavours to prepare a revision of any statement prepared under paragraph 1 so as to ensure that the information in the statement is up to date.
3. The licensee shall, subject to any requirement to comply with the listing rules (within the meaning of the Financial Services and Markets Act 2000) and with paragraph 4 below -

- (a) furnish the Authority with a copy of each statement prepared under paragraph 1 and of each revision of the statement prepared under paragraph 2;
 - (b) furnish such other gas transporter as the Authority may direct with a copy of each statement prepared under paragraph 1 and of each revision of the statement prepared under paragraph 2;
 - (c) in such form and manner as the Authority may direct, publish such a summary of each statement or, as the case may be, of a revision of the statement as will assist a person in deciding whether to ask for a copy of the version mentioned in sub-paragraph (d); and
 - (d) prepare a version of each statement or revision which excludes, so far as is practicable, any such matter as is mentioned in paragraph 4 and send a copy thereof to any person who asks for one and makes such payment to the licensee in respect of the cost thereof as it may require not exceeding such amount as the Authority may from time to time approve for the purposes hereof.
4. In complying with the requirements of paragraph 3(c), the licensee shall have regard to the need for excluding, so far as is practicable, any matter which relates to the affairs of a person where the publication of that matter would or might seriously and prejudicially affect his interests.
5. Any question arising under paragraph 4 as to whether the publication of some matter which relates to the affairs of a person would or might seriously and prejudicially affect his interests shall be determined by the Authority.

Standard Special Condition D10. Quality of service standards

1. This condition applies to the following activities undertaken by the licensee:
 - (a) connections to the pipe-line system to which this licence relates, in respect of:
 - (i) the provision of quotations for obtaining a new or altering an existing gas connection;
 - (ii) responding to land enquiries;
 - (iii) providing a date for commencement of works; and
 - (iv) substantial completion of works within timescales agreed with the customer;
 - (b) the telephone service which the licensee operates or procures the operation of pursuant to Standard Special Condition A8 (Emergency Services and Enquiry Service Obligations) of the licence (“the emergency telephone service”), ~~and~~ meter point reference number helpline; and
 - (c) attendance at gas emergencies including gas escapes, emissions of carbon monoxide, fumes or other hazardous situations.
2. For each relevant period, the licensee shall procure that:
 - (a) 90 per cent of standard quotations for obtaining a new gas connection or altering an existing gas connection up to and including rates of flow of 275 kWh per hour are issued within six working days of receipt of the request unless the customer requests a deferral;
 - (b) 90 per cent of non-standard quotations for:
 - (i) obtaining a new gas connection or altering an existing gas connection up to and including rates of flow of 275kWh per hour are issued within eleven working days of receipt of the request unless the customer requests a deferral; and
 - (ii) obtaining a new gas connection or altering an existing gas connection where rates of flow exceed 275kWh per hour are issued within twenty

one working days of receipt of the request unless the customer requests a deferral;

- (c) 90 per cent of new or altered gas connections are substantially completed within the timescales agreed with the customer;
- (d) 90 per cent of replies to land enquiries are issued within five working days of receipt of the request unless the customer requests a deferral;
- (e) in 90 per cent of cases, provide within twenty working days dates for commencement and substantial completion of works from the receipt of acceptance of a quotation provided under paragraph 2 (a) or (b) unless the customer requests a deferral;
- (f) when responding to telephone calls:
 - (i) 90 per cent of calls to the:
 - (a) the emergency telephone service; and
 - (b) the meter point reference number helpline,which are made during the hours that the licensee operates or procures the operation of such lines, will, in aggregate, be answered within 30 seconds; and
 - (ii) in the case of the emergency telephone service, the calls must be answered by persons adequately trained to process such calls.
- (g) in 97 per cent of cases, where a report of a gas emergency including a gas escape, an emission of carbon monoxide, fumes or other hazardous situation is received through the emergency telephone service, or by any other means, the licensee shall attend or procure the attendance of an emergency service provider at the site of the incident promptly and in either event:
 - (i) in respect of an uncontrolled gas escape or other uncontrolled gas emergency, within 1 hour of the full emergency details being received by the telephone service, or by any other means; or
 - (ii) in respect of a controlled gas escape or other controlled gas emergency, within 2 hours of the full emergency details being received on the telephone service, or by any other means.

3. The licensee shall from time to time submit to the Authority for its agreement an accuracy review scheme through which customers can require the licensee to review the accuracy of quotations for obtaining a new gas connection or altering an existing gas connection and, in the event that the licensee provides an inaccurate quotation, the licensee shall adjust any charge made to the customer to the amount due under an accurate quotation.
4. In relation to requests received by the licensee relating to activities referred to in sub-paragraph 1(a), where a request is received after 5pm on any day it shall be deemed for the purposes of this condition as having been received on the next working day.
5. For the purpose of sub-paragraph 2(f) where the licensee operates or procures the operation of these telephone services in conjunction with other gas transporters, performance shall be measured by aggregating all calls relating to those services.
6. The licensee shall, once in each formula year, provide specified information to the Authority.
7. The licensee shall, once in each formula year:
 - (a) undertake an audit in respect of the provision by the licensee of services under paragraph 1(a);
 - (b) inform the Authority of the nature and scope of such audit; and
 - (c) when requested by the Authority in writing, review such audit and the manner in which it is being operated with a view to determining whether any modification should be made to such audit or to the manner of its operation.
8. This condition shall not apply to requests for gas connections:
 - (a) to new build domestic developments of at least 5 domestic premises where there is no existing gas connection to the pipe-line system to which this licence relates;
 - (b) to new build non domestic developments of at least 5 non-domestic premises where there is no existing gas connection to the pipe-line system to which this licence relates;
 - (c) to premises to which gas will be conveyed at a pressure of more than 7 bar gauge;

- (d) classed as complex gas connections in a statement issued from time to time by the licensee and agreed with the Authority after such consultation as the Authority directs;
 - (e) classed as excluded gas connections in a statement issued from time to time by the licensee and agreed with the Authority; or
 - (f) where the customer has failed to provide to the licensee such information as the licensee requires from the customer in order to provide a quotation.
9. The licensee shall prepare and from time to time revise a statement describing the performance standards required under paragraph 2(f) and 2(g) of this condition and the level of performance achieved in respect of those standards in a form and having a content which the licensee could reasonably expect would be within the understanding of customers to whom the statement relates and shall:
- (a) give a copy of the statement and of any revision of the statement to the Authority and to the National Consumer Council, before he sends it to the gas suppliers referred to in sub-paragraph (b);
 - (b) at least once in any period of 12 months dispatch to each gas supplier which supplies gas to customers connected to the pipe-line system to which this licence relates for onward transmission to the gas supplier's customers a copy of the statement (in the form current at the time it is provided);
 - (c) make a copy of the statement (in its current form) available for inspection by any person at any offices fixed as appropriate by the licensee for the purposes of section 46(3) of the Act or, if none, at any premises of or occupied by the licensee open to the public in the normal course of the licensee's business during the normal opening hours of the premises;
 - (d) send a copy of the statement (in its current form) to any person who asks for one, and
 - (e) publish a copy of the statement on the licensee's website.
10. The statement prepared under paragraph 9 shall be published in the form of a single document that also includes the statement referred to in paragraph 2 of regulation 15 of the Gas (Standards of Performance) Regulations 2005 (as amended).

11. For the purposes of this condition only:

- “accurate quotation”** means a correct charge in accordance with the licensee’s published gas connection charging statement;
- “gas connection”** means the gas connection of a service (or any part thereof) under sections 9(1)(b) and 10(2) of the Act for the establishment of a new gas connection or alteration of an existing gas connection to premises on the transportation system where a service means a pipe (if any) installed or to be installed between any main and any emergency control valve at the relevant premises;
- “controlled gas escape or other controlled gas emergency”** means a gas escape or other gas emergency where the person reporting the escape or other emergency, after carrying out (or causing to be carried out) the actions advised by the telephone service, advises the operator that the escape of gas or other emergency appears to have ceased;
- “customer”** means domestic and non-domestic customers and prospective customers of licensed gas suppliers, gas shippers, gas suppliers, independent gas connection providers, licensed gas transporters or any other person requesting gas connection services specified under paragraph 1(a);
- “emergency service provider”** shall have the same meaning as in the Gas Safety (Management) Regulations 1996;
- “independent gas connection provider”** means any person that provides consultancy and/or engineering services in relation to gas connections on behalf of customers, gas shippers, gas suppliers and gas transporters;
- “land enquiry”** means an indication of the availability of gas, an estimate of pressure that is or may become available, an estimate of the cost of the relevant gas connection and, where appropriate, the approval of a design for the provision of a new or alteration of an existing gas connection;
- “non-standard** means a quotation other than a standard quotation (but

quotation”	excluding a self-quote);
“relevant period”	means the period from 1 April 2008 until 31 March 2009 and thereafter each succeeding period of 12 months starting on 1 April;
“self-quote”	means a quotation produced by the customer for the provision of a new or alteration of an existing gas connection in accordance with any conditions published by the licensee to enable the customer to calculate the cost of the relevant works;
“specified information”	<p>means as a minimum:</p> <ul style="list-style-type: none"> (a) the number of requests which the licensee has received for each of the services referred to in paragraph 1(a); (b) the number of requests for each of the services referred to in paragraph 1(a) in respect of which the licensee has provided the requested service within the timescales set out in paragraph 2(a)-(e); (c) the number of requests for each of the services referred to in paragraph 1(a) in respect of which the licensee has not provided the requested service within the timescales set out in paragraph 2(a)-(e); (d) the amount (if any) paid for the purposes of refunding customers for failure to provide an accurate quotation; (e) the amount of compensation (if any) paid by the licensee for the purpose of compensating customers entitled to compensation under regulations made under section 33AA of the Act; (f) the number of times any payment caps specified under regulations made under section 33AA of the Act have been reached; (g) the results of any audit carried out under paragraph 7

above;

- (h) the number of gas connection requests under paragraph 1(a) that the licensee has identified as falling within the categories set out in paragraph 8;
- (i) the number of calls received under paragraph 1(b) and the number of calls in respect of which the licensee has provided the requested service within the timescales set out in paragraph 2(f)(i) and 2 (f)(ii);
- (j) the number of reports received under paragraph 1(c) that the licensee has identified as falling within the category set out in paragraph 2(g)(i) or 2(g)(ii) and the number of reports in respect of which the licensee has provided the requested service within the timescales set out in paragraph 2(g)(i) and 2(g)(ii) respectively;

“standard quotation” means a standard quotation (excluding a self-quote) that does not require a site visit; and

“substantial completion” means that the gas connection and the emergency control valve to the premises has been installed and commissioned.

12. 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)~~1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)), the obligations of this condition shall apply in respect of each Distribution Network.

Standard Special Condition D11. Charging obligations

1. Amendments to Standard Special Condition A4 (Charging - General)

Standard Special Condition A4 (Charging – General) shall be amended by:-

- (a) in paragraph 1, the insertion of “, for each Distribution Network (as defined in Special Condition ~~E1 (Revenue Restriction Definitions in respect of the Distribution Network)~~ 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)), where applicable,” after the words “the licensee shall”;
- (b) in paragraph 2, the insertion of the following in sub-paragraphs (a) and (b) in substitution for the words “NOT USED”:
 - “(a) except in so far as the Authority otherwise directs or consents, shall not make any changes to the charges or reserve prices mentioned in paragraph 1 more frequently than once in each formula year such that any such change shall take effect on 1 April in each formula year;
 - (b) subject to sub-paragraph (a) above, if the licensee proposes to make changes to the charges or reserve prices mentioned in paragraph 1 on a date other than that specified in sub-paragraph (a), it must inform the Authority in writing:
 - (i) stating the reasons for this change; and
 - (ii) clearly identifying whether any of the information is of a confidential nature.”

2. Amendments to Standard Special Condition A5 (Obligations as Regards Charging Methodology)

Standard Special Condition A5 (Obligations as Regard Charging Methodology) shall be amended by:

- (a) in paragraph 1, the insertion of “, for each Distribution Network (as defined in Special Condition ~~E1 (Revenue Restriction Definitions in respect of the Distribution Network)~~1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)), where applicable,” after the words “the licensee shall”;
- (b) in paragraph 2A, the insertion of the following in sub-paragraph (b) in substitution for the words “NOT USED”:
 - “(b) except in so far as the Authority otherwise directs or consents, shall not make any changes to the charging methodology more frequently than once in each formula year such that-any such change shall take effect on 1 April in each formula year”

Standard Special Condition D16. Reporting on Performance

1. The licensee must provide the Authority and the National Consumer Council with information specified by the Authority relating to matters that it reasonably considers are relevant to the licensee's customers in relation to Standard Special Condition D13 (Provision of services for specific domestic customer groups), Standard Special Condition D14 (Arrangements for access to premises)
- .2. The information provided by the licensee under paragraph 1 must be in the form of a statistical record having such content and being presented in such a format and at such intervals of time as the Authority may from time to time direct.
3. Prior to issuing a direction under paragraph 2 the Authority must:
 - (a) consult with the licensee and the National Consumer Council; and
 - (b) consider any representations received as part of the consultation, including any about the materiality of costs that are likely to be incurred by the licensee in obtaining the information to be specified in the direction.
4. The obligations of this condition shall apply in respect of each Distribution Network (as defined in Special Condition ~~E1 (Revenue Restriction Definitions in respect of the Distribution Network)~~1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)).

Standard Special Condition D18: Provision of Metering and Meter Reading Services

1. Before attending to any request from a supplier:
 - (a) pursuant to paragraph 1 of Standard Special Condition ~~A10D17~~ (Provision and Return of Meters);
 - (b) in relation to the provision of metering services other than those provided pursuant to sub-paragraph (a) above); or
 - (c) in relation to the provision of meter reading services;the licensee shall provide to that supplier the terms provided for in paragraph 2.
- 1A. Where and to the extent that the licensee is required to provide services under sub-paragraph (a) of paragraph 1 above, it shall be the duty of the licensee to provide the services mentioned in that sub-paragraph on reasonable terms.
2. The terms referred to in paragraph 1 are the licensee's terms regarding;
 - (a) the date by which the services required shall be provided (time being of the essence unless otherwise agreed between the parties);
 - (b) the charges to be paid in respect of the services required, such charges (save to the extent set out in any direction under paragraph 10 or unless manifestly inappropriate):
 - (i) to be presented in such a way as to be referable to the statements prepared in accordance with paragraph 5 of this condition, or any revision thereof; and
 - (ii) to be set in conformity with the requirements of paragraphs 4 to 7 of this condition; and
 - (c) such other detailed terms in respect of each of the services required as are or may be appropriate for the purpose of the agreement.

3. The licensee shall provide to the supplier such terms as are referred to in paragraph 2 above as soon as practicable and (save where the Authority consents to a longer period) in any event not more than 28 days after receipt by the licensee from any person of any application containing all such information as may reasonably be required for the purpose of formulating the terms of the agreement.
4. Except in so far as the Authority accepts otherwise, the licensee shall enter into agreements with suppliers for the provision of:
 - (a) gas meters pursuant to Standard Special Condition D17 (Provision and Return of Meters);
 - (b) metering services other than the provision of gas meters pursuant to subparagraph (a) above; or
 - (c) meter reading services,without variation to any terms provided in relation to a particular request from a supplier pursuant to paragraph 2.
5. The licensee shall as soon as reasonably practicable prepare statements in a form approved by the Authority setting out:
 - (a) the basis upon which charges for the provision of services of a type described in paragraph 1 will be made; and
 - (b) information relating to the other terms that will apply to the provision of each service,in each case in such form and with such detail as shall be necessary to enable any supplier to make a reasonable estimate of the charges to which he would become liable for the provision of such services and of the other terms, likely to have a material impact on the conduct of his business, upon which the service would be provided and (without prejudice to the foregoing) including the information set out in paragraph 6.
6. The statements referred to in paragraph 5 shall include:
 - (a) a schedule of charges for such services; and

- (b) an explanation of the methods by which and the principles on which such charges will be calculated.
7. The licensee may periodically review the information set out in and, with the approval of the Authority, alter the form of the statements prepared in accordance with paragraph 5 and shall, at least once in every year that this licence is in force, make any necessary revisions to such statements in order that the information set out in the statements shall continue to be accurate in all material respects.
 8. The licensee shall send a copy of the statements in accordance with paragraph 5, and of each revision of such statements in accordance with paragraph 7, to the Authority.
 9. The licensee shall give or send a copy of the statements prepared in accordance with paragraph 5, or (as the case may be) of the latest revision of such statements in accordance with paragraph 7, to any supplier who requests a copy of such statement or statements.
 10. The licensee may make a charge for any statement given or sent pursuant to paragraph 9 of an amount which shall not exceed the amount specified in directions issued by the Authority for the purposes of this condition based on the Authority's estimate of the licensee's reasonable costs of providing such a statement.
 11. The Authority, having regard, in particular, to any representations made to it by the licensee and other persons may issue a direction relieving the licensee of its obligations under paragraphs 1(b), 1(c), 1A, 3 and 5 to such extent and subject to such terms and conditions as it may specify in that direction.

Standard Special Condition D19: Non-discrimination in the provision of metering activities

1. The licensee shall avoid undue discrimination and undue preference between any persons or class or classes of persons in the provision of metering activities.
2. Without prejudice to paragraph 1 and subject to paragraph 4 of this condition, the licensee shall not make charges for the provision of metering activities to any supplier or class or classes of supplier which differ in respect of any item separately identified in the statements referred to in paragraph 5 of Standard Special Condition D18 (Provision of Metering and Meter Reading Services) from those for the provision of metering activities to any other gas supplier or class or classes of supplier except insofar as such differences reasonably reflect differences in the costs associated with such provision.
3. Notwithstanding paragraph 2 of this condition, the licensee shall not make any charges in respect of metering activities in respect of any item of charge separately identified in the statements referred to in paragraph 5 of Standard Special Condition ~~A43~~D18 (Provision of Metering and Meter Reading Services) on any supplier whose contract does not provide for him to receive the activity to which such item of charge refers.
4. The licensee shall not in setting charges in respect of metering activities restrict, distort or prevent competition in the supply or conveyance of gas.

Standard Special Condition D20. Distributed Gas: Connections Guide and Information Strategy

Introduction

1. The purpose of this condition is to ensure that the licensee:
 - (a) makes available to the public, including through the publication of the Distributed Gas Connections Guide provided for below, information that will assist any person who might wish to enter into arrangements with the licensee that relate to the connection of distributed gas plant to the licensee's distribution network to understand and evaluate the process for doing so; and
 - (b) implements a distributed gas information strategy in respect of that information and also of other information more generally related to distributed gas connections.

Part A: Scope and contents of the Distributed Gas Connections Guide

2. Where the Authority gives the licensee a direction to do so, the licensee must work collectively with such other licensees as are also subject to a direction under this condition ("relevant licensees") to prepare and maintain a common set of documents, approved by the Authority and to be known as the Distributed Gas Connections Guide, that:
 - (a) is in such form as may be specified in the direction for the purposes of this condition; and
 - (b) contains such information as the licensee can reasonably provide that identifies or relates to the matters specified in paragraph 3 of this condition.
3. Those matters must (without limitation) include:
 - (a) details of the statutory and regulatory framework (including health and safety considerations) that applies to distributed gas connections;
 - (b) the likely cost elements, charges, and timescales involved in the application process typically operated by licensees in respect of such connections;
 - (c) details of the arrangements and opportunities available for competitive activity in the provision or procurement of such connections; and

- (d) engineering and other technical matters relevant to the commissioning, injection of gas, and maintenance of such connections.

Part B: Preparation and revision of the Distributed Gas Connections Guide

- 4. The licensee must, together with the relevant licensees:
 - (a) prepare and issue the Distributed Gas Connections Guide, as approved by the Authority, within a period of three months after the date of the Authority's direction; and
 - (b) except where the Authority otherwise consents, review and where appropriate revise the Distributed Gas Connections Guide in each following formula year to ensure that, so far as is reasonably practicable, the information contained in it is up to date and accurate in all material respects.

Part C: Licensee's distributed gas information strategy

- 5. Where the Authority gives the licensee a direction to do so, the licensee must prepare a distributed gas information strategy, for the approval of the Authority, which sets out how the licensee intends to ensure that all existing and potential users of its distribution network are able to receive an adequate level of information and a satisfactory standard of service in relation to the distributed gas connections process and matters relevant to it.
- 6. The scope and contents of the distributed gas information strategy must cover how the licensee will provide information to all such users, in a form and manner tailored to their particular needs.
- 7. The licensee must submit the distributed gas information strategy for the approval of the Authority within the time period set out in the Authority's direction (which will not be a period of less than 28 days).

8. The licensee must implement its distributed gas information strategy, as approved by the Authority, with effect from such date as may be specified by the Authority when it approves the strategy.

Part D: Review and revision of the distributed gas information strategy

9. The licensee must review its distributed gas information strategy at least once in each ~~F~~formula ~~Y~~year with a view to ensuring that it remains fit for the purposes envisaged by Part C of this condition and, with the consent or at the direction of the Authority, must make any changes to the strategy that may be necessary to enable it to better achieve those purposes.
10. Where any changes to the distributed gas information strategy are proposed the revised distributed gas information strategy must be submitted to the Authority for approval, and the Authority will respond within a reasonable period.

Part E: Procedure for directions under this condition

11. Before the Authority gives a direction under this condition, it will inform the licensee of its intention to do so in a ~~N~~notice that:
 - (a) states the date on which it is proposed that the direction should take effect;
 - (b) sets out the proposed contents of the direction with respect to the form in which the Distributed Gas Connections Guide or the distributed gas information strategy (as the case may be) is to be prepared and maintained for the purposes of this condition; and
 - (c) specifies the time (which will not be less than a period of 28 days from the date of the ~~N~~notice) within which representations with respect to the proposed direction may be made.

12. The Authority will consider any representations that are duly made and are not withdrawn.

Part F: Availability of the guide and the strategy

13. The licensee must give the Authority a copy of the Distributed Gas Connections Guide and the distributed gas information strategy and of each approved revision of either document.
14. The licensee must also:
- (a) give or send a copy of the Distributed Gas Connections Guide to any person who requests one and who makes such payment to the licensee as it may require (which must not exceed such amount as the Authority may from time to time approve for that purpose in respect of the document); and
 - (b) publish the Distributed Gas Connections Guide in such manner as the licensee believes will ensure adequate publicity for it (including by making it readily accessible from the licensee's website).

Part G: Interpretation

15. The requirements for consultation under Part E of this condition may be satisfied by action taken before, as well as by action taken after, the commencement of this condition.
16. For the purposes of this condition:

distributed gas

means gas that is injected into the network by means of a connection to the distribution ~~system~~ **network** of the licensee that is not an NTS exit point (within the meaning of the Uniform Network Code) and the expressions “distributed gas connections”, and “Distributed Gas Connections Guide” and “distributed gas information strategy” are to be read in accordance with that meaning.