

Gas Transporter Licence

Standard Special Conditions

We have included the sections of the licence conditions we propose to amend below and only those definitions that we are amending. Deletions are shown in strike through and new text is underlined.

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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:

<u>DN operator</u>	<u>means the holder of a licence granted or treated as granted under section 7 of the Gas Act 1986 in relation to one or more distribution networks who is obliged to comply with one or more conditions in Standard Special Conditions Part D.</u>
<u>Independent System</u>	<u>means a pipe-line system in Great Britain to which this licence relates which includes relevant mains and which is not connected (directly or indirectly) by pipes to the main pipeline system of a relevant gas transporter.</u>
<u>NTS operator</u>	<u>means the holder of a licence granted or treated as granted under section 7 of the Gas Act 1986 in relation to the NTS who is obliged to comply with one or more conditions in Standard Special Conditions Part B.</u>

2. Where a single legal entity holds more than one licence granted or treated as granted under section 7 of the Gas Act 1986, the provisions of these

Standard Special Conditions apply separately in relation to the relevant licence; except Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing), Standard Special Condition A37 (Availability of Resources) and Standard Special Condition A39 (Indebtedness) which apply to the single legal entity that holds the licences.

Standard Special Condition A28. Gas Network Innovation Strategy

Introduction

A28.1. The purpose of this condition is to oblige the licensee to work with other parties to develop a Gas Network Innovation Strategy. This obligation is intended to ensure that Relevant Network Licensees take a joined up approach to innovation, which results in coordinated action on priority areas that offer significant potential benefit, shared learning and the avoidance of unnecessary duplication.

A28.2. This condition does not prevent the licensee from undertaking Innovation Projects that are not specifically outlined within the Gas Network Innovation Strategy.

Part A: Requirement to create and maintain a Gas Network Innovation Strategy

A28.3. The licensee must develop and maintain a Gas Network Innovation Strategy and must use reasonable endeavours to cooperate with all other Relevant Network Licensees in the development of the Gas Network Innovation Strategy.

A28.4. The licensee must use reasonable endeavours to work with all other Relevant Network Licensees to ensure the Gas Network Innovation Strategy is reviewed every two years and where necessary, in the majority view of Relevant Network Licensees, is also updated.

Part B: Gas Network Innovation Strategy

A28.5. The Gas Network Innovation Strategy must:

- (a) set out the procedures for updating it (which must include the requirement to consult with Interested Parties in accordance with Part C below and the biennial review referred to in paragraph 4);
- (b) be kept up to date in accordance with the procedures referred to in paragraph 5(a); and
- (c) be readily accessible to the public from the licensee's website.

~~A28~~6. The Gas Network Innovation Strategy must include:

- (a) a description of the challenges and uncertainties which the Relevant Network Licensees consider are pertinent to the gas network over different time periods that could be addressed through innovative projects;
- (b) a description of the innovative projects and plans the Relevant Network Licensees intend to pursue in order to address the challenges referred to in paragraph 6(a) of this condition, with particular regard to how future Innovation Projects which Relevant Network Licensees will seek to initiate over the period of the Gas Network Innovation Strategy will help to address those challenges;
- (c) a description of the challenges, which the Relevant Network Licensees consider are pertinent to the gas network over different time periods and which are not currently being addressed through projects or plans, including but not limited to projects or plans made by the Relevant Network Licensees and Interested Parties;
- (d) a description of the innovative projects and plans the Relevant Network Licensees intend to pursue in relation to the challenges identified in paragraph 6(c) of this condition, with particular regard to how future Innovation Projects, which Relevant Network Licensees will seek to initiate over the period of the Gas Network Innovation Strategy, will help to address those challenges. Consideration should be given to the suitability of the Relevant Network Licensees to carry out the innovative projects and plans. If the Relevant Network Licensees do not intend to carry out innovative projects and plans relating to any challenge identified in paragraph 6(c), a reason should be provided as part of this description;
- (e) a description of how Relevant Network Licensees will coordinate their activities on Innovation Projects to minimise unnecessary duplication of effort;

- (f) a description of how Relevant Network Licensees will share the learning that they have gained through Innovation Projects; and
- (g) any directions related to the Gas Network Innovation Strategy issued by the Authority.

Part C: Consultation

A287. The licensee must, in cooperation with Relevant Network Licensees, have regard to whole system considerations and use reasonable endeavours to consult with Interested Parties and with stakeholders in other sectors prior to publication, or revision, of the Gas Network Innovation Strategy. This includes stakeholders in the following sectors:

- (a) electricity;
- (b) gas;
- (c) heat
- (d) refuse
- (e) telecoms;
- (f) transport; and
- (g) water and wastewater.

A28.8. The licensee must include in the Gas Network Innovation Strategy:

- (a) a description of those Interested Parties and stakeholders referred to in paragraph 7, with whom it has consulted; and
- (b) its analysis of any representations relevant to the requirements set out in paragraph 6, received in response to the consultation.

Part D: Interpretation

9. For the purposes of this condition:

Gas Network Innovation Strategy	means a document, or suite of documents, published by Relevant Network Licensees that complies, or together comply with, the requirements of this condition.
Innovation Project	means a project funded by the Network Innovation Competition or the Network Innovation Allowance as established by Special Conditions 1I or 2F of the Gas Transporter Licence as in force on 31 March 2021; and Special Conditions 5.2 and 5.3 of the Gas Transporter Licence.
Interested Parties	include, but are not limited to, the Engineering and Physical Sciences Research Council, the Department of Business, Energy and Industrial Strategy, Innovate UK and their successor bodies and holders of a Gas Transporter Licence not regulated through the RIIO model.
Relevant Network Licensee	means the holder of a Gas Transporter Licence with condition A28 in effect in its licence.