

**Decision published pursuant to  
Article 14(8) of the Gas  
(Northern Ireland) Order 1996**

**Modification of West  
Transmission Gas Conveyance  
Licences – Pre –Construction  
Financing**

**Decision Paper  
9<sup>th</sup> May 2018**



## About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs; Electricity; Gas; Retail and Social; and Water. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

### Our Mission

Value and sustainability in energy and water.

### Our Vision

We will make a difference for consumers by listening, innovating and leading.

### Our Values

Be a best practice regulator: transparent, consistent, proportional, accountable, and targeted.

Be a united team.

Be collaborative and co-operative.

Be professional.

Listen and explain.

Make a difference.

Act with integrity.

## Abstract

This paper gives notice of the decision by the Utility Regulator to modify the gas conveyance licence of West Transmission Limited (WTL) to facilitate pre-construction financing of the network. In particular the modifications amend the process by which the capital allowance for network construction will be determined. This allowance along with an additional remuneration will be paid by WTL to SGN Natural Gas Limited (SGN) who are constructing the network on behalf of the licence holder.

## Audience

This document will be of interest to both WTL and SGN. It is also likely to be of interest to other regulated companies in the energy industry, government and other statutory bodies as well as consumer groups with an interest in the energy industry.

## Consumer Impact

By facilitating pre-construction financing the modifications will allow consumers to lock-in the benefit of the historically low cost of debt that currently exists. Pre-construction financing will therefore deliver benefits to consumers for up to 40 years. Even in the absence of this cost of debt benefit, consumers will benefit from limiting the period of time during which they are required to pay returns to SGN and Phoenix Natural Gas for constructing the Gas to the West and East Down network extensions respectively.

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## ACRONYMS AND GLOSSARY

ACCE	Actual Controllable Capital Expenditure
ECA	Economic Consulting Associates
NEC	New Engineering Contract
OAV	Opening Asset Value
PE	Polyethylene
RPI	Retail Price Index
SGN	SGN Natural Gas Limited
VFCE	Verified Controllable Capital Forecast
WTL	West Transmission Limited

# DECISION PUBLISHED PURSUANT TO ARTICLE 14(8) OF THE GAS (NORTHERN IRELAND) ORDER 1996

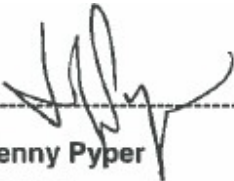
In pursuance of its powers under Article 14(1) of the Gas (Northern Ireland) Order 1996 (as amended) (the “Order”) the Northern Ireland Authority for Utility Regulation (hereafter referred to as the Utility Regulator) hereby publishes in accordance with Article 14(8), its decision to proceed with the making of modifications to the various conditions of the gas conveyance licence granted to Northern Ireland Energy Holdings on 11<sup>th</sup> February 2015 (the “Licence”).

In accordance with Article 14(8) of the Gas Order:

1. Chapter 2 of this Decision Paper states how the Utility Regulator has taken account of any representations made to the notice published by it pursuant to Article 14(2) of the Gas Order, on 28<sup>th</sup> March 2018. It also states the reasons for any differences between the modifications previously consulted on and the final text of the modifications.
2. Chapter 3 of this Decision Paper states the effect of the modifications.

The modifications shown in Annexes 1-5 to this Decision Paper shall have effect from 4<sup>th</sup> July 2018.

Dated this 9<sup>th</sup> May 2018

  
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**Jenny Pyper**  
**Chief Executive**  
**For and on behalf of the Northern Ireland Authority for Utility Regulation**

# 1 Introduction

- 1.1 The Utility Regulator's principal objective in carrying out the duties associated with its gas functions is to promote the development and maintenance of an efficient, economic and coordinated gas industry in Northern Ireland, and to do so consistently with the fulfilment of its objectives set out in the European Gas Directive<sup>1</sup>, and by having regard to a number of matters, as set out more fully in the Energy (Northern Ireland) Order 2003.
- 1.2 In line with these duties this document sets out our decision to modify various conditions of the gas conveyance licence granted to Northern Ireland Energy Holdings on 11 February 2015 (the "Licence") hereafter referred to as West Transmission Limited (WTL).
- 1.3 For the reasons set out in Chapter 2 of this Decision Paper we consider that the modifications set out in the notice published by the Utility Regulator pursuant to Article 14(2) of the Gas Order, on 28th March 2018<sup>2</sup> should be made with the additional drafting amendments as described in Chapter 2 of this Decision Paper. The licence modifications, tracked against the existing licence, are shown in Annexes 1 to 5 to this decision paper, with:
- Annex 1 setting out the modifications to Part 2 of the licence;
  - Annex 2 setting out the modifications to Part 3 of the licence;
  - Annex 3 setting out the modifications to Part 4 of the licence;
  - Annex 4 setting out the new Part 5 of the licence; and
  - Annex 5 setting out the new Part 6 of the licence.
- 1.4 The effect of the various modifications is set out in Chapter 3 of this document:

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<sup>1</sup> Directive 2009/73/EC of the European Parliament and the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC.

<sup>2</sup> [WTL Facilitating Pre-Construction Financing, Proposed Modification of Gas Conveyance Licence, Notice under Article 14\(2\) of the Gas \(Northern Ireland\) Order 1996, Consultation, 28 March 2018.](#)

1.5 A notice under Article 14(2) of the Gas Order proposing the modifications and seeking comments from interested parties was published by the Utility Regulator on 28th March 2018<sup>2</sup>. The consultation closed on 27th April 2017 and generated two responses from:

- Mutual Energy Ltd; and
- Scotia Gas Networks Northern Ireland Ltd



## 2 Changes from Consultation and Consideration of Responses Received

### 2.1 Overview

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- 2.1.1 Section 2.2 below provides an overview over the changes to the licence modifications made in this licence decision paper compared to the consultation paper published by the Utility Regulator on 28th March 2018<sup>2</sup>.
- 2.1.2 These changes were made as a result of consultation responses received and of further Utility Regulator drafting review.
- 2.1.3 As noted in Chapter 1 we received two responses to the statutory consultation notice published on 28<sup>th</sup> March 2018. Drafting issues raised in these responses are set out in Section 2.3 and 2.4 respectively.
- 2.1.4 The SGN response also raised a number substantial matters which are covered in Sections 2.5 to 2.11.
- 2.1.5 As part of the work undertaken in preparation of this decision paper, the Utility Regulator has also identified a number of improvements the licence modifications proposed in the consultation document. Any such matters are covered in Sections 2.3 to 2.14, as appropriate, with the exception of modifications relating to correction of typographical errors, paragraph numbering errors as well as erroneous cross-references for which it was deemed that now further detailed explanation was required.

### 2.2 Changes from Consultation

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- 2.2.1 Table 1 provides an overview of the changes to the licence modifications made in this licence decision paper compared to the consultation paper published by the Utility Regulator on 28th March 2018.

2.2.2 The Reference column in Table 1 indicates in which section of this decision paper further detail is provided with respect to this change. For some changes no reference has been provided. These changes are considered to be minor changes with no impact on the meaning of the licence. They include correction of typographical errors including with respect to capitalisation, paragraph numbering errors as well as erroneous cross-references.

**Table 1: Overview over Licence Modification Changes Compared to Consultation**

Condition	Change	Driver	Reference
2.27	Insertion of new paragraph 2.27.1 on Effect of this Condition, renumbering of remaining paragraphs	UR Drafting Review	2.12
3.1.9(a)(iv)	Update of cross-reference to Part 1 rather than Part I	UR Drafting Review	
4.1.1 (a)	Rewording of General Provisions	UR Drafting Review	2.12
4.1.2 (b)	Slight rewording of definitions of Actual Controllable Expenditure and Actual Uncontrollable Capital Expenditure	UR Drafting Review	2.3
4.1.2(b)	Inclusion of definition of Capped Sum	UR Drafting Review	2.3
4.1.2(b)	Inclusion of definition of Fixed Sum	UR Drafting Review	2.3
4.1.2(b)	Removal of brackets around 40 in definition of Revenue Recovery Period	UR Drafting Review	2.14
4.1.2(b)	In definition of Uncontrollable Capital Expenditure, update from 4.2.2(a) to 4.2.4(a)	UR Drafting Review	
4.1.3	Removal of reference to “the Authority determines”	Noted in SGN Response	2.4
4.2.1(f)(ii)	In sub-paragraph (A): change “and” to “and/or”	UR Drafting Review	2.14
4.2.1(f)(ii)	In sub-paragraph (B): highlight new wording, that had already been included in consultation paper but not highlighted, as new	UR Drafting Review	
4.2.1(f)	Inclusion of “high pressure” in reference to “established pipeline engineering and cost control principles”	Noted in SGN Response	2.4
4.2.1(g)	Inclusion of “high pressure” in reference to “established pipeline	Noted in SGN Response	2.4

Condition	Change	Driver	Reference
	engineering and cost control principles”		
4.2.4	Update of paragraph numbering updated from d and e to a and b	UR Drafting Review	
4.4.3	Replacement of semicolon at end of conditions with full stop	UR Drafting Review	
4.5.7	Revision of Capitalised Interest formula	UR Drafting Review	2.11
4.5.7	Addition of definitions of 0, m=1 and N and update of definition of m=h to m=i	UR Drafting Review	2.11
4.5.7	Removal of square brackets around October in definition of m=i	UR Drafting Review	2.14
4.5.8	Revision of Grant formula	UR Drafting Review	2.11
4.5.8	Addition of definitions of 0, m=1 and N	UR Drafting Review	2.11
4.5.8	Rewording of definition of m=p	Noted in SGN Response	2.4
4.7.4	Change of condition title from “Definition of Controllable Operating Expenditure” to “Definition of Controllable Operating Expenditure and Uncontrollable Operating Expenditure”	Noted in SGN Response	2.4
4.7.4	In second paragraph, change of spelling of “part 4” to “Part 4”	UR Drafting Review	
5.1.1	Change of Condition title to also refer to “certain provisions of Condition 2.27” Rewording of this sub-condition	UR Drafting Review	2.12
5.1.4	Rewording of sub-condition	UR Drafting Review	2.12
6.1.2(b)	In definition of Capital Expenditure, paragraph (b), change wording from “such other expenditure” to “any other cost, liability or expenditure”	UR Drafting Review	2.8
6.1.2(b)	In definition of Finance Documents, replacement of “[Name of Phoenix entity]” with “Phoenix Natural Gas Limited”	UR Drafting Review	2.14
6.1.2(b)	In definition of Interest Accrued, removal of square brackets around “or the Licensee”	UR Drafting Review	2.14
6.1.2(b)	In definition of Transaction Authorisation, revision of wording of limb (b)	UR Drafting Review	2.13

Condition	Change	Driver	Reference
6.1.4(n)	Rewording of paragraph	Noted in WTL Response	2.3
6.2.1(g)	Rewording of paragraph	UR Drafting Review	2.8
6.2.1(i)	Rewording of paragraph	UR Drafting Review	2.9
6.2.1(i)(i)(B)(2)) <sup>3</sup>	Correction of typo in the word “activities”	Noted in SGN Response	2.9
6.2.1(i)(i)(C) <sup>4</sup>	Insertion of missing word “out”	Noted in WTL and SGN Responses	2.3, 2.9
6.2.2(a)	Replacement of the term “Verified Controllable Capital Expenditure Forecast” with “Verified Controllable Capital Forecast”	Noted in SGN Response	2.4
6.2.2(a)	Removal of “by notice to the Licensee” so that revised wording reads “it may determine that”	UR Drafting Review	2.3
6.2.2(d)	Change of references to “notice” to “determination”	UR Drafting Review	2.3
6.2.2(d)(ii)	Addition of “subsequent” prior to “approval or determination”	UR Drafting Review	2.3
6.4.1	Removal of reference to omitting the $Z_t^*(S_t)$ component	Noted in WTL Response	2.3
6.4.3	Update of cross references contained in the definitions of $D_t$ and $E_t$	Noted in WTL Response	2.3
6.4.3	In definition of $I_t$ , insertion of “Forecast” with respect to “Licensee’s OAV” <sup>5</sup>	Noted in WTL Response	2.3
6.4.5(c)(ii)	Update of reference to “15 June” to “the fifteenth Business Day in March”	Noted in WTL Response	2.3
6.4.6(c)	Update of true-up rate of return	UR Drafting Review	2.11
6.4.7	Change of reference from funding that has been raised to funding that will/is to be raised Change of reference from amount drawn down to amount to be drawn down	Noted in WTL Response	2.3

<sup>3</sup> Corresponds to paragraph 6.2.1(i)(ii)(B) from proposed licence modifications in consultation.

<sup>4</sup> Corresponds to paragraph 6.2.1(i)(ii)C from proposed licence modifications in consultation.

<sup>5</sup> Opening Asset Value.

Condition	Change	Driver	Reference
6.5.1	Change of wording in introductory sentence to indicate that Amount 1 and 2 each relate to a payment equal to twice the debt service amount	Noted in WTL Response	2.3
6.5.6	Revision of Capitalised Interest formula	UR Drafting Review	2.11
6.5.6	Replacement of definition of $m=N=30$ with individual definitions of 0, $m=1$ and $N$ and update of definition of $m=h$ to $m=i$	UR Drafting Review	2.11
6.5.7	Change of condition title from “Grant Funding” to “Grants Received”	Noted in SGN Response	2.4
6.5.7	Revision of Grant formula	UR Drafting Review	2.11
6.5.7	Addition of definitions of 0, $m=1$ and $N$	UR Drafting Review	2.11
6.5.7	Rewording of definition of $m=p$	UR Drafting Review	2.4
6.5.9	Revision of Base Return formula	UR Drafting Review	2.11
6.5.10	Revision of Supplemental Return formula	UR Drafting Review	2.11
6.7.	Change of condition title from “Other ARR Components” to “ARR Components”	UR Drafting Review	2.14
6.9	Capitalisation of condition heading	UR Drafting Review	
6.10	Capitalisation of condition heading	UR Drafting Review	
6.10.1	Rewording of General Provisions	UR Drafting Review	2.14
6.10.4	Change of condition title from “Definition of Controllable Operating Expenditure” to “Definition of Controllable Operating Expenditure and Uncontrollable Operating Expenditure”	UR Drafting Review	2.4

## 2.3. West Transmission Drafting Points

2.3.1 In their response WTL raised a number of drafting points for consideration as set out in Table 2 below:

**Table 2: Drafting Points from WTL Response**

Condition	Drafting Comment
Condition 6.1.4 (n) Eligible Pass-Through Costs	The proposed drafting of this Condition should be replaced as follows for reasons of clarity.  <i>“any amounts required to ensure that balances are maintained in bank accounts of the Licensee and / or the Issuer in compliance with the Financial Documents”</i>
Condition 6.2.1 (i)(ii)(C) <sup>6</sup> Allowed Capital Expenditure	The words <i>“need to carry any such activities”</i> should read <i>“need to carry out any such activities”</i> .
Condition 6.2.2 and 4.2.2 Fixed and Capped Sums	There appear to be a number of minor unintentional misalignments in the drafting of these Conditions.
Condition 6.4.1 Forecast Required Revenue	The text at the end of this Condition <i>“but omitting for this purpose the <math>Z_t^*(S_{J_t})</math> component of that formula”</i> is superfluous, given the changes made elsewhere.
Condition 6.4.3 Definition of Formula Terms	The cross-reference to the definition of the $D_t$ and $E_t$ term in the formula should be corrected to Condition 6.7.1 and 6.7.2 respectively.  The definition of the $I_t$ term should be amended such that <i>“Licensee’s OAV”</i> is replaced with the correct term <i>“Licensee’s Forecast OAV established under Condition 6.4.7”</i>
Condition 6.4.5 (c)(ii) OAV Deduction	The date of <i>“15 June”</i> should be replaced with the <i>“fifteenth Business Day in March”</i> to align with the annual Postalised Tariff setting process.

<sup>6</sup> Corresponds to paragraph 6.2.1(i)(i)(C) of revised licence drafting.

<p>Condition 6.4.7 Licensee's Forecast OAV</p>	<p>Given the relative timings of drawdown of the finance and the determination of the Licensee's Forecast OAV, then n paragraph (a)</p> <ul style="list-style-type: none"> <li>• <i>"amount drawn down under the Finance Documents constitutes funding that has been raised"</i> should be replaced by</li> <li>• <i>"amount to be drawn down under the Finance Documents constitutes funding that will be raised"</i></li> </ul> <p>While in paragraphs (b), (d)(i) and (d)(ii)</p> <p><i>"has been raised"</i> should be replaced by <i>"is to be raised"</i></p>
<p>Condition 6.5.1 Fixed Amount</p>	<p>For reasons of clarity the opening paragraph of this Condition needs to be amended. The proposed drafting gives the impression that the Fixed Amount is equal to the value of debt service costs, whereas the Fixed Amount in any year is in fact twice the value of the debt service costs for that year. This could be achieved by either:</p> <ul style="list-style-type: none"> <li>• deleting entirely <i>"(each of which relates to a payment in respect of debt service comprising both capital and interest in respect of a half-year)"</i> or</li> <li>• replacing <i>"in respect of debt service"</i> with <i>"equal to twice the debt service"</i>.</li> </ul>

### Our Response

2.3.2 We have reviewed the drafting suggestions proposed by the respondent and have, except where stated otherwise below, reflected them in the final modifications. In the case of Condition 6.5.1, Fixed Amount, we consider that of the two drafting suggestions provided the second is the more preferred. That is replacing "in respect of debt service" with "equal to twice the debt service". We note that we have also inserted the word "amount" after "debt service" as we consider this to add additional clarity to the drafting.

2.3.3 With respect to the proposed change to Condition 6.4.3 we note that whilst we have changed the reference to "Licensee's OAV" to "Licensee's Forecast OAV",

we have not included the additional wording proposed “established under Condition 6.4.7” as we have deemed this additional clarification not to be necessary.

2.3.4 The misalignments between the Fixed and Capped Sums Conditions 4.2.2 and 6.2.2 have been addressed as follows:

- Removal of “by notice to the Licensee” in Condition 6.2.2(a) so that the revised wording reads “it may determine that”;
- Change of references to “notice” in Condition 6.2.2(d) to references to “determination”; and

Addition of “subsequent” prior to approval of determination” in Condition 6.2.2(d)(ii).

2.3.5 In addition, in order to further the alignment of the Fixed and Capped Sums provisions in parts 4 and 6 of the licence, we have furthermore made the following changes:

- Revision of wording of the definitions of the terms Actual Controllable Expenditure and Actual Uncontrollable Expenditure in Condition 4.1.2(b) to align with the equivalent definitions in Condition 6.1.2(b). As a result, the words “means the cumulative actual Controllable Capital Expenditure, in accordance with Condition” respectively “means the cumulative actual Uncontrollable Capital Expenditure, in accordance with Condition” have been replaced with “has the meaning given to that term in Condition”.
- Inclusion of the definitions for Capped Sum and Fixed Sum in Condition 4.1.2(b).

## 2.4 SGN Drafting Points

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2.4.1 In their response WTL raised a number of drafting points for consideration as set out in Table 3 below:



**Table 3: Drafting Points from SGN Response**

Condition	Drafting Comment
Condition 4.1.3 Eligible Pass Through Costs	In the opening paragraph of this condition the phrase “ <i>the Authority determines</i> ” should be deleted.
Condition 4.5.8 Grants Received	The definition of the formula term $m=p$ should be modified to match that in the new condition 6.5.7 by adding “ <i>where this month is before the First Operational Commencement Date</i> ”
Condition 4.7.4 Definition of Controllable Operating Expenditure	The title of this condition should be amended to include “ <i>Uncontrollable</i> ” operating expenditure for completeness.
Condition 6.2.1 Allowed Capital Expenditure	<p>In Condition 6.2.1 (d) the phrase “ <i>in accordance with paragraph (e)</i>” should be widened to read “<i>in accordance with paragraphs (e) to (h)</i>”</p> <p>In Condition 6.2.1 (d) (ii) (B) the use of “<i>will be incurred</i>” seems to put in place a very high bar and should be replaced with a more appropriate “<i>is likely to be incurred</i>”</p>
Condition 6.2.2(a) Fixed and Capped Amounts	The term “ <i>Verified Controllable Capital Expenditure Forecast</i> ” should be replaced by the correct term “ <i>Verified Controllable Capital Forecast</i> ”
Condition 6.5.7 Grant Funding	The title of this condition should be amended to match that in the existing Condition 4.5.8 “ <i>Grants Received</i> ”
Part 4 & Part 6 general comment	Note inconsistent use of terms such as “ <i>high pressure gas pipeline engineering</i> ” and “ <i>high pressure cost control principles</i> ” between parts 4 and 6 which should be consistently applied.

2.4.2 In addition to the drafting points set out in Table 3, SGN raised a number of substantial comments. These are covered in Sections 2.5 to 2.11 below.

### **Our Response**

- 2.4.3 We have reviewed the drafting suggestions proposed by the respondent and have, except where stated otherwise below, reflected them in the final modifications.
- 2.4.4 With respect to the formula term  $m=p$  in Conditions 4.5.8 and 6.5.7 the respective definitions have now been aligned, as suggested by SGN. However, we note that the new wording differs slightly from that used in the consultation paper and proposed by SGN. More specifically, instead of “where this month is before the First Operational Commencement Date” the provision now reads “where that month is before the month in which the First Operational Commencement Date occurs”. We consider that this revised wording enhances accuracy and clarity of the licence drafting. It should be noted that “p” is only relevant where the first grant payment is made in a month prior to the First Operational Commencement Date. In situations where first grant payment is post First Operational Commencement Date such a clarification is unnecessary.
- 2.4.5 With respect to the amendment of the title of Condition 4.7.4 to also include reference to Uncontrollable Operating Expenditure, we note that for consistency of licence drafting we have made an equivalent amendment to the title of Condition 6.10.4.
- 2.4.6 In the case of the proposed amendments to Condition 6.2.1 (d) we have not accepted these. We are content that the reference to sub-paragraph (e) is appropriate in the context of the main paragraph. Sub-paragraph (e) makes the appropriate references to sub-paragraphs (f), (g) and (h). In view of the timing of the assessments, we believe that the use of “will be” is a reasonable test. The test is not absolute in that it is “the Authority’s assessment, having regard to the information available to it, of the expenditure which it is satisfied will be incurred”. This allows the Authority to exercise its judgement when making its assessment.
- 2.4.7 With respect to the inconsistent use of terms such as “high pressure gas pipeline engineering” and “high pressure cost control principles” we have addressed this by including reference to “high pressure” in Conditions 4.2.1(f) and (g).

## 2.5 Condition 6.2.4 Change of Law

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2.5.1 In their response SGN suggested that the proposed new Change of Law provisions, Condition 6.2.4 should be widened to include changes in interpretation of the law. It was also queried why the provision was restricted to capital expenditure while in other licences it related to all expenditure types.

### **Our Response**

2.5.2 We do not consider that it would be appropriate to make such a change to Condition 6.2.4. The new condition is in line with similar provisions in other licences granted by the Authority. No case has been advanced as to why in this instance a wider provision would be necessary or appropriate. The definition of Eligible Pass Through Costs renders it unnecessary for Change of Law to apply to any expenditure other than that specifically dealt with under Condition 4.2 / 6.2.

## 2.6 Condition 4.1.2 & 6.1.2 Definition of Early Section

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2.6.1 In their response SGN suggested that part (b) of this definition should be deleted. However no reason was given for this suggestion.

### **Our Response**

2.6.2 We do not consider that it would be appropriate to make this change. No argument was advanced in support of the deletion and we have been unable to identify any convincing argument for the proposed deletion.

## 2.7 Condition 4.2.2 & 6.2.2 Fixed and Capped Sums, Condition 4.2.3 Actions Taken Before Part 4 Comes Into Effect

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2.7.1 In their response SGN made a number of points with respect to these conditions:

- 1) The cost categories to which the Fixed and Capped Sums concepts may apply is are not clearly identified and there does not appear to be a clear consultation process as to what Fixed/Capped Sums would be.
- 2) There is a lack of clarity as to how these concepts interact with the pain gain mechanism and how the concepts fit into the Allowed Capital Expenditure Formula.
- 3) The various cost categories included in these concepts should continue to be subject to pipeline engineering and cost control principles.
- 4) The proposed licence modifications should be amended to limit the application of these concepts relate to Contingency and Design & Project Management.

### **Our Response**

2.7.2 We respond to each of the above points in order as follows:

- 1) The use of these concepts is limited by the fact that they may only be identified at the same time as the VFCE is determined.
- 2) We see no reason for further clarification of how the fixed and capped sums would operate in the licence. The sums must be notified at the same time as the VFCE is determined. The text is self-explanatory in how the sums will be treated in the determination of the Actual Controllable Capital Expenditure. The calculation and application of pain/gain in the determination of the OAV flows from the determination of the VFCE and ACCE and is explained in the relevant equations of the licence. The treatment of the Fixed Sum for contingency has the effect that no pain/gain is generated for this item. The treatment of the Capped Sum for design and project management has the effect that pain gain applies up to the cap. Expenditure above the cap is not included in the Actual Capital Expenditure determined.

- 3) We do not agree. The principle is that the sums have been determined to reflect the licence application and are not subject to further tests.
- 4) SGN is right to conclude that these sums relate to two specific sums, the Contingency and Design and Project Management costs, which are the only sums identified as such in the VFCE. As the VFCE has already been determined we see no reason to further amend the drafting in the licence in this respect.

## 2.8 Condition 6.2.1 (g) Allowed Capital Expenditure

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2.8.1 In their response SGN sought clarification as to how the 28 day consultation period interacted with the Cut-Off Date. They also wished to know if the audit and assessment process would be required to be completed before the Cut-Off Date. It was noted that this could be a problem if the audit was on receipted and paid invoices rather than costs incurred given potential time lags associated with chasing small suppliers.

### Our Response

2.8.2 It is intended that the Authority's assessment of Actual Capital Costs, including the audit process and the period allowed for the Licensee to respond, will be complete before the Cut-Off Date. This is necessary to allow the Authority to make its final determination at or before the Cut-Off Date.

2.8.3 To facilitate this we will:

- (i) Expect the Licensee to submit monthly accurate information on costs incurred in the form of a "Procurement Plan".
- (ii) Expect the Licensee to submit details of the amount and timing of capital expenditure as soon as is reasonably practicable. For example, we would expect the Licensee to submit costs of the Strabane pipeline in the near future.
- (iii) Undertake interim reviews of cost information as contracts are completed and compensation events finalised (if any).

- (iv) Set a reasonable time scale for the provision of information by the Licensee in advance of the 21 month and 30 month decision times stipulated in the licence to allow for our assessments including data audit and the Licensee's response to any amendments. Where appropriate, we will issue requests for the provision of information to achieve these timescales.

2.8.4 We note the concern that it may not be possible to achieve the 30 month Cut-off decision if it must be based on receipted and paid invoices rather than incurred costs. We do not expect this to be a major issue by 21 months after FOCD when most contracts will be substantially complete and at or beyond the end of their maintenance periods. The timescales in the NEC3<sup>7</sup> suite of contracts for the determination of compensation events should allow costs incurred to be finalised within that time frame. We expect costs to be evidenced but recognise that this will/might not be the possible for all costs incurred.

2.8.5 In our decisions, we will take account of costs incurred but not yet paid and either accept the Licensee's submission or determine such actual figure as we consider appropriate taking account of the evidence available to us at the time.

2.8.6 To provide greater clarity on the treatment of costs incurred but not yet paid, we have revised the wording of Condition 6.2.1(i) as further explained in Section 2.9 below. We have furthermore changed the definition of Capital Expenditure in Condition 6.1.2(b) to replace the wording "such other expenditure" with "any other cost, liability or expenditure" to clarify that Capital Expenditure also covers costs incurred even if these have not yet been paid, and we have amended the

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<sup>7</sup> The New Engineering Contract (NEC), or NEC Engineering and Construction Contract, is a formalised system created by the Institution of Civil Engineers that guides the drafting of documents on civil engineering and construction projects for the purpose of obtaining tenders, awarding and administering contracts. As such they legally define the responsibilities and duties of Employers (who commission work) and Contractors (who carry out work) in the Works Information. There have been four editions, the first in 1993, the second in 1995, the third in 2005 and the most recent in 2017. The NEC3 was launched in 2005 and it was amended in April 2013.

wording of Condition 6.2.1(g). The modifications to this Condition include in particular the following:

- Insertion of a new paragraph (B) to address determination of an amended figure as Actual Controllable Capital Expenditure where this is required to exclude costs related to activities which are the subject of a notice by the Authority varying the Verified Controllable Capital Forecast under Condition 6.2.1(i);
- Further consequential drafting changes to Condition 6.2.1(g) including renumbering of paragraphs and revision of wording to account for the new structure of the condition.

2.8.7 When we complete the assessment of the provisional Actual Capital Expenditure at 21 months we will expect the Licensee to explain the steps it is taking to address specific costs incurred which have not yet been paid to minimise this category of cost for the Cut-off date.

2.8.8 When we complete our assessment for the 30 month Cut-Off Date, we will notify the Licensee of the work covered by the determination including any allowances for work not yet paid. No further allowances would be made to cover these liabilities.

## 2.9 Condition 6.2.1 (i) Allowed Capital Expenditure

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2.9.1 In their response SGN stated that the current drafting of this condition was too absolute and should be adjusted to allow for a number of circumstances not explicitly dealt with in the condition. As example, SGN mentioned in particular situations where work on a particular activity is ongoing over the Cut-Off Date, or where one activity has been exchanged for another at a different price point, or where the sequencing of activities has altered, or where certain activities have been replaced by alternatives. The respondent also referenced our Licence Modification Consultation comments on this provision, seeking assurance that they would not be in a worse position as a result of these provisions.

2.9.2 SGN have also provided a redrafting suggestion for Condition 6.2.1(i) as follows:

*“The Authority may, following audit pursuant to paragraph (f), and by no later than the date on which it has issued a notice to the Licensee under paragraph (g), by notice to the Licensee vary the Verified Controllable Capital Forecast approved or determined in accordance with paragraph (b) in a manner that reduces the Verified Controllable Capital Forecast by such amount as in the opinion of the Authority:*

- (i) *relates to the costs associated with activities that were taken into account by the Authority both in:*
  - (A) *approving or determining the Verified Controllable Capital Forecast; and*
  - (B) *determining the Provisional Controllable Capital Expenditure,*

*in each case as being activities remaining to be carried out by (or on behalf of) the Licensee after the date of that approval or determination; and*

- (ii) ~~*to*~~ reflects *the extent that, by the date on which a notice under this paragraph is issued to the Licensee:*
  - (A) *the activities referred to in sub-paragraph (i) have not been carried out (and those activities subsequently need to be carried out) and the costs associated with them have not been incurred (and the costs associated with them will need to be incurred);*
  - (B) *no other ~~activities~~activities of substantially equivalent effect have been carried out and the costs associated with such other activities have not been incurred;*
  - (C) *no alternative steps have been taken which have the effect (without any significant adverse consequences) of avoiding the need (in whole or in part) to carry out any such activities as are referred to in sub-paragraphs (A) and (B), and the costs associated with such alternative steps have not been incurred; ~~and~~;*

provided that:

- (iii) *before issuing any such notice to the Licensee, the Authority shall have provided to the Licensee details of the proposed reduction in the Verified Controllable Capital Forecast and of the reasons for it, and given the Licensee an appropriate period (being not less than 28 days) to comment on them; and*



- (iv) to the extent that where, by any subsequent date, any of the activities or steps referred to in sub-~~paragraph~~paragraphs (i) and/or (ii) have been carried out or taken, and the costs associated with those activities or steps have been incurred, those costs will be recoverable by the Licensee as Capital Expenditure constituting Eligible Pass-Through Costs<sup>7</sup>.

~~provided that before issuing any such notice to the Licensee the Authority shall have provided to the Licensee details of the proposed reduction in the Verified Controllable Capital Forecast and of the reasons for it, and given the Licensee an appropriate period (being not less than 28 days) to comment on them~~

For the avoidance of doubt, if any alternative steps taken pursuant to paragraph 6.2.1(i)(ii)(C) incur costs higher than those attributed to the activities referred to in paragraph 6.2.1(i)(i), this shall not constitute a significant adverse consequence for the purposes of paragraph 6.2.1(i)(ii)(C)."

## Our Response

2.9.3 With respect to the specific SGN redrafting suggestion for Condition 6.2.1(i) we have corrected the typo in the word "activities" and added the word "out" in paragraph (i)(b)(3)<sup>8</sup>. However, we have not made the other proposed changes as we did not consider them necessary. We note in particular the following:

- The additions in sentence (ii)(A) seem to be superfluous. The decision is made at a time. Whether the activities subsequently need to be carried out and the costs associated with them will need to be incurred will be a matter of fact after the determination is made. (A), (B), (C) seem to be sufficient to say that it has not been done and it needs to be done. Once these things are identified in the notice they will be covered by Eligible Pass Through Costs – otherwise they will not.
- We do not consider the addition of "significant" as an additional test in (ii)(C) to be appropriate as this would be subject to interpretation and impact negatively on clarity of licence drafting.

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<sup>8</sup> Corresponds to paragraph 6.2.1(i)(ii)C from proposed licence modifications in consultation.

- The addition of “in whole or in part” is not required. For the section to work we will have to define activities in sufficient granularity that their future costs either fall as Eligible Pass-Through Costs or not in their entirety.
- It is unclear why SGN propose that the ultimate paragraph of the section should become paragraph (iii). We consider that such a change would not be necessary nor in the interest of readability of the licence.
- We do not consider that sub-paragraph (iii), renumbered by SGN as sub-paragraph (iv) needs to refer to sub-paragraph (i) as this is adequately covered by reference to sub-paragraph (i) in sub-paragraph (ii)(A).
- In the event that alternative steps have been taken which have the effect of avoiding the need to carry out activities and the costs were higher than that anticipated at the VFCE then the total costs incurred would be included in the Actual Controllable Costs and would be subject to the pain-gain mechanism. However, where the alternative steps taken to avoid the need to carry out activities taken into account in approving the VFCE have adverse consequences then these activities and the costs of dealing with such adverse consequences would not be recoverable as Capital Expenditure constituting Eligible Pass-Through Costs.

2.9.4 The underlying intention is that the Licensee will deliver the activities funded by the VFCE so as to make available the agreed level of exit capacity at the relevant locations. That is not to say that the activity is to follow a particular route or construction method. It is open to the Licensee to make changes which either save costs or increase costs resulting in a pain share as opportunities and necessity arises provided it achieves the same outcome. However, if specific activities allowed for in the determination of the VFCE are not provided which were intended to address future liabilities or reduce operational costs, we will consider adjusting the VFCE to reflect these changes.

2.9.5 The Cut-off date occurs 30 months after FOCD and we do not expect substantial work to be on-going at that stage. If this was the case, it is unlikely that FOCD would have been granted in the first place. When we complete our assessment

for the 30 month cut-off date, we will notify the Licensee of the work covered by the determination including any allowances for work not yet paid. No further allowances would be made to cover these liabilities. This should be sufficient to cover unresolved construction claims and any on-going maintenance works, which we would expect to be minor. At a practical level, we might expect a transfer of liabilities for the resolution of on-going land compensation events to be transferred to the Licensee at the 30 month Cut-off date. We will estimate the likely out-turn value of these liabilities and reduce the VFCE accordingly and ensure that the pain/gain mechanism is protected.

- 2.9.6 Equally, where we have not made an adjustment to the VFCE at the Cut-off date, we would not expect the costs of the associated activities to be remunerated through Eligible Pass-Through Costs.
- 2.9.7 The condition provides protection for consumers in respect of delivery at a point in time. Our response gives an indication of how the condition might be applied. However, at this stage, we do not consider it appropriate to make the licence more specific because it must remain sufficiently robust to deal with the circumstances which arise.
- 2.9.8 It is not our intention to actively shift works from Actual Capital Expenditure to Eligible Pass-Through Costs. The 30 month Cut-off date should allow all work to be complete and accounted for in the Actual Capital Expenditure. The licence makes provision for costs which cannot be resolved at that stage to be addressed.
- 2.9.9 We note that we have revised the drafting of Condition 6.2.1(i) to provide additional clarity with this respect. In particular, the Condition has been restructured and a new paragraph (ii) has been introduced. This paragraph allows for a reduction of the VFCE as may be appropriate to addresses situations where:
- one or more of the activities were taken into account by the Authority as an estimate in approving or determining the Verified Controllable Capital

Forecast and determining the Provisionals Controllable Capital Expenditure;  
and

- where by the Cut-off date such activities are subject to a dispute or similar uncertainty, or where it is not reasonably practicable for the Authority to accurately assess the related costs.

The newly introduced paragraph also clarifies that where at a later stage the dispute or uncertainty is resolved or an accurate assessment can then be made, the costs associated with the activities can be recovered as Eligible Pass-Through Costs.

2.9.10 In addition to the introduction of the new paragraph (ii) we have made further consequential drafting changes to Condition 6.2.1(i) including renumbering of paragraphs and revision of wording to account for the new structure of the condition. We have also made some additional changes to enhance the clarity and accuracy of drafting. These include in particular:

- Replacement of “has issued” with “issues” in the first sentence of Condition 6.2.1(i);
- Replacement of “the” with “that” with respect to Verified Controllable Capital Forecast in the first sentence of Condition 6.2.1(i);
- Addition of “certain” with respect to the activities referred to in Condition 6.2.1(i)(i)(A) and clarification that the remainder of this paragraph relates to “costs in respect of” activities;
- Clarification that the notice referred to in Condition 6.2.1(i)(i)(B) is issued “by the Authority”;
- Removal of “any” with respect to “such activities” in 6.2.1(i)(i)(B)(3);
- Replacement of “by any subsequent date” with “at any subsequent date” in Condition 6.2.1(i)(i)(C) and change of tense from “have been” carried out/incurred to “are” carried out/incurred;

- At the end of Condition 6.2.1(i), insertion of the word “first” with respect to the provision to the Licensee of details of the proposed reduction in Verified Controllable Capital Forecast, ahead of the issuing of a related notice.

2.9.11 It is for SGN to ensure that its position is maintained by assessing costs and paying suppliers in a timely way. We expect the assessment we might have to make on incurred costs and activities not complete to be limited.

## 2.10 Condition 6.10 The Shadow Price Control

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2.10.1 In their response SGN queried the value of this condition given that the Approved Surplus was no longer a component in the calculation of Actual Required Revenue, Condition 6.4.2.

### Our Response

2.10.2 The Shadow Price Control forms an important part of the re regulatory regime for licences operating under a cost pass through rather than revenue cap mechanism. It provides a benchmark against which the cost performance of the licence holder can be judged against that of an equivalent firm with a revenue cap. It is recognised that this condition might therefore be better suited for inclusion in Part 3 rather than Part 6 of the licence. We may revisit this matter at a future date.

## 2.11 Review of Licence Formula

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2.11.1 With the assistance of independent experts Economic Consulting Associates (ECA) we have conducted a review of the various formula in Part 4 and the new Part 6 of the licence. This review followed a number of queries on these formula raised as part of the preparatory work on the present licence modifications and in the feedback received the related consultation, including in the SGN response.

2.11.2 The review has identified a number of changes that are required to bring greater clarity to the licence.

### Condition 6.5.6 / 4.5.7 Capitalised Interest

2.11.3 The Capitalised Interest formula contained in Condition 4.5.7 of the current WTL licence is:

$$CI = \sum_{m=h}^0 \left( CE_m \cdot \prod_{m=h}^0 (1 + CIR_m) - CE_m \right) - \sum_{m=1}^N \left( CE_m \cdot \prod_{m=1}^N (1 + rn_m)^{-1} - CE_m \right)$$

2.11.4 It has been noted that there are a number of issues with this formula:

- The “m=h” and the “m=1” terms contained in the Capitalised Interest formula of the current licence imply that the product term is fixed;
- The right hand term in the formula will always be negative, assuming  $rn_m$  will be positive, and since the right hand term is deducted from the left, this will mean that the capitalised interest from the current formula will be too high. This matter had also been highlighted by SGN in their response to the consultation.

2.11.5 Therefore, an amended formula has been included in the licence to address these issues:

$$CI = \sum_{m=i}^0 \left( CE_m \cdot \prod_{r=i}^m (1 + CIR_r) - CE_m \right) + \sum_{m=1}^N \left( CE_m \cdot \prod_{r=1}^m (1 + rn_r)^{-1} - CE_m \right)$$

2.11.6 As a consequential change, we have updated the definition for m=h to m-i, to align with the new formula.

2.11.7 In the interest of transparency, we have also added to Conditions 4.5.7 and 6.5.6 definitions for 0, m=1 and N as used in the formula.

### Condition 6.5.7 / 4.5.8 Grants Received

2.11.8 The formula for the Grants Received term has a similar structure to the one for the Capitalised Interest and the issue identified above with respect to the fixed product terms also applies. We have hence corrected the formula accordingly as follows:

$$G = \sum_{m=p}^0 \left( AMGR_m \prod_{r=p}^m (1 + CIR_m) \right) + \sum_{m=1}^N \left( AMGR_m \cdot \prod_{r=1}^m (1 + rn_m)^{-1} \right)$$

2.11.9 We have also updated the definitions as appropriate. Namely, in the interest of transparency, we have added to Conditions 4.5.8 and 6.5.7 definitions for 0, m=1 and N as used in the formula.

### Condition 6.4.6(c) OAV Addition

2.11.10 We note that the definition of the term TURm needs to be amended as the rate of return expressed at present is in real terms rather than nominal. The revised definition becomes:

TURm means the true-up rate and is equal to  $(1 + 3.5\% * (1 + \text{Annual rate of inflation as measured by RPI at } m = 30))^{1/12}$

### Condition 6.5.9 Base Return

2.11.11 We note that the Base Return formula needs to be amended to properly take account of inflation in the calculation of the nominal return to be earned during the 21 month period. It also needs to allow for return to be earned on capital expenditure during the period between the provisional determination of Allowed Capital Expenditure at 21 months after First Operational Commencement Date and the Cut-Off Date. Otherwise the addition of Capitalised Interest to expenditure incurred during this period would result in a negative return. The revised formula for Base Return becomes:

$$A * [(1.0198^{(21/12)} * (RPI_{m=21} / RPI_{m=0})) - 1] + Z * [(1.0198^{(9/12)} * (RPI_{m=30} / RPI_{m=21})) - 1]$$

Where Z is the sum of capital expenditure between month 22 ( $CE_{m=22}$ ) and month 30 ( $CE_{m=30}$ ) valued at month 21 price base.

### Condition 6.5.10 Supplemental Return

2.11.12 We have decided that for reasons of transparency the formula should be written out more fully. The revised formula for Supplemental Return becomes:

$$50,000,000 * [(1.0530^{(21/12)} * (RPI_{m=21} / RPI_{m=0})) - 1]$$

minus

$$50,000,000 * [(1.0198^{(21/12)} * (RPI_{m=21} / RPI_{m=0})) - 1]$$

## 2.12 Condition 2.27 Network Development Duties + Condition 4.1.1(a) General Provisions

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2.12.1 For reasons of clarity have insert an additional clause at the beginning of this condition and renumbered the remaining sub-conditions. This merely states that the Condition will have effect up and until the date on which the Authority issues a Direction under Condition 5.1.1. Thereafter the only parts of the condition that will have effect will be Conditions 2.27.1 and Condition 2.27.7. This is simply a restatement of the provisions of Part 5 of the licence previously consulted on.

2.12.2 For consistency we have amended Condition 4.1.1 (a) in a similar way and made consequential changes to the drafting of Part 5, in particular Condition 5.1.1. We have made some wording changes to Condition 5.1.4 to improve clarity and transparency of licence drafting.

## 2.13 Condition 2.6.2(b) Transaction Authorisation

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2.13.1 Since the publication of our consultation paper on 28th March 2018 engagement with WTL on the documentation required to put in place the pre-construction financing arrangements has continued. In particular, the drafting of the letters



referred to in the definition of Transaction Authorisation in Condition 6.1.2(b) has been refined. Paragraph (b) has been reworded accordingly to reflect this.

## 2.14 Further Drafting Improvements

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2.14.1 As part of the work in preparation of the licence decision paper, the Utility Regulator has identified a number of further drafting improvements. These are discussed below.

2.14.2 In particular, a number of placeholders in square brackets have been identified. In order to further clarity of licence drafting, these placeholders have been updated where required and the square brackets removed in:

- Condition 4.1.2(b), Definition of Revenue Recovery Period;
- Condition 4.5.7, Definition of  $m=i$ ;
- Condition 6.1.2(b), Definition of Finance Documents;
- Condition 6.1.2(b), Definition of Interest Accrued.

2.14.3 We have replaced the word “and” in Condition 4.2.1(f)(ii) at the end of paragraph A with “and/or” to align with the wording in the corresponding Condition 6.2.1(g) of Part 6 and enhance clarity of licence drafting.

2.14.4 We have changed the title of Condition 6.7 from “Other ARR Components” to “ARR Components”. We consider that this enhances the clarity of licence drafting as it was not clear which further ARR Components not contained in that condition the word “other” related to.

2.14.5 We have also made some drafting changes to general provisions in Condition 6.10.1 to enhance clarity and accuracy of the licence drafting. As a result, the wording of this condition has changed from “Conditions 6.10.2, 6.10.3 and 6.10.4 shall have no impact on the calculation of the Actual Required Revenue in Condition 6.4” to “Conditions 6.10.2 to 6.10.4 shall have no effect on the calculation of the Actual Required Revenue in accordance with Condition 6.4”.

### 3 Effect of the Licence Modifications

3.1 The licence modifications are shown (in mark-up form) in Annexes 1-5. The mark-up shows the changes compared to the current WTL licence.

3.2 The effect of the various modifications is as follows:

- Amend the process by which the capital allowance for constructing the Gas to the West network extension will be determined, although there will continue to be only one final determination. This is now scheduled for a pre-determined Cut-Off Date, 30 months after the First Operational Commencement Date. In addition there will also be a provisional estimate of the final determination value made by the Utility Regulator 21 months after the First Operational Commencement Date.
- Provide for amending the VFCE (Verified Controllable Capital Forecast) and ACCE values in light of a number of new concepts including Fixed and Capped Sums, Change of Law and the treatment of capital expenditure incurred after the Cut-Off Date as an Eligible Pass-Through Cost.
- Limit the period over which SGN (SGN Natural Gas Limited) can earn returns on their investment in the network to 21 months after the First Operational Commencement Date.
- Provide a return of 5.3% (real) to the £50m of capital allowance that relates to the PE (polyethylene) intermediate pressure pipeline section of the network extension, while retaining the return of 1.98% (real) for the steel high pressure section of the network.
- Provide a 1.98% (real) return on Capital Expenditure incurred after 21 months after the First Operational Commencement Date for the period from the point in time the expenditure is incurred until the Cut-Off Date,
- Revise the calculation of Required Revenue to take account of the proposed method of raising the required finance.
- Introduce the concept of an Adverse Regulatory Event into the licence.

- Remove the Concept of an Approved Surplus from the calculation of Required Revenue.
- Amend the definition of Eligible Pass-Through Costs to provide financiers with greater certainty as to the costs so categorised.
- Introduce a switch into the licence that will switch of Part 4 and Conditions 2.27.1 to 2.27.4 as well as 2.27.6<sup>9</sup> with respect to Network Development Duties, of the existing licence and switch on the proposed Part 6 of the licence once the Authority has issued a Direction to the licence holder.
- Enhance clarity and transparency of the licence drafting through correction of a number of minor drafting issues.

3.3 A full explanation of the purpose and effect of these modifications is set out in chapters 2 - 5 of our consultation paper published on 28th March 2018. The drafting changes made as a result of this consultation and detailed in this decision paper will ensure that these purposes are better facilitated.

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<sup>9</sup> These correspond to Conditions 2.27.2 to 2.27.6 of the modified licence.

## 4 Conclusion

- 4.1 The Utility Regulator has considered the representations received fully and remains content that the proposed modifications, as set out in Annexes 1-5 should be made for the reasons outlined in this Decision Paper. We have also concluded that the licence modifications will better facilitate the achievement of our statutory objectives. We are therefore proceeding to make the modifications set out in Annexes 1-5. This paper represents the Utility Regulator's final decision on the modification of the WTL gas conveyance licence.
- 4.2 The modifications have effect from 4th July 2018.

## 5 Annexes

5.1 Table 4 provides an overview over the annexes to this decision document.

5.2 The annexes show the modifications compared to the current WTL licence. In each annex:

- Proposed deletions are indicated by red text which has been struck through.
- Proposed additions are indicated by red text.

**Table 4: Annexes**

Annex Number	Annex Name
Annex 1	<a href="#">Part 2: CONDITIONS APPLICABLE TO THE CONVEYANCE OF GAS BY THE LICENCE HOLDER</a>
Annex 2	<a href="#">PART 3: ADDITIONAL SPECIAL CONDITIONS</a>
Annex 3	<a href="#">PART 4: PRICE CONTROL CONDITIONS</a>
Annex 4	<a href="#">PART 5: SPECIAL CONDITION – RE-FINANCING</a>
Annex 5	<a href="#">PART 6: PRICE CONTROL CONDITIONS AFTER RE-FINANCING</a>