

Annex D – Proposed Modifications to GNI (UK) Licence

This Annex sets out the proposed modifications to the GNI (UK) Licence.

The first part covers proposed modifications to the licence Condition 'Connection Charges and Obligation to Connect'. The second part covers proposed modifications to other licence conditions.

- Proposed deletions are indicated by red text which has been struck through.
- Proposed additions are indicated by red text which is underlined.
- Blue highlights indicates wording within the licence Condition 'Connection Charges and Obligation to Connect' which is proposed to be specific to high pressure licences.

We note that as standardisation between low pressure and high pressure licences of licence conditions other than 'Connection Charges and Obligation to Connect' has not been the focus of the current licence modification proposals, the use of blue highlights has been limited to that condition.

LICENCE CONDITION – CONNECTION CHARGES AND OBLIGATION TO CONNECT

Condition: 2.3: Connection Charges and ~~Obligation~~Obligation to ~~permit a Connection~~Connect

2.3.1 Statement of connection charges and terms for connection to the Network

~~Subject to Conditions 2.3.2 and 2.3.3, the~~

The Licensee shall, no later than three months after ~~the coming into force of (i) this licence or (ii) any modification of this condition 2.3 (as the case may be) before the first operational commencement date~~ give Condition takes effect, prepare and submit to the Authority a statement, for ~~the approval of the Authority~~ as to form and content, a statement showing the methods by ~~which~~, and the principles on which charges are to be determined by the Licensee, for:

(a) ~~connecting any premises directly to the Network, maintaining, repairing and renewing the connection to, and disconnecting the premises and removing gas fittings owned by it and comprised in the connection;~~

(b) ~~connecting or disconnecting meters not owned by it in any premises connected directly to~~from, the Network;

(a) connecting subject to the Network and in accordance with the requirements of Condition 2.3.13, any premises;

(b) any non standard gas meter and any gas meter that is owned or not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises;

(c) any pipe-line system to or from which gas will be conveyed by means of the Network and maintaining, repairing and renewing the connection; and

(d) connecting to the network any Storage Facility and any LNG Facility,

and in ~~any such~~ each case the ~~Licensee shall when giving such a~~ statement shall include:

(i) the methods by, and principles on, which charges are to be determined by the Licensee for maintaining, repairing or modifying any connection between the Network and any premises or pipe-line system, Storage Facility or LNG Facility, including without limitation in that statement the case of a connection between the Network and any premises, removing any gas fittings that are owned by the Licensee and comprised in the connection; and

(ii) the Licensee's other terms for ~~the such a~~ connection, and an explanation of those terms together with the Licensee's technical design and operational requirements which shall apply to the making of any connection, including in particular a connection referred to in paragraphs (c) and (d) above, particular, or particular type of, connection.

2.3.2 Explanation of connection charging methodology for introducing gas to the Network

2.3.2 ~~The statement and cases and classes of cases~~

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The Licensee shall comply with any direction given by the Authority to submit a statement to the Authority for approval showing, so far as reasonably practicable, the methods by which and the principles on which charges are to be made by the Licensee for making a connection for the purposes of introducing gas into the Network and, in the context of making such a connection, for:

(a) modifying apparatus and works associated with a pipe-line so as to increase the capacity of a pipe-line; or

(b) supplying and installing any pipe-line or works,

including where practicable an indication of likely costs and other terms for the making of such a connection.

2.3.3 Other requirements to be included in the ~~statement given~~

A statement submitted to the Authority by the Licensee under Condition 2.3.1 shall:

(a) subject to Condition 2.3.612, clearly distinguish between cases and classes of cases of person for whom the Licensee proposes different methods by, or principles on which charges are to be determined for connection; and

- (b) in respect of any such case, or class of ~~cases~~ cases, show that element of connection costs the Licensee proposes to recover by way of conveyance charges to gas suppliers, including any Separate Business engaged in the supply of gas.

~~2.3.4~~ ~~2.3.3~~ The statement to give likely indication of costs
The

A statement given submitted to the Authority by the Licensee under Condition 2.3.1 shall:

- (a) where practicable, indicate for the Authority's information the costs likely to arise in respect of work done and materials used in connecting any premises, gas meter (including a non standard gas meter, or pipe-line system or meters a gas meter owned or not owned by it and the Licensee shall-), pipe-line system, Storage Facility or LNG Facility;
- (b) ~~(a)~~ include such ~~a manner~~ information as will reasonably enable ~~any~~ person to estimate the Licensee's connection charges in connecting any premises, gas meter (including a non standard gas meter, or a gas meter owned or not owned by the Licensee), pipe-line system, storage Facility or LNG Facility; and
- (c) ~~(b)~~ include such information as will reasonably enable ~~any~~ person requesting a connection to the Network to determine ~~what~~ the works and/or other actions he would need to undertake, including, without limitation, any work or action required to comply with the Licensee's technical design and operational requirements, in order for the ~~Licensee to provide the connection to be made.~~

~~2.3.5~~ ~~2.3.4~~ Authority's approval required to stated connection charges and publication of statement

~~Subject to the Authority's prior approval to the form and contents of the statement given by the Licensee under Condition 2.3.1 as they relate to charges for connection, the Licensee shall:~~

- ~~(a) publish that statement in such manner as will secure adequate publicity for it; and~~
- ~~(b) send a copy of any such statement to any person who asks for one;~~

and

The Authority shall, in approving the Licensee's basis for charging for connection the Authority shall as set out in the statement submitted to it by the Licensee under Condition 2.3.1, have regard to the need of the Licensee to be able to finance the carrying on of its activities and obtain a return equal to that which is, in the reasonable opinion of the Authority is, appropriate.

~~2.3.5~~ Connection charges and terms for connection

2.3.6 Publication of and compliance with statement

The Licensee shall:

- ~~(a) Not charge for a connection of premises or any pipe-line system to the Network on any basis or establish other terms for the connection on any basis other than that contained in the statement published under Condition 2.3.4.~~

~~(b) Within 28 days of receiving a request for a quotation of connection charges covered by the statement published under Condition 2.3.4 provide the person requesting the quotation with a specific statement of the connection charges and other terms of connection applicable to the request for a quotation.~~

~~And for the purposes of Condition 2.2.3(b) and the Licensee's obligation to provide a specific statement of connection charges, a request for the quotation of connection charges shall be treated as such if it is in such form as the Licensee can reasonably be expected to provide specific statement of connection charges in return.~~

~~2.3.6 Prohibition on undue discrimination~~

~~The Licensee shall not show any undue preference towards or undue discrimination against any person or cases or classes of cases of person seeking a connection of premises to the Network or any person who operates or proposes to operate a pipe-line system in relation to the connection of that system to the Network.~~

~~(a) put in place and comply with the statement, as approved by the Authority under Condition 2.3.5;~~

~~(b) publish each approved statement in such manner as will secure adequate publicity for it; and~~

~~(c) send a copy of any such statement to any person who requests one.~~

2.3.7 Direction by the Authority

~~(a) Where the Authority determines that it is necessary for the Licensee to revise:~~

~~(a) (i) the methods and principles on which it has determined the charges and other terms for connection in the latest published statement; and/or~~

~~(b) (ii) the charges and other terms for connection it has determined and included in the latest published statement,~~

in order to ensure that they are (or continue to be) proportionate and applied in a non-discriminatory manner, the Authority may direct the Licensee to revise its methods, principles, charges or terms (as the case may be) in accordance with the provisions of the direction.

~~(b) The Licensee shall comply with the requirements of any direction issued by the Authority under this Condition 2.3.7 and shall publish revised statements as soon as reasonably practical in accordance with Condition 2.3.4.~~

2.3.8 Revising connection charges

Without prejudice to Condition 2.3.7, the Licensee shall:-

~~(a) periodically, and on each occasion Condition 2.3 is modified, review its published statement for compliance with the Licensee's obligations under the Licence and~~

propose, and submit to the Authority for approval, any changes necessary in light of the review;

- (b) not revise the basis of its charges for a connection of any premises, any gas meter or any (including a non standard gas meter, or a gas meter owned or not owned by the Licensee), pipe-line system to the Network, Storage Facility or LNG Facility, or the other terms for the connection, without first giving the Authority a revised statement in the same terms as Condition 2.3.1 and, where such revision is other than any increase in the Retail Prices Index, obtaining the consent of the Authority Authority's approval to such a revision in the same terms as Condition 2.3.4.

2.3.9 2.3.9 Resolution of disputes by the Authority Compliance with a Direction

The Authority may, on the application of any person entitled (or claiming to be entitled) to require a connection to the Network will refer the application in the first instance to the General Consumer Council who will try to resolve the dispute, provided the General Consumer Council shall give the Licensee not less than one month in which to make representations regarding such application:

- (a) the General Consumer Council will settle any dispute between the applicant and the Licensee in so far as it relates to the provision or making of a connection by the Licensee; and
- (b) in particular, determine the charges and other terms on which the Licensee shall (notwithstanding Condition 2.3.6) provide or make the connection in question (where the applicant is willing to accept the same), in such manner as the Authority considers appropriate having regard to (in so far as is appropriate) the obligations that would otherwise have applied to the Licensee under Condition 2.3.6 and the relevant objective as defined in Condition 2.4.1. If the General Consumer Council is unable to resolve the dispute the application will be referred back to the Authority. The Authority will try to resolve the dispute with reference to conditions 2.3.9 (a) and 2.3.9 (b).

2.3.10 Explanation of connection charging methodology for introducing gas to the Network

The Licensee shall comply with the requirements of any direction given issued by the Authority to furnish it with a under Condition 2.3.7 and shall publish any revised statement showing, so far as soon as reasonably practicable, the methods by which and the principles on which charges are to be made by the Licensee for making a connection for the purposes of introducing gas into the Network and, in the context of making such a connection, for; practical in accordance with Condition 2.3.6.

- (a) modifying apparatus and works associated with a high pressure pipe-line so as to increase the capacity of the pipe-line; or

~~(b) — supplying and installing any pipe-line or works;~~

~~including where practicable an indication of likely costs and the other terms of doing so.~~

~~2.3.11 Authority's consent required for charges and other terms for introducing gas to Network and the prohibition on undue discrimination~~

2.3.10 Connection and Quotation Requests

The Licensee shall:

~~(a) within 28 days of receiving a request from any person for a connection to introduce gas to the Network on any basis in respect of a gas meter (including a non standard gas meter, or a gas meter owned or not owned by the Licensee), pipe-line system, Storage Facility or on any LNG Facility, or to introduce gas into the Network, or for a quotation of connection charges likely to apply in respect of a connection to the Network, provide that person with a specific statement of the connection charges, and other terms of connection, applicable to the request;~~

~~(b) within 10 days of receiving a request for a connection to the Network from any person requesting a connection in respect of any type of premises not included within paragraph (a) above.~~

~~(i) inform that person that the approval of the Authority is required to the making of the connection; and~~

~~(ii) submit a copy of the connection request to the Authority, together with such supporting information as the Authority may reasonably require for the purposes of its approval decision.~~

~~(c) where following receipt of the information referred to in paragraph (b)(ii) above the Authority gives its approval to the making of the connection, within 28 days of receiving the Authority's approval provide the person requesting the connection with a specific statement of the connection charges, and other terms of connection, applicable to the request.~~

2.3.11 Treatment of Request for Connection and Quotation

~~For the purposes of Conditions 2.3.10(a) and (b) and the Licensee's obligation to provide a specific statement of connection charges, a request for a connection to the Network and quotation of the applicable connection charges shall be treated as such if it is in such form that it can be reasonably expected of the Licensee to provide a specific statement of connection charges in response to it.~~

2.3.12 Prohibition on undue discrimination

~~(b) — The Licensee shall not show any undue preference towards or undue discrimination against any persons person or cases or classes of cases of person (including any other business of the Licensee):~~

~~(a) seeking, and entitled pursuant to the provisions of Condition 2.3.14, a connection to introduce be made between their premises and the Network;~~

- (b) seeking a connection to be made between a non standard gas meter, or a gas meter owned or not owned by the Licensee (or any affiliate or related undertaking of the Licensee), and the Network;

2.3.12 Publication of connection charge statements

The Licensee shall:

- (c) (that own or operate (or proposes to own or operate) a) publish pipe-line system, a statement of the basis of its Storage Facility or an LNG Facility and seek a connection of that system or facility to the Network;
- (d) seeking a connection charges for the purposes of introducing gas to the Network and its other terms.

2.3.13 Connection of Premises – Requirement for Authority Approval

The Licensee shall not make or agree to make a connection in such manner as will secure adequate publicity for it; and between any premises (other than any premises which may constitute a Storage Facility or LNG Facility) and the Network without the prior written approval of the Authority to the making of that connection.

- (b) send a copy of any such statement to any person who asks for one.

2.3.13–2.3.14 Requests for Connection – Interpretation and construction

References in this Condition to:

"charges" shall include references to means whereby such charges may be ascertained.

2.3.14 Obligation to make a connection

(Where:

- (a) the Authority gives approval to the making of a) The Licensee shall not refuse a request for connection between a premises and the Network where (the 'relevant premises'); and

- (b) the person seeking the connection is willing to pay the Licensee's charges for connection and comply with the Licensee's other terms for connection, including in relation to compliance with any technical and safety criteria contained in the Network Code and the Licensee's technical design and operational requirements. (the 'relevant terms').

- (b) Where the Licensee refuses a request for shall make the connection between the relevant premises and the Network in accordance with the applicable legislation and relevant terms or permit the connection to the Network he shall provide be made (as the case may be).

2.3.15 Connection of other systems and facilities – Obligation to Connect

Where the person seeking a connection to the Network of any gas meter (including a non standard gas meter, or a gas meter owned or not owned by the Licensee), pipe-line system, Storage Facility or LNG Facility or seeking a connection for the purposes of introducing gas to the Network, is willing to pay the Licensee's charges for connection and comply with the Licensee's other terms for connection, including in relation to compliance with any technical

and safety criteria contained in the Network Code and the Licensee's technical design and operational requirements (the 'relevant terms'), the Licensee shall make the connection requested in accordance with the applicable legislation and relevant terms or permit the connection to be made (as the case may be).

2.3.16 No obligation to connect premises

Nothing in Condition 2.3.14 and Condition 2.3.15 shall require the Licensee to make or maintain the connection:

- (a) if the making or maintaining of the connection involves danger to the public and / or a risk to the safety of the Network, provided that the Licensee has taken all such reasonable steps to prevent such danger from occurring;
- (b) if there is insufficient capacity in the Network;
- (c) if the Licensee has reasonable grounds to believe the making of the connection would be in conflict with:
 - (i) the relevant objectives set out in Condition 2.4.1;
 - (ii) any public service obligation (where applicable); or
- (d) if there are any serious economic difficulties with take or pay contracts;

and in any such case the Licensee shall give duly substantiated reasons for ~~doing so~~ believing such circumstances apply.

2.3.17 Resolution of disputes by the Authority

Where:

- (a) there is a dispute between the Licensee and any person entitled or claiming to be entitled to ~~requiring (and otherwise entitled to)~~ a connection to the Network in respect of the terms of an agreement for the connection to be made ('connection agreement'), any party to the dispute may make an application to the Authority for determination of the terms of the connection agreement.
- (b) the Authority receives an application pursuant to sub-paragraph (a) and the dispute:
 - (i) has not previously been referred by either party to the Consumer Council for Northern Ireland for investigation; or
 - (ii) has previously been referred by one of the parties to the Consumer Council for Northern Ireland but the Consumer Council for Northern Ireland has advised the Authority that it has not concluded its investigation of the dispute,

the Authority may refer the dispute to the Consumer Council for Northern Ireland for the purposes of enabling the Consumer Council for Northern Ireland to assist the parties in the resolution of the dispute;
- (c) the Authority refers the dispute to the Consumer Council for Northern Ireland under paragraph (b) it will at the same time inform the parties of that referral;

(d) the Consumer Council for Northern Ireland has not been able to assist the parties in the resolution of the dispute within 3 months ~~the requisite period~~ of the Authority's referral under paragraph (b) (the 'applicable timescale'), either party to the dispute may refer the matter back to the Authority for determination;

(e) a dispute referred to the Authority under paragraph (a):

(i) is not referred by the Authority to the Consumer Council for Northern Ireland under paragraph (c); or

(ii) is referred by the Authority to the Consumer Council for Northern Ireland under paragraph (c) but is referred back to the Authority under paragraph (d),

the Authority may, having given both parties not less than one month in which to make any further representations, settle the terms of the connection agreement in such manner as appears to the Authority to be reasonable having regard (insofar as is relevant and appropriate) to the obligations that would otherwise have applied to the Licensee under this Condition 2.3; and

(f) the person entitled or claiming to be entitled to a connection to the Network wishes to proceed on the basis of the terms the connection agreement as settled by the Authority, the Licensee shall forthwith enter into and implement such agreement in accordance with its terms.

2.3.18 Interpretation and construction

References in this Condition 2.3 to:

(a) -"charges" shall include references to means whereby such charges may be ascertained.

(b) "premises" includes any land, building or structure.

OTHER LICENCE CONDITIONS

Condition 1.4: Consultation with the ~~General~~ Consumer Council for Northern Ireland

1.4.1 Policy statements for ~~General Consumer Council~~ Consumer Council for Northern Ireland

The Licensee shall in due time consult with the ~~General Consumer Council~~ Consumer Council for Northern Ireland in the formulation of:

- (a) its policies for the conduct of its business activities relating to the conveyance of gas insofar as they may affect consumers; and
- (b) the general arrangements for their implementation;

and shall:

- (c) give the ~~General Consumer Council~~ Consumer Council for Northern Ireland reasonable notice of the publication, announcement or implementation (if no publication or announcement is made) of details of any significant change in any such policies and general arrangements; and
- (d) give to the ~~General Consumer Council~~ Consumer Council for Northern Ireland as the ~~General Consumer Council~~ Consumer Council for Northern Ireland may reasonably request an explanation of any such significant change and of the implementation of those policies.

Condition 1.13: Payment of Fees to the Authority

1.13.1 In respect of each year, beginning on 1 April, during which the Licence is in force, the Licensee shall pay to the Authority a fee of the amount determined in accordance with this Condition (the **licence fee**).

1.13.2 The Licensee shall pay to the Authority the licence fee for each year (the **relevant year**) within 30 days of the Authority giving notice to the Licensee of the amount due from the Licensee for the relevant year.

1.13.3 For each relevant year, the licence fee shall be the total of:

- (a) an amount that is the Relevant Contribution to the Estimated Costs of the Authority for the relevant year;

- (b) an amount that is the Relevant Contribution to the Estimated Costs of the ~~Consumer Council~~Consumer Council for Northern Ireland with regard to the exercise of its functions relating to gas consumers for the relevant year;
- (c) an amount which is the difference (which may be a positive or negative amount), if any, between:
 - (i) the licence fee that would have been due from the Licensee for the year immediately preceding the relevant year (the **previous year**) had such fee been calculated in relation to the actual costs of:
 - (A) the Authority for the previous year; and
 - (B) the ~~Consumer Council~~Consumer Council for Northern Ireland with regard to the exercise of its functions relating to gas consumers for the previous year; and
 - (ii) the licence fee paid by the Licensee for the previous year,

provided that where the Licence is in force for only a part of the relevant year, the amount payable in respect of that year shall be a proportionate part of the licence fee due for the full year.

1.13.4 Where:

- (a) the Estimated Costs of the Authority or of the ~~Consumer Council~~Consumer Council for Northern Ireland are revised during the course of the relevant year (**Revised Costs**);
- (b) the Licensee has paid the licence fee for the relevant year; and
- (c) the Revised Costs would, had they applied to the calculation of the licence fee paid by the Licensee, have resulted in the calculation of a lower licence fee than that paid by the Licensee,

the Authority may, where it is reasonable for it to do so taking into consideration the timing of the Revised Costs and the provisions of paragraph 1.13.3(c), refund to the Licensee the difference between the amount of the licence fee paid by the Licensee and the amount of the lower licence fee referred to in paragraph 1.13.4(c) above.

1.13.5 Where the Licensee fails to pay the amount of the licence fee as notified to it under paragraph 1.13.2 above within the 30 day period specified, it shall with effect from the end of that 30 day period pay simple interest on the amount at the rate which is from time to time equivalent to the base lending rate of an institution designated by the Authority for this purpose.

1.13.6 In this Condition:

“Estimated Costs”

(i) in relation to the costs of the Authority, means the costs estimated by the Authority as likely to be its costs for the relevant year as calculated in accordance with the Principles; and

(ii) in relation to the costs of the ~~Consumer Council~~ Consumer Council for Northern Ireland, means either:

(A) the costs notified to the Authority by the ~~Consumer Council~~ Consumer Council for Northern Ireland as its estimated costs for the relevant year as approved by the Department; or

(B) in the event that the Authority does not receive such notification by 31 July in the relevant year, the costs estimated by the Authority (having regard to any estimate of such costs in any forward work programme published by the ~~Consumer Council~~ Consumer Council for Northern Ireland in respect of the relevant year) as likely to be the costs of the ~~Consumer Council~~ Consumer Council for Northern Ireland for the relevant year.

“Principles”

means the principles determined by the Authority for the purposes of this Condition generally, following consultation with the Licensee and with others likely to be affected by the application of such principles and as notified to the Licensee in writing.

“Relevant Contribution”

means, in respect of the Estimated Costs, the level of contribution to those costs applicable, whether by way of a specified amount or a stated proportion, to the Licensee as determined under or in accordance with the Principles.

Condition 2.2: Conveyance Charges, Other Terms for the Conveyance of Gas and the Provision of Conveyance Services

2.2.23 Resolution of Disputes

Where:

(a) there is a dispute, between the Licensee and any person entitled or claiming to be entitled to be provided with conveyance services by the Licensee pursuant to this Condition 2.2, in respect of the terms of the agreement offered by the Licensee to such person pursuant to this Condition 2.2, any party to the dispute may make an application to the Authority to determine the terms of the agreement in dispute.

(b) the Authority receives an application pursuant to sub-paragraph (a) and the dispute:

(i) has not previously been referred by either party to the Consumer Council for Northern Ireland for investigation; or

(ii) has previously been referred by one of the parties to the Consumer Council for Northern Ireland but the Consumer Council for Northern Ireland has advised the Authority that it has not concluded its investigation of the dispute.

the Authority may refer the dispute to the Consumer Council for Northern Ireland for the purposes of enabling the Consumer Council for Northern Ireland to assist the parties in the resolution of the dispute;

(c) the Authority refers the dispute to the Consumer Council for Northern Ireland it will at the same time inform the parties of that referral;

(d) the Consumer Council for Northern Ireland has not been able to assist the parties in the resolution of the dispute within 3 months of the Authority's referral under paragraph (b) (the 'applicable timescale'), either party to the matter may refer the matter back to the Authority for determination;

(e) a dispute referred to the Authority under paragraph (a):

(i) is not referred by the Authority to the Consumer Council for Northern Ireland under paragraph (c); or

(ii) is referred by the Authority to the Consumer Council for Northern Ireland under paragraph (c) but is referred back to the Authority under paragraph (d),

the Authority may, having given both parties not less than one month in which to make any further representations, settle the terms of the agreement dispute in such manner as appears to the Authority to be reasonable having (insofar as is relevant) regard in particular to the following considerations:

(iii) the efficient and safe operation of the Network by the Licensee;

(iv) the conveyance by the Network of:

(A) the quantities of gas which the Licensee requires or may reasonably be expected to require to be conveyed by the Network to enable the Licensee to comply with the conditions of the licence; and

(B) the quantities of gas of any person who has a right to have gas conveyed by the Network is entitled to require to be so conveyed in exercise of that right.

(f) the person entitled or claiming to be entitled to conveyance services from the Licensee wishes to proceed on the basis of the terms the agreement as settled by the Authority, the Licensee shall forthwith enter into and implement such agreement in accordance with its terms.

Condition 2.4A Compliance with System Operator Agreements

2.4A.5 Network operator agreement

Without prejudice to Condition 2.4A.3, where the Licensee is a designated transmission system operator it shall enter into and comply with the Northern Ireland Network Single System Operators Agreement (being the document of that name specified as such from time to time by the Authority).