

# **Notice and Consultation on Proposed Standardisation of Licence Condition - 'Connection Charges and Obligation to Permit a Connection' and Consequential Licence Changes**

**30 January 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

The purpose of this document is to set out for consultation modifications to licence Condition 'Connection Charges and Obligation to Connect' for high pressure and low pressure licences. The licences affected by these changes are:

- Belfast Gas Transmission Limited (BGTL)
- Premier Transmission Limited (PLT)
- West Transmission Limited (WTL)
- GNI (UK) Limited (GNI (UK))
- Firmus energy (Distribution) Limited (firmus)
- Phoenix Natural Gas Limited (PNGL)
- SGN Natural Gas Limited (SGN)

We also consult on a number of consequential changes to other conditions contained in the high and low pressure licences, as well as on an update of the 'Compliance with System Operator Agreements' Condition in the high pressure licences.

## Audience

Industry, consumers & statutory bodies.

## Consumer Impact

The licence changes will achieve, where reasonable, standardisation of the 'Connection Charges and Obligation to Connect' condition across high and low pressure licences. It will also reflect the findings of a recent connection dispute as well as the implications of the Gas (Individual Standards of Performance) Regulations (Northern Ireland) 2014 and the Gas Regulatory Letter No. 1. In particular, the licence obligations will require high pressure licensees to obtain approval from the Authority before making a connection between any premises and the network. Finally, the proposed licence modifications will enhance transparency of licence drafting.

## **NOTICE UNDER ARTICLE 14(2) 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 gives notice under Article 14(2) as follows:

1. The Utility Regulator proposes to modify the gas conveyance licences held by:
  - Belfast Gas Transmission Limited
  - Premier Transmission Limited
  - West Transmission Limited
  - GNI (UK) Limited
  - firmus energy (Distribution) Limited
  - Phoenix Natural Gas Limited
  - SGN Natural Gas Limited
  
2. The reasons for and effects of the modification are explained in sections 2 to 5 of this document.
  
3. The proposed modification is set out in Annexes A to G of this document.
  
4. The purpose of this notice is to bring the proposed modification to the attention of persons likely to be affected by it, and to invite representations or objections in connection thereto. In line with Article 14(3) of the Order, any representations or objections with respect to the proposed modification may be made on or before 12 noon on 27 February 2018 to:

Veronika Gallagher

Utility Regulator

Queens House

14 Queen Street

Belfast BT1 6ER

Email: [Gas\\_networks\\_responses@uregni.gov.uk](mailto:Gas_networks_responses@uregni.gov.uk) with cc to [veronika.gallagher@uregni.gov.uk](mailto:veronika.gallagher@uregni.gov.uk)

5. The Utility Regulator has, pursuant to Article 14(4) of the Order, served a copy of this notice on the licensees and sent a copy to the Department for Economy. The Utility Regulator has also sent a copy of this notice to the Consumer Council.
  
6. Dated this 30 January 2018.

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## Glossary

BGTL	Belfast Gas Transmission Limited
DPA	Data Protection Act 1998
firmus	Firmus energy (Distribution) Limited
FOIA	Freedom of Information Act 2000
GD17	This is the name given to the next price control for the NI GDNs for the period 2017 – 2022 (calendar years).
GDN	Gas Distribution Network Operator
GMO NI	Gas Market Operator Northern Ireland
GNI (UK)	GNI (UK) Limited
IT	Information Technology
LNG	Liquefied Natural Gas
PTL	Premier Transmission Limited
SGN	SGN Natural Gas Limited
TSO	Transmission System Operator  GNI (UK), PTL, BGTL and WTL. WTL is not a TSO (Transmission System Operator) as defined by the European Commission but it is referred to as a TSO in this document for simplicity.
UR	Utility Regulator
WTL	West Transmission Limited

# 1 Introduction

## 1.1 Purpose of this Consultation

1.1.1 The purpose of this document is to set out for consultation a standardised licence Condition 2.3 ‘Connection Charges and Obligation Connect’<sup>1</sup> for high pressure and low pressure licences. We are proposing changes that will standardise the language in the licences. This is explained further below. The licensees affected by these changes are:

- Belfast Gas Transmission Limited (BGTL)
- Premier Transmission Limited (PLT)
- West Transmission Limited (WTL)<sup>2</sup>
- GNI (UK) Limited (GNI (UK))
- Firmus Energy (Distribution) Limited (firmus)
- Phoenix Natural Gas Limited (PNGL)
- SGN Natural Gas Limited (SGN)

1.1.2 One of our values is to be a best practice regulator: transparent, consistent, proportionate, accountable and targeted. This means following consistent, equitable and effective procedures. In line with our Forward Work Plans for 2016/17 and 2017/2018, we are committed to simplifying and, where reasonable, standardising licences, leading to reduced regulatory burden and enhanced transparency. One driver of the changes proposed to the licence Condition ‘Connection Charges and Obligation to Connection’ is to achieve standardisation across high pressure and low pressure licences.

1.1.3 Some of the other proposed changes to the low pressure licences are required to reflect the implications of the [Gas \(Individual Standards of Performance\) Regulations \(Northern Ireland\) 2014](#).

1.1.4 This paper also sets out the changes to high pressure licences pursuant to the [Gas Regulatory Letter No 1](#). These changes require the licensee to obtain

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<sup>1</sup> In the PNGL licence, this is Condition 2.4. However, in the interest of readability, unless explicitly stated otherwise, we use in this document reference to Condition 2.3, which is the equivalent licence condition in the other high and low pressure licences. Any references to the PNGL licence are to be construed accordingly.

<sup>2</sup> WTL licence was granted to Northern Ireland Energy Holdings on 11 February 2015.

approval from the Authority before making a connection between any premises (other than any premises which may constitute a Storage Facility or an LNG (Liquefied Natural Gas) Facility) and the Network.

- 1.1.5 In preparing this consultation, we have furthermore considered the findings of a [UR determination on a connection dispute](#). These findings have been reflected in the proposed changes to the licences. In particular, the proposed modifications enable any Relevant Person to apply for a connection.
- 1.1.6 On a number of occasions, the Utility Regulator sought feedback informally from GNI (UK), PTL, BGTL, WTL, SGN, PNGL and firmus on the proposed changes to the 'Connection Charges and Obligation to Connect' licence Condition. We received a number of responses and engaged in helpful discussions with the interested parties. We have taken these responses and discussions into consideration before launching this consultation. As a result we propose a number of modifications to improve accuracy and transparency of licence drafting and enhance readability of the 'Connection Charges and Obligation to Connect' Condition.
- 1.1.7 In addition to the changes to the 'Connection Charges and Obligation to Connect' Condition, we propose a number of consequential changes to other conditions in the high and low pressure licences.
- 1.1.8 We furthermore propose to make a tidy up modification given that the Single Operator Agreement will be replacing the Northern Ireland Network Operators Agreement.
- 1.1.9 The proposed changes are shown as tracked changes against the current licences in Annex A to G respectively for the different licence holders. For the standardised licence condition 'Connection Charges and Obligation to Connect' we have indicated, in these Annexes, wording which is only relevant to the low pressure licences in yellow and wording which is only relevant to the high pressure licences in blue. 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 yellow and blue highlights

has been limited to that condition.

- 1.1.10 As the proposed changes to the 'Connection Charges and Obligation to Connect' Condition are substantial, we have for clarity and transparency provided a clean version of the proposed drafting for the 'Connection Charges and Obligation to Connect' licence Condition in Annexes H and I for low and high pressure licences respectively.

## 1.2 Document Structure

- 1.2.1 This document is set out as follows:

**Chapter 2** sets out the changes proposed to the 'Connection Charges and Obligation to Connect' condition of the high pressure licences;

**Chapter 3** sets out the changes proposed to the Connection Charges and Obligation to Connect' condition of the low pressure licences;

**Chapter 4** sets out other proposed changes to the high pressure licences;

**Chapter 5** sets out other proposed changes to the low pressure licences;

**Annex A** shows the proposed changes to the BGTL licence;

**Annex B** shows the proposed changes to the PTL licence;

**Annex C** shows the proposed changes to the WTL licence;

**Annex D** shows the proposed changes to the GNI (UK) licence;

**Annex E** shows the proposed changes to the firmus licence;

**Annex F** shows the proposed changes to the PNGL licence;

**Annex G** shows the proposed changes to the SGN licence;

**Annex H** shows a clean version of the proposed drafting for the 'Connection Charges and Obligation to Connect' Conditions for high pressure licences;

**Annex I** shows a clean version of the proposed drafting for the 'Connection Charges and Obligation to Connect' Conditions for low pressure licences.

## 1.3 Responding to this Consultation

- 1.3.1 The Utility Regulator (UR) welcomes industry and stakeholder views and comments on the outlined proposals and their effect. Any representations or objections with respect to the proposals may be made on or before 12 noon on 27 February 2018, to:

Veronika Gallagher

Utility Regulator

Queens House

14 Queen Street

Belfast BT1 6ER

Email: [Gas\\_networks\\_responses@uregni.gov.uk](mailto:Gas_networks_responses@uregni.gov.uk) with cc to [veronika.gallagher@uregni.gov.uk](mailto:veronika.gallagher@uregni.gov.uk)

- 1.3.2 The Utility Regulator's preference would be for responses to be submitted by e-mail.
- 1.3.3 Your response to this consultation may be made public by the UR. If you do not wish your response or name to be made public, please state this clearly by marking the response as confidential.
- 1.3.4 Any confidentiality disclaimer will be taken to apply only to information in your response for which confidentiality has been specifically requested.
- 1.3.5 Detail provided in response to this consultation, including personal information, may be subject to publication or disclosure. This is in accordance with the access to information regimes; primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA).
- 1.3.6 If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory code of practice with which public authorities must comply. This deals with, amongst other things, obligations of confidence.
- 1.3.7 In view of this, it would be helpful if you could explain to us why you regard the response as confidential. If we receive a request for non-disclosure of the information we will take full account of your explanation. However, we cannot give an assurance that confidentiality can be maintained in all circumstances.
- 1.3.8 An automatic confidentiality disclaimer generated by your IT (Information Technology) system will not, of itself, be regarded as binding on the UR.
- 1.3.9 This document is available in accessible formats. Please contact Veronika Gallagher on 028 9031 1575 or [Gas\\_networks\\_responses@uregni.gov.uk](mailto:Gas_networks_responses@uregni.gov.uk) with cc to [veronika.gallagher@uregni.gov.uk](mailto:veronika.gallagher@uregni.gov.uk) to request this.

## **1.4 Next Steps**

- 1.4.1 We will review the responses received to this consultation and give them due consideration in preparation of our decision on the licence modifications.
- 1.4.2 The effective date of the licence modifications will be at least 56 days after the publication of the licence modification decision, in line with the requirements of Article 14(10) of the Gas (Northern Ireland) Order 1996.

## 2 High Pressure Licences – Changes to Connection Charges and Obligation to Connect Condition

### 2.1 Introduction

- 2.1.1 This section of the paper explains the changes proposed to the high pressure licences with respect to the ‘Connection Charges and Obligation to Connect’ licence Condition. This consultation paper follows a process of informal consultation with the licence holders on the proposed modifications.
- 2.1.2 As part of this process, a number of modifications were proposed that are aimed at improving consistency, accuracy and transparency of licence drafting and at enhancing readability of the ‘Connection Charges and Obligation to Connect’ Condition. These suggestions have been considered in drafting the present consultation.
- 2.1.3 As it is our aim to standardise this licence condition, changes that have been made to the low pressure licences will also be made to the high pressure licences and vice versa, where reasonable. This may also include changes which are proposed to be made to the low pressure licences with consideration of the findings of a [UR determination on a connection dispute](#).
- 2.1.4 This paper also sets out the changes to high pressure licences pursuant to the [Gas Regulatory Letter No 1](#). These changes require the licensee to obtain approval from the Authority before making a connection between any premises (other than any premises which may constitute a Storage Facility or an LNG Facility) and the Network.
- 2.1.5 The changes being proposed to the current licence version of this condition are substantial. For this reason, this paper will go through each sub condition in turn.
- 2.1.6 Each key change is explained and the explanation for the change is broken down as follows:
- a) Proposed changes

b) Reason and effect

- 2.1.7 The 'Proposed changes' section summarises the changes, with full detail of the proposed drafting being provided as tracked changes against current licence drafting in Annex A, B, C and D for the BGTL, PTL, WTL and GNI (UK) licences respectively. For clarity and transparency we have furthermore provided a clean version of the proposed drafting for the standardised 'Connection Charges and Obligation to Connect' licence Condition in Annex H.
- 2.1.8 As a result of the proposed modifications, sub condition numbering within the 'Connection Charges and Obligation to Connect' Condition changes. Table 1 provides, for each of the licence holders, an overview over the proposed new sub conditions and the matching current conditions.
- 2.1.9 Table 1 also sets out, for each sub condition, the main driver(s) for the proposed change.



**Table 1: Indicative overview over current and proposed sub conditions of ‘Connection Charges and Obligation to Connect’ Condition**

Name of Proposed Sub Condition	BGTL		PTL		WTL		GNI (UK)		Main Driver(s) for modification
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	
Statement of connection charges and terms for connection to the Network	2.3.1	2.3.1	2.3.1	2.3.1	2.3.1	2.3.1	2.3.1	2.3.1	Standardisation
Explanation of connection charging methodology for introducing gas to the Network	2.3.9	2.3.2	2.3.9	2.3.2	2.3.9	2.3.2	2.3.10	2.3.2	Standardisation
Other requirements to be included in the statement	2.3.2	2.3.3	2.3.2	2.3.3	2.3.2	2.3.3	2.3.2	2.3.3	Standardisation
The statement to give likely indication of costs	2.3.3	2.3.4	2.3.3	2.3.4	2.3.3	2.3.4	2.3.3	2.3.4	Standardisation
Authority’s approval	2.3.4	2.3.5	2.3.4	2.3.5	2.3.4	2.3.5	2.3.4	2.3.5	Standardisation
Publication of and compliance with statement		2.3.6		2.3.6		2.3.6		2.3.6	2.3.6
Direction by the Authority	2.3.6(a)	2.3.7	2.3.6(a)	2.3.7	2.3.6(a) and (b)	2.3.7	2.3.7(a)	2.3.7	Standardisation
Revising connection charges	2.3.7	2.3.8	2.3.7	2.3.8	2.3.7	2.3.8	2.3.8	2.3.8	Standardisation
Compliance with a Direction	2.3.6(b)	2.3.9	2.3.6(b)	2.3.9	2.3.6(c)	2.3.9	2.3.7(b)	2.3.9	Standardisation
Connection and Quotation Requests	2.3.5(c)	2.3.10	2.3.5(c)	2.3.10	2.3.5(c)	2.3.10	2.3.5(c)	2.3.10	Standardisation, Regulatory Letter No. 1

Name of Proposed Sub Condition	BGTL		PTL		WTL		GNI (UK)		Main Driver(s) for modification
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	
Treatment of Requests for Connection and Quotation	2.3.5	2.3.11	2.3.5	2.3.11	2.3.5	2.3.11	2.3.5	2.3.11	Standardisation, Regulatory Letter No. 1
Prohibition on undue discrimination	2.3.5(b), 2.3.10(b)	2.3.12	2.3.5(b), 2.3.10(b)	2.3.12	2.3.5(b), 2.3.10(b)	2.3.12	2.3.6, 2.3.11(b)	2.3.12	Standardisation
Connection of Premises – Requirement for Authority Approval		2.3.13		2.3.13		2.3.13		2.3.13	Regulatory Letter No. 1
Requests for Connection – Obligation to Connect	2.3.5(b), 2.3.13	2.3.14	2.3.5(b), 2.3.13	2.3.14	2.3.5(b), 2.3.12	2.3.14	2.3.14(a)	2.3.14	Standardisation, Regulatory Letter No. 1
Connection of other systems and facilities – Obligation to Connect	2.3.5(b), 2.3.10(b), 2.3.13	2.3.15	2.3.5(b), 2.3.10(b), 2.3.13	2.3.15	2.3.5(b), 2.3.10(b), 2.3.12	2.3.15	2.3.14(a)	2.3.15	Standardisation, Regulatory Letter No. 1
No obligation to connect premises	2.3.14	2.3.16	2.3.14	2.3.16	2.3.13	2.3.16	2.3.14(b)	2.3.16	Standardisation, Connection dispute
Resolution of disputes by the Authority	2.3.8	2.3.17	2.3.8	2.3.17	2.3.8	2.3.17	2.3.9	2.3.17	Standardisation
Interpretation and construction	2.3.12	2.3.18	2.3.12	2.3.18	2.3.14	2.3.18	2.3.13	2.3.18	Standardisation
Current licence conditions without direct equivalent in proposed licence drafting	2.3.5(a), 2.3.10(a), 2.3.11		2.3.5(a); 2.3.10(a), 2.3.11		2.3.5(a), 2.3.10(a), 2.3.11		2.3.5(a), 2.3.11(a), 2.3.12		Standardisation

## **2.2 Statement of Connection Charges and Terms for Connection to the Network (proposed 2.3.1)**

### **Proposed Changes**

- 2.2.1 The proposed changes to the sub current condition 2.3.1 of the high pressure licences are numerous so they have not been detailed in this section. Please refer to Annexes A, B, C and D to view the proposed changes for the BGTL, PTL, WTL and GNI (UK) licences respectively.
- 2.2.2 We propose to change the wording of this sub condition so that it is standard across all high pressure licences and aligned with the proposed wording of this condition for the low pressure licences, where reasonable. In particular, we propose revisions to the structure and drafting of this sub condition to improve readability and transparency.
- 2.2.3 We also propose aligning across the licences the timelines by which a statement pursuant to this sub condition has to be provided by the licence holders to the Authority. This includes the proposal to remove, where applicable, the reference to the First Operational Commencement Date as well as, again where applicable, the current requirement to submit to the Authority a statement after any modification of the ‘Connection Charges and Obligation to permit a Connection’ licence sub Condition. We propose instead to include related wording to the latter in the ‘Revising connection charges’ sub Condition.
- 2.2.4 The proposed drafting also means:
- Removal of reference to the current sub Conditions 2.3.2 and 2.3.3;
  - Inclusion of reference to the proposed new sub Condition 2.3.13 ‘Connection of Premises - Requirement for Authority Approval’ with respect to the connection of premises to the Network;
  - Changing the current reference ‘maintaining, repairing and renewing the connection and disconnecting the premises’ to ‘maintaining, repairing or modifying any connection between the Network and any premises’;
  - Changing the current reference ‘maintaining, repairing and renewing the connection’ with respect to ‘any pipe-line system to or from which

gas will be conveyed’ to ‘maintaining, repairing or modifying any connection between the Network and any [...] pipe-line system’;

- Alignment across the licences of the wording with respect to the connection and disconnection of gas meters;
- Enhancing the reference to Storage and LNG (Liquefied Natural Gas) Facilities to cover not only connections, but also maintaining, repairing or modifying of same.

### Reason and Effect

2.2.5 The reason for these proposed changes is striving for standardisation and enhanced transparency of licence drafting.

2.2.6 We acknowledge that for some of the licence holders, the proposed licence drafting implies a change with respect to the timelines within which a statement of connection charges needs to be provided to the Authority for approval. The current high pressure licences differ with that respect as shown in Table 2:

**Table 2: Timelines for Submission of Statement under Condition 2.3.1 of Current High Pressure Licences**

Licence Holder	Requirement
BGTL	no later than the date that (i) this Condition 2.3 or (ii) any modification of this Condition 2.3 (as the case may be) takes effect
PTL	no later than the date that (i) this Condition 2.3 or (ii) any modification of this Condition 2.3 (as the case may be) takes effect
WTL	no later than 6 months before the First Operational Commencement Date
GNI (UK)	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

We consider that the proposed new timelines (‘no later than three months after

this Condition takes effect’) to be appropriate going forward:

- In the case of GNI (UK), reference to the first operational commencement date is no longer required as this date has passed.
- In the case of WTL, First Operational Commencement Date is expected to take place in Q4 2018. Based on the current licence conditions, the statement would need to be provided six months before. Taking into consideration that in practice, a decision to this consultation is unlikely to be published before March 2018 and the effective date of the licence modifications needs to be at least 56 days after that (in line with the requirements of Article 14(10) of the Gas (Northern Ireland) Order 1996), we consider that this does not materially alter the current requirement to provide the Authority with the statement 6 months before the First Operational Commencement Date.
- A number of the current sub conditions require a statement under condition 2.3.1 to be provided following modification of the ‘Connection Charges and Obligation to Connect’ Condition. We are of the view that the proposed move of the obligations regarding the resubmission of a connection statement following any modification of the ‘Connection Charges and Obligation to permit a Connection’ licence Condition to sub Condition ‘Revising connection charges’ enhances the transparency of licence drafting.

2.2.7 We consider in particular that the reference to the current sub Conditions 2.2.3 and 2.3.3 (proposed new sub Conditions 2.3.3 and 2.3.4) is no longer required in the proposed drafting as the proposed new sub Conditions 2.3.3 and 2.3.4 refer in turn to 2.3.1.

2.2.8 The proposed inclusion of a reference to the proposed new sub Condition 2.3.13 ‘Connection of Premises – Requirement for Authority Approval’ with respect to the connection of premises to the Network ensures compliance of the statement with the requirement from [Gas Regulatory Letter No 1](#).

2.2.9 We acknowledge that for some of the licence holders, the proposed licence drafting with respect to the requirements for inclusion in the statement of methods by and principles on which charges are to be determined for the connection or disconnection of gas meters may be more comprehensive than

in the current drafting. In particular, the current BGTL and PTL licences do not include specific reference to non-standard gas meters, the WTL licence does not include specific reference to gas meters owned by the Licensee and the GNI (UK) licence does not include specific reference to non standard gas meters and gas meters owned by the Licensee. However, whilst a review of the existing connection statements may be required with this regard, we consider that these are not fundamental new requirements as it could reasonably be expected that the methods by and principles on which charges are to be determined for the connection and disconnection of gas meters in any premises and which are to be included in the statement cover meters, be they owned or not owned by the Licensee and non-standard or not.

- 2.2.10 We acknowledge that the proposed licence drafting contains additional requirements with respect to the consideration of Storage and LNG Facilities: The proposed drafting requires not only connections to be covered, but also maintaining, repairing or modifying of same. However, whilst a review of the existing connection statements may be required with this regard, we consider this to be appropriate: Should such connections become relevant, they will also need to be maintained, repaired and potentially modified as appropriate, and consumers will have an interest in understanding the related charging methods and principles.
- 2.2.11 With respect to the proposed change of wording to 'maintaining, repairing or modifying any connection' we consider that this encompasses the renewing of connections and as well as disconnections, as referred to in the current licence drafting, as well as any other types of modification that may become relevant. Whilst a review of the existing connection policies may be required with this regard, we consider this to be appropriate in the interest of consumers.
- 2.2.12 Overall, we consider that the proposed modifications enhance clarity and transparency of licence drafting and help to ensure equivalent regulatory treatment of the licence holders. We acknowledge that there may be some additional effort required for the licence holders in reviewing and updating as appropriate their connection statements, but we expect this to be limited and proportionate in light of the additional transparency provided to consumers as a result of such a revision.

## **2.3 Explanation of Connection Charging Methodology for Introducing Gas to the Network (proposed 2.3.2)**

### **Proposed Changes**

- 2.3.1 We propose to renumber this sub condition to become sub Condition 2.3.2.
- 2.3.2 We furthermore propose a slight modification to the drafting to clarify that the statement is to be submitted to the Authority for approval.

### **Reason and Effect**

- 2.3.3 We consider that renumbering the licence conditions as suggested increases clarity and transparency of licence drafting. Throughout the ‘Connection Charges and Obligation to Connect’ licence Condition, the sub conditions repeatedly refer to the term ‘statement’. By bringing sub Conditions ‘Statement for connection charges and terms for connection to the Network’ and ‘Explanation of connection charging methodology for introducing gas to the Network’ closer together, it becomes more easily recognisable to the reader that two different types of statement need to be distinguished:
- A statement relating to the connection of any premises, non standard gas meters as well as gas meters owned not owned by the Licensee, pipe-line systems to or from which gas will be conveyed by means of the Network and any Storage or LNG Facility;
  - A statement relating to connections for the purposes of introducing gas into the Network.
- 2.3.4 We also consider that making explicit reference to the approval requirement for the statement relating to connections for the purposes of introducing gas to the network increases the transparency of licence drafting.
- 2.3.5 We are conscious that this sub condition may need to be reviewed again in the future to reflect requirements relating to biogas injection. Indeed, other areas of the licence may also need to be rethought if biogas injection becomes a reality in Northern Ireland. However, we consider such changes to be outside of the scope of this consultation paper.

## **2.4 Other Requirements to be Included in the Statement (proposed 2.3.3)**

### **Proposed Changes**

- 2.4.1 We propose to change the title of this sub Condition from 'The statement and cases and classes of cases' to 'Other requirements to be included in the statement'.
- 2.4.2 Another proposed change is to change the reference to sub Condition 2.3.5(b) in the BGTL, PTL and WTL licences respectively to 2.3.6 in the GNI (UK) licence to 2.3.12. Both of these references relate to discrimination. The proposed updated reference reflects the movement of this sub condition within the proposed revised licence.
- 2.4.3 Other minor wording changes are proposed and intended to tidy up the sub condition, standardise it across all high pressure licences and align it with the proposed wording of this condition for the low pressure licences, where reasonable. This includes inserting clarification that the reference in paragraph (b) to 'gas suppliers' includes 'any Separate Business engaged in the supply of Gas'.

### **Reason and Effect**

- 2.4.4 These changes are intended to bring more clarity to the sub condition and will ensure language is common across all licences. This includes also the insertion of clarification that the reference in paragraph (b) to 'gas suppliers' includes 'any Separate Business engaged in the supply of Gas' which is proposed for transparency and alignment with the respective condition in the low pressure licences. While the language of this condition has changed, most of the changes are thought to have little or no impact on the obligations of the licence holders.
- 2.4.5 Overall, we consider that the proposed modifications enhance transparency of licence drafting and helps to ensure equivalent regulatory treatment of the licence holders.



## **2.5 The Statement to Give a Likely Indication of Costs (proposed 2.3.4)**

### **Proposed Changes**

- 2.5.1 The title of the sub condition has been changed to 'The statement to give likely indication of costs'.
- 2.5.2 The wording of this sub condition has changed in numerous places for added transparency and clarity and enhanced consistency of licence wording. This includes:
- Alignment with the proposed wording of this condition for the low pressure licences, where reasonable; as well as
  - Alignment with sub Condition 2.3.1 with respect to the types of connections to be considered, i.e. connections to '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'.

### **Reason and Effect**

- 2.5.3 The proposed changes are intended to bring more clarity to the sub condition and will ensure language is common across all licences as well as within different sub conditions of the 'Connection Charges and Obligation to Connect' Condition itself. While the language of this sub condition has changed, the intention of the drafting has not, and the changes are thought to have little or no impact on the obligations of the licensee.

## **2.6 Authority's Approval (proposed 2.3.5) and Publication of and Compliance with Statement (proposed 2.3.6)**

### **Proposed Changes**

- 2.6.1 It is proposed to split the existing licence condition regarding the Authority's approval/consent to the stated connection charges and publication of the

statement into two separate conditions:

- One relating to the approval;
- One relating to publication of and compliance with the statement.

2.6.2 The wording of the two proposed licence conditions is aligned with that proposed for the equivalent sub condition of the low pressure licences and largely aligned with that of the current high pressure licence condition, with some minor changes for increased transparency. It should be noted, however, that in addition to the existing licence requirements, it is proposed to include the obligation to 'put in place and comply with the statement, as approved by the Authority' explicitly in the new proposed sub Condition 2.3.6.

### **Reason and Effect**

2.6.3 We consider that separating the arrangements regarding (i) the approval of and (ii) publication of and compliance with the statement into two separate licence conditions improves clarity and transparency of the licence drafting.

2.6.4 We furthermore consider that the explicit inclusion of an obligation to 'put in place and comply with the statement, as approved by the Authority' in the proposed new licence drafting provides additional clarity. We do not consider that it imposes additional burden on the licence holders as in any case, it could be reasonably expected from the licence holders that they put in place and comply with the approved statement.

## **2.7 Direction by the Authority (proposed 2.3.7) and Compliance with a Direction (proposed 2.3.9)**

### **Proposed Changes**

2.7.1 It is proposed to move the last paragraph in sub Condition 'Direction by the Authority' (starting 'The Licensee shall comply with the requirements of any direction [...]') to a new sub Condition 'Compliance with a Direction'. We furthermore propose to update the paragraph numbering of sub Condition 'Direction by the Authority' accordingly.

2.7.2 In sub Condition 'Compliance with a Direction' we propose to replace the term

'revised statements' contained in the current licence drafting with 'any revised statement' for improved accuracy. We also propose to update the cross references to other sub conditions to reflect the new licence numbering.

### **Reason and Effect**

- 2.7.3 The proposed changes have been proposed with consideration of feedback received from the licence holders and are intended to improve accuracy and transparency of licence drafting. The proposed wording of the two licence sub conditions is aligned with that proposed for the equivalent sub conditions of the low pressure licences.
- 2.7.4 The proposed changes are considered to have no impact on the licence holders.

## **2.8 Revising Connection Charges (proposed 2.3.8)**

### **Proposed Changes**

- 2.8.1 The proposed wording for this sub condition is based on current licence drafting. However, we propose to make some consequential changes to update the cross-reference in the introductory sentence of the sub condition and to achieve alignment with sub Condition 2.3.1 with respect to the types of connections to be considered, i.e. connections to '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'.
- 2.8.2 We also propose to insert 'where such revision is other than any increase in the Retail Prices Index' prior to 'obtaining Authority's approval to such a revision'.
- 2.8.3 We propose furthermore to add an additional paragraph to this sub condition, indicating that the Licensee shall '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. This is to replace a similar requirement contained in the current drafting of sub Condition

2.3.1 of some of the high pressure licences.

### **Reason and Effect**

- 2.8.4 The proposed new paragraph ensures that the statement is periodically reviewed for compliance with licence obligations and that any changes necessary as a result of such a review are approved by the Authority. This is similar to the requirement currently contained in sub Conditions 2.3.1 of some of the high pressure licences to submit a statement to the Authority after any modification of the ‘Connection Charges and Obligation to permit a Connection’ Condition. We consider that the proposed drafting improves clarity and transparency of the licence, including with respect to structure and accuracy of the drafting. In particular, the proposed new drafting allows for the scenario that the review of the statement following a modification of the ‘Connection Charges and Obligation to permit a Connection’ Condition reveals that no changes to the statement are necessary. The proposed drafting is in line with current practice and not expected to add additional regulatory burden to the licence holders.
- 2.8.5 The proposed insertion indicating that only revisions other than increases in the Retail Prices Index require the Authority’s approval may even reduce regulatory burden in cases where it is applicable. It also enhances consistency with the proposed drafting of the low pressure licences and helps to ensure equivalent regulatory treatment of the licence holders.
- 2.8.6 The further proposed changes are intended to ensure consistency with different sub conditions of the ‘Connection Charges and Obligation to Connect’ Condition itself. We acknowledge that the proposed alignment with sub Condition 2.3.1 with respect to the types of connections to be considered means that the proposed drafting is more comprehensive than the existing one. For example, it also covers connections of Storage and LNG Facilities not contained in the current ‘Revising connection charges’ sub Conditions. However, as such connections are covered in the scope of the statement based on the current drafting of sub Condition 2.3.1, we consider that including them in requirements for revision of such statement is consequential and not a fundamental new requirement. Overall, we consider that the proposed

modifications enhance clarity and transparency of licence drafting and helps to ensure equivalent regulatory treatment of the licence holders.

- 2.8.7 Also, the reference to ‘gas meter (including a non standard gas meter, or a gas meter owned or not owned by the Licensee)’ in the proposed drafting is more differentiated than the current reference to ‘any meter’ (GNI (UK)), ‘any gas meter, any gas meter not owned by [the Licensee]’ (BGTL, PTL) or ‘any non standard gas meter, any gas meter not owned by [the Licensee]’ (WTL). However, we consider that the inclusion of such connections when revising the basis of charges for a connection is not a new requirement as the requirement for consideration of any meter is already contained in the current drafting of all high pressure licences. Overall, we consider that the proposed modifications enhance clarity and transparency of licence drafting and helps to ensure equivalent regulatory treatment of the licence holders.

## **2.9 Connection and Quotation Requests (proposed 2.3.10) and Treatment of Request for Connection and Quotation (proposed 2.3.11)**

### **Proposed Changes**

- 2.9.1 Based on current licence drafting, there is an obligation to provide a statement of the connection charges and other terms for a connection within 28 days of receiving a request. The proposed licence drafting refines this requirement and differentiates between:
- (a) Requests for ‘a connection to the Network 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 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’; and
  - (b) Requests for ‘a connection to the Network[...] in respect of any type of premises not included within paragraph (a) above’.
- 2.9.2 It is proposed that the existing licence obligation continues to apply for

- requests under paragraph (a).
- 2.9.3 However, changed obligations are proposed for requests under paragraph (b), requiring the Licensee within 10 days of receiving a request for connection to:
- ‘(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’.
- 2.9.4 Where the Authority gives the approval for making the connection, the Licensee shall then ‘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’.
- 2.9.5 We furthermore propose some wording changes for enhanced clarity compared to the existing licence drafting. This includes clarification that the request for a connection or for quotation from connection charges can be ‘from any person’.
- 2.9.6 The existing obligation to treat a request for the quotation of connection charges as such if it is in ‘such form as the Licensee can reasonably be expected to provide a specific statement of connection charges in return’ is proposed to be moved to a new sub condition, with some modifications to the wording for enhanced accuracy and readability, and to clarify that it also extends to ‘a request for a connection to the Network’.

### **Reason and Effect**

- 2.9.7 The proposed licence drafting contains new requirements with respect to requests for connection of premises. They serve to reflect in the licence the requirements from the [Gas Regulatory Letter No 1](#) and our policy that other than in exceptional cases final customers seeking a connection to the system should be connected to the low pressure network.
- 2.9.8 The effect of this proposed modification will be that in the case of a request for a direct connection between premises (other than premises which may constitute a Storage or LNG Facility) and the Network, there will be an

additional step in the connection process to obtain the required approvals. This may result in additional regulatory burden and in the process taking longer. However, we expect this impact not to be significant as requests for direct connections to the high pressure network are rare. We furthermore consider the additional approval step to be proportionate taking into consideration the importance of connections to the low pressure network for the development of an efficient, economical and co-ordinated gas industry in Northern Ireland.

- 2.9.9 The proposed licence drafting with respect to requests for which a statement of the connection charges and other terms for a connection has to be provided within 28 days of receiving a request is also more specific than the current drafting. Whilst the current drafting covers 'requests for the quotation of connection charges' covered by the statement, the proposed new wording covers 'requests [...] for a connection' as well as 'for a quotation of connection charges' and sets out in detail the relevant types of connection, based on the wording of sub Condition 2.3.1. We consider that this adds transparency to the licence drafting and furthers consistency within the licence.
- 2.9.10 The reference to 'any person' has been included for transparency to highlight the fact that anybody (irrespective of tenure) can request a quotation in respect of a connection to the Network. We consider that it has no material impact on the licence holders.
- 2.9.11 The proposed introduction of a new licence condition obliging the licensee to treat 'a request for a connection to the Network and quotation of the applicable connection charges [...] 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' is intended to achieve alignment with the proposed wording of this condition for the low pressure licences, where reasonable. The highlighted text clarifies that the obligation set out in this sub condition also extends to 'a request for a connection to the Network'. We consider that the proposed wording of this sub condition enhances clarity and transparency of licence drafting and helps to ensure equivalent regulatory treatment of the licence holders.

## **2.10 Prohibition on Undue Discrimination (proposed 2.3.12)**

### **Proposed Changes**

- 2.10.1 It is proposed that the arrangements relating to the prohibition of undue discrimination contained in the current licence drafting are consolidated in one sub condition which covers all different types of connections with the Network. In the current licences, the arrangements for non discrimination against any person seeking to introduce gas to the Network are contained in a separate sub condition from those for other types of connection.
- 2.10.2 It is furthermore proposed for the consolidated sub Condition 'Prohibition on undue discrimination' to have numbered paragraphs for improved readability.
- 2.10.3 With respect to the scenario where 'any person or cases or classes of cases of person' is seeking a connection of premises to the Network, it is proposed to add an insertion clarifying the need to also be entitled to do so pursuant to the 'Requests for Connection – Obligation to Connect' sub Condition.
- 2.10.4 With respect to the scenario where 'any person or cases or classes of cases of person' is seeking a connection of a gas meter to the Network, it is proposed to align the wording with respect to the different meters with that of sub Condition 2.3.1.
- 2.10.5 With respect to the scenario of the connection of a pipe-line system to the Network, the proposed drafting covers (proposed) owners of such a system, in addition to (proposed) operators as included in the current licence drafting. It is furthermore proposed that this obligation also extends to (proposed) owners and operators of Storage and LNG Facilities.
- 2.10.6 The current BGTL, PTL and WTL sub conditions relating to prohibition on undue discrimination specify that a request for connection shall not be refused where the requestor is willing to pay the relevant charges and comply with the relevant terms. It should be noted that related obligations are not included in the proposed drafting of the 'Prohibition on undue discrimination' sub Condition, but are instead covered by the proposed drafting of the sub Condition 'Requests for Connection – Obligation to Connect'.
- 2.10.7 In addition to the changes described above, the proposed 'Prohibition on



undue discrimination' sub Condition contains some minor drafting changes compared to current licence wording.

### **Reason and Effect**

- 2.10.8 We acknowledge that the reference to 'non standard gas meter, or a gas meter owned or not owned by the Licensee (or any affiliate or related undertaking of the Licensee)' in the proposed drafting is more differentiated than the current reference to 'any gas meter, or gas meter not owned by the Licensee' in the current BGTL and PTL licences or to 'any non standard gas meter, or gas meter not owned by the Licensee (or any affiliate or related undertaking of the Licence)' in the current WTL licence. We acknowledge furthermore that no specific reference to the connection of meters to the Network is contained in the sub conditions of the current GNI (UK) licence relating to prohibition of undue discrimination. However, we consider that the proposed drafting does not entail a fundamental new requirement as it could be reasonably expected from the licence holders not to discriminate against 'any person or cases or classes of cases of person' seeking a connection to the Network, irrespective of the type of connection. Alignment of the proposed wording with the description of the different connections under proposed sub Condition 2.3.1 is hence considered to be a consequential change aimed at ensuring clarity and consistency of licence drafting.
- 2.10.9 We acknowledge furthermore that similarly, the requirement for prohibition of undue discrimination in the scenario where a (proposed) owner or occupier of a Storage or LNG Facility seeks a connection of such a facility to the Network is not contained in the current licences. However, we consider that the proposed drafting does not entail a fundamental new requirement as it could be reasonably expected from the licence holders not to discriminate against 'any person or cases or classes of cases of person' seeking a connection to the Network, irrespective of the type of connection. Alignment of the proposed wording with the description of the different connections under proposed sub Condition 2.3.1 is hence to be considered to be a consequential change aimed at ensuring clarity and consistency of licence drafting.
- 2.10.10 The further changes to the proposed licence drafting are designed to improve

readability and transparency of the licence drafting as well as consistency with the proposed drafting of the low pressure licences and help to ensure equivalent regulatory treatment of the licence holders. They are thought to have little or no impact on the obligations of the licensees.

## **2.11 Connection of Premises – Requirement for Authority Approval (proposed 2.3.13)**

### **Proposed Changes**

- 2.11.1 This sub condition obligates the licensee to seek UR approval before making any direct connections between premises (other than premises which may constitute a Storage or LNG Facility) and the Network.

### **Reason and Effect**

- 2.11.2 The new sub condition is proposed to reflect in the licence the requirements from the [Gas Regulatory Letter No 1](#) and our policy that other in exceptional cases final customers seeking a connection to the system should be connected to the low pressure network.
- 2.11.3 The effect of this proposed modification will be that in the case of a request for a direct connection between premises (other than premises which may constitute a Storage or LNG Facility) and the Network, there will be an additional step in the connection process to obtain the required approvals. This may result in additional regulatory burden and in the process taking longer. However, we expect this impact not to be significant as requests for direct connections to the high pressure network are rare. We furthermore consider the additional approval step to be proportionate taking into consideration the importance of connections to the low pressure network for the development of an efficient, economical and co-ordinated gas industry in Northern Ireland.

## **2.12 Requests for Connection – Obligation to Connect (proposed 2.3.14) and Connection of other Systems and Facilities – Obligation to Connection (proposed 2.3.15)**

### **Proposed Changes**

2.12.1 The current licences contain one condition dealing with the obligation to permit or make a connection to the Network. The proposed licence drafting differentiates between two similar sub conditions:

- One relating to a ‘connection between a premises and the Network’; and
- One relating to 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 ‘a connection for the purposes of introducing gas to the Network’.

2.12.2 Both sub conditions set out the principal obligation to make the requested connection where a number of criteria are met. The key difference between the two sub conditions is that for a ‘connection between a premises and the Network’ approval by the Authority to the making of the connection is an additional pre-requisite.

2.12.3 The criteria are based on those contained in a number of current sub conditions, including:

- Paragraph (b) of sub Condition ‘Connection charges and terms for connection and prohibition on undue discrimination and connection of pipe-line systems’ (sub Condition 2.3.5 of the current BGTL, PTL and WTL licences);
- Paragraph (b) of sub Condition ‘Authority’s consent required for charges and other terms for introducing gas to the Network and prohibition on undue discrimination and connections for introducing gas to the Network’ (sub Condition 2.3.10 of the current BGTL, PTL and WTL licences); and
- Sub Condition ‘Obligation to permit a connection’ (sub Condition 2.3.13 of the current BGTL and PTL licence, 2.3.12 of the current WTL licence)

and sub Condition 'Obligation to make a connection' (sub Condition 2.3.14 of the current GNI (UK) licence).

- 2.12.4 They have been merged into one set of criteria for each of the proposed two sub conditions and are proposed to be aligned across the four high pressure licences.
- 2.12.5 Both sub conditions also specify that the licensee 'shall make the connection [...] in accordance with the applicable legislation and relevant terms or permit the connection to be made (as the case may be)'.

### **Reason and Effect**

- 2.12.6 The differentiation between sub conditions 2.3.14 and 2.3.15 is proposed to reflect in the licence the requirements from the [Gas Regulatory Letter No 1](#) and our policy that other in exceptional cases final customers seeking a connection to the system should be connected to the low pressure network. In particular, the effect of the proposed condition 2.3.14 is that the licence holders are only required to make a connection between the premises and the Network if the Authority has given its approval for the making of such a connection. This may result in additional regulatory burden for the approval. However, we expect this impact not to be significant as requests for direct connections to the high pressure network are rare. We furthermore consider the additional approval step to be proportionate taking into consideration the importance of connections to the low pressure network for the development of an efficient, economical and co-ordinated gas industry in Northern Ireland.
- 2.12.7 It should be noted that the reference to making the connection requested 'in accordance with the applicable legislation and relevant terms' is not contained in the current licences. However, even though this is not currently explicitly mentioned in the licences, this is not a new requirement and the related wording is proposed to be introduced for clarity and transparency. This change is therefore considered to have little or no impact on the obligations of the licensees.
- 2.12.8 The further changes to the proposed licence drafting are designed to improve readability and transparency of the licence drafting as well as consistency within the 'Connection Charges and Obligation to permit a Connection' Condition itself. They also help to ensure equivalent regulatory treatment of

the licence holders. They are thought to have little or no impact on the obligations of the licensees.

## 2.13 No Obligation to Connect Premises (proposed 2.3.16)

### Proposed Change

- 2.13.1 The proposed sub Condition ‘No obligation to connect premises’ sets out the circumstances in which the licence holder cannot be obliged to make or maintain a connection as well as the obligation on the licence holder to give duly substantiated reasons for believing such circumstances apply.
- 2.13.2 This represents a change from the current licence drafting which only covers the obligation to provide duly substantiated reasons if a request for connection to the Network is refused.

### Reason and Effect

- 2.13.3 The [UR determination on a connection dispute](#) sets out the circumstances in which, pursuant to current legislation, provision of a connection can be refused by the licence holder. In particular, the determination details that a gas undertaking ‘should only refuse to make such a connection if:
- (a) There is a lack of capacity on the system;
  - (b) The making of the connection would prevent it from carrying out any public service obligations referred to in Article 3(2) of the Gas Directive which are assigned to it; or
  - (c) There are serious economic difficulties with take-or-pay contracts’.
- All of these circumstances are considered to be of relevant to high pressure licence holders and have been included in the proposed licence drafting.
- 2.13.4 It should be noted that the proposed licence drafting accounts for two further circumstances in which the licence holder may not be required to make a 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 the Licensee has reasonable grounds to believe the making of the connection would be in conflict with the relevant objectives set out in the licence.

2.13.5 We consider inclusion of these circumstances to be in the spirit of the [UR determination on a connection dispute](#) which states:

*‘The public services obligations referred to in Article 3(2) of the Gas Directive are obligations which: ‘may relate to security, including security of supply, regularity, quality and price of supplies, and environmental protection, including energy efficiency, energy from renewable sources and climate protection.’*

Security in this case relates to both security of supply of natural gas and to technical safety. PNGL has certain public service obligations of the type referred to in Article 3(2) of the Directive assigned to it, for example to ensure that the PNGL Network code contains provisions that establish the technical safety criteria applicable to the operation of the Network (condition 2.5.2(b)(iii) of the PNGL licence) and the preparation of a safety case under the Gas Safety (Management) Regulations (Northern Ireland) 1997.’

2.13.6 We furthermore note that reference to the technical and safety criteria contained in the Network Code is already contained in the current licences and consider that the proposed wording with respect to the relevant objective enhances transparency of drafting.

2.13.7 We note that the [UR determination on a connection dispute](#) states that ‘duly substantiated reasons must be given for any refusal’. This is in similar form included in the current licences and has also been reflected in the proposed drafting.

2.13.8 We consider that, in summary, the proposed changes provide additional clarity and transparency for both, the licence holders and any other parties that may be interested in getting connected. They also improve alignment with the corresponding condition in the low pressure licences. We would expect that

this should help to ideally prevent, or if not resolve, future connection disputes relating to the making, or refusal of, a connection and thus reduce regulatory burden.

## **2.14 Resolution of Disputes by the Authority (proposed 2.3.17)**

### **Proposed Changes**

- 2.14.1 We propose to replace in the ‘Resolution of disputes by the Authority’ sub Condition in the WTL licence all reference to ‘General Consumer Council’ with ‘Consumer Council for Northern Ireland’<sup>3</sup> and to make a number of smaller drafting changes for increased accuracy.
- 2.14.2 We propose furthermore to replace the existing ‘Resolution of disputes by the Authority’ sub Condition in the BGTL, PTL and GNI (UK) licences with the updated WTL sub condition.

### **Reason and Effect**

- 2.14.3 As part of the work related to the granting of the WTL licence, it was noted that the ‘Resolution of Disputes’ sub conditions included in the then current high and low pressure licences were inconsistent and not reflective of current practice. A revised wording was provided and included in the WTL and SGN licences, with the intention to update the other licences accordingly at a later stage.
- 2.14.4 In the meantime, some smaller updates have been suggested for the relevant SGN sub condition. We propose to replicate these in the WTL licence and to then align the BGTL, PTL and GNI (UK) licences with the thus updated wording.
- 2.14.5 The proposed changes to the WTL licence are considered to be minor and aimed at increasing accuracy and transparency of drafting. Whilst the wording has changed, the intention has not and the changes are considered to have

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<sup>3</sup> We furthermore propose to update such reference also in the remainder of the BGTL, PTL, WTL and GNI (UK) licences. For further details see chapter 4.

little or no effect on the licensee.

- 2.14.6 The proposed changes do not place any additional obligation on the licensee. They will mean that any dispute that is referred to the Consumer Council for Northern Ireland can only be referred back to the UR after a period of three months. This is already the case in line with current legislation.
- 2.14.7 The proposed licence modifications will improve clarity of the dispute resolution arrangements contained in the BGTL, PTL and GNI (UK) conveyance licences and ensure a consistent dispute resolution process with equivalent regulatory treatment of the NI high and low pressure licence holders with respect to disputes relating to connection charges and the obligation to connect.

## 2.15 Interpretation and Construction (2.3.18)

### Proposed Changes

- 2.15.1 It is proposed to move this sub condition to the end of the 'Connection Charges and Obligation to Connect' licence Condition and to clarify that it relates to the whole of that condition.
- 2.15.2 It is furthermore proposed to clarify that “**premises**” includes any land, building or structure’.

### Reason and Effect

- 2.15.3 The update of reference to 'this Condition' with the specific condition number provides greater clarity as to what section of the licence the sub Condition refers to. There should be no effects of making this more explicit.
- 2.15.4 The updates to the definition of terms in this sub condition are consequential to other changes made throughout Condition 'Connection Charges and Obligation to Connect'.

## 2.16 Current Licence Conditions Without Direct Equivalent in Proposed Licence Drafting



## Proposed Changes

- 2.16.1 We propose to remove the 'Publication of connection charge statements' sub Condition (sub Condition 2.3.11 in the BGTL, PTL and WTL licences, 2.4.12 in the GNI (UK licence) relating to statements of connection charges for introducing gas to the Network.
- 2.16.2 Also with respect to connections for introducing gas to the Network, the current sub condition relating to the prohibition of undue discrimination specifies in the first paragraph that the Licensee shall not charge for such a connection 'on any basis or on any other terms without the consent of the Authority'. We propose to remove this paragraph from the licence (sub Condition 2.3.10(a) in the BGTL, PTL and WTL licences, 2.4.11(a) in the GNI (UK licence).
- 2.16.3 A similar requirement contained in the current licences with respect to other connections is also proposed to be removed (sub Condition 2.3.5(a) in the current BGTL, PTL, WTL and GNI (UK) licence). It specifies that the Licensee shall 'not charge for a connection of premises, of any non standard gas meter, gas meter not owned by it<sup>4</sup> or any pipe-line system to the Network on any basis or establish other terms for the connection on any basis other than that<sup>5</sup> contained in the statement'.

## Reason and Effect

- 2.16.4 We acknowledge that the current licence requirements regarding publication of the statement for connection charges for connections to introduce gas to the Network has not be transposed into the drafting of the new 'Connection Charges and Obligation to Connect' Condition. We acknowledge furthermore that the same applies for the current licence requirement not to charge for a connection for introducing gas to the Network 'on any basis or on any other terms without the consent of the Authority'. We are conscious that this may need to be reviewed again in the future should connections for introducing gas to the Network, e.g. for biogas injection, become relevant. Indeed, other areas of the licence may also need to be rethought if biogas injection becomes a

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<sup>4</sup> The words 'of any non standard gas meter, gas meter not owned by it' are not contained in the current GNI (UK) licence.

<sup>5</sup> The word 'that' is not contained in the current WTL licence.

reality in Northern Ireland. However, we consider such changes to be outside of the scope of this consultation paper and are of the view that it would not be appropriate at this stage to add additional complexity to the licence drafting for future eventualities.

2.16.5 We are also conscious that the current licence requirement not to ‘charge for a connection of premises, of any non standard gas meter, gas meter not owned by it<sup>6</sup> or any pipe-line system to the Network on any basis or establish other terms for the connection on any basis other than that<sup>7</sup> contained in the statement’ has no direct equivalent in the proposed licence drafting. However, we consider that this is covered by the more general obligation to ‘put in place and comply with the statement, as approved by the Authority’ proposed to be introduced in paragraph (a) of the ‘Publication of and compliance with statement’ sub Condition.

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<sup>6</sup> The words ‘of any non standard gas meter, gas meter not owned by it’ are not contained in the current GNI (UK) licence.

<sup>7</sup> The word ‘that’ is not contained in the current WTL licence.

# 3 Low Pressure Licences – Changes to Connection Charges and Obligation to Connect Condition

## 3.1 Introduction

- 3.1.1 This section of the paper explains the changes proposed to the low pressure licences with respect to the ‘Connection Charges and Obligation to Connect’ licence Condition. This consultation paper follows a process of informal consultation with the licence holders on the proposed modifications.
- 3.1.2 As part of this process, a number of modifications were proposed that are aimed at improving consistency, accuracy and transparency of licence drafting and at enhancing readability of the ‘Connection Charges and Obligation to Connect’ Condition. These suggestions have been considered in drafting the present consultation.
- 3.1.3 As it is our aim to standardise this licence condition, changes that have been made to the low pressure licences will also be made to the high pressure licences and vice versa, where reasonable.
- 3.1.4 In preparing this consultation, we have considered the findings of a [UR determination on a connection dispute](#). These findings have been reflected in the proposed changes to the licences. In particular, the proposed modifications enable any Relevant Person to apply for a connection. They are also reflective of the circumstances in which the licence holders cannot be obliged to make or maintain a connection.
- 3.1.5 Some of the other proposed changes to the low pressure licences are required to reflect the implications of the [Gas \(Individual Standards of Performance\) Regulations \(Northern Ireland\) 2014](#).
- 3.1.6 The changes being proposed to the current licence version of this condition are substantial. For this reason, this paper will go through each sub condition in turn.
- 3.1.7 Each key change is explained and the explanation for the change is broken down as follows:

a) Proposed changes

b) Reason and effect

- 3.1.8 The 'Proposed changes' section summarises the changes, with full detail of the proposed drafting being provided as tracked changes against current licence drafting in in Annex E, F and G for the firmus, PNGL and SGN licences respectively. For clarity and transparency, we have furthermore provided a clean version of the proposed drafting for the standardised 'Connection Charges and Obligation to Connect' licence Condition in Annex I.
- 3.1.9 Please note that in the PNGL licence, the 'Connection Charges and Obligation to Connection' Condition is Condition 2.4. However, in the interest of readability, unless explicitly stated otherwise, we use in this document reference to Condition 2.3, which is the equivalent licence condition in the other high and low pressure licences. Any references to the PNGL licence are to be construed accordingly.
- 3.1.10 As a result of the proposed modifications, sub condition numbering within the 'Connection Charges and Obligation to Connect' Condition changes. Table 3 provides, for each of the licence holders, an overview over the proposed new sub conditions and the matching current conditions.
- 3.1.11 Table 3 also sets out, for each sub condition, the main driver(s) for the proposed change.

**Table 3: Indicative overview over current and proposed sub conditions of ‘Connection Charges and Obligation to Connect’ Condition**

Name of Proposed Sub Condition	Firmus		PNGL		SGN		Main driver(s) for modification
	Current	Proposed	Current	Proposed	Current	Proposed	
Statement of connection charges and terms for connection to the Network	2.3.1	2.3.1	2.4.1, 2.4.2	2.4.1	2.3.1	2.3.1	Standardisation
Connections by any pipe-line system to the Network		2.3.2		2.4.2		2.3.2	Standardisation
Explanation of connection charging methodology for introducing gas to the Network	2.3.9	2.3.3	2.4.10	2.4.3	2.3.10	2.3.3	Standardisation
Other requirements to be included in the statement	2.3.2	2.3.4	2.4.3	2.4.4	2.3.2	2.3.4	Standardisation, Standards of Performance Regulations
The statement to give likely indication of costs	2.3.3	2.3.5	2.4.4	2.4.5	2.3.3	2.3.5	Standardisation, Connection Dispute
Standards of Performance Regulations		2.3.6		2.4.6	2.3.8	2.3.6	Standardisation, Standards of Performance Regulations
Authority’s approval	2.3.4	2.3.7	2.4.5	2.4.7	2.3.4	2.3.7	Standardisation
Publication of and compliance with statement		2.3.8		2.4.8		2.3.8	Standardisation
Direction by the Authority	2.3.6(a)	2.3.9	2.4.7(a)	2.4.9	2.3.6(a)	2.3.9	Standardisation

Name of Proposed Sub Condition	Firmus		PNGL		SGN		Main driver(s) for modification
	Current	Proposed	Current	Proposed	Current	Proposed	
Revising connection charges	2.3.7	2.3.10	2.4.8	2.4.10	2.3.7	2.3.10	Standardisation
Compliance with a Direction	2.3.6(b)	2.3.11	2.4.7(b)	2.4.11	2.3.6(b)	2.3.11	Standardisation
Quotation Requests	2.3.5(c)	2.3.12	2.4.6(c)	2.4.12	2.3.5(c)	2.3.12	Standardisation, Standards of Performance Regulations, Connection Dispute
Treatment of Request for Quotation	2.3.5	2.3.13	2.4.6	2.4.13	2.3.5	2.3.13	Standardisation
Accuracy of Quotations		2.3.14		2.4.14	2.3.15	2.3.14	Standardisation,, Standards of Performance Regulations, Connection Dispute
Prohibition on undue discrimination	2.3.5(b), 2.3.10(b)	2.3.15	2.4.6(b), 2.4.11(b)	2.4.15	2.3.5(b), 2.3.11(b)	2.3.15	Standardisation
Obligation to Connect		2.3.16		2.4.16		2.3.16	Standardisation, Connection Dispute
Connection Requirements	2.3.13, 2.3.15	2.3.17	2.4.18	2.4.17	2.3.13, 2.3.14	2.3.17	Standardisation, Connection Dispute
No obligation to connect premises		2.3.18		2.4.18		2.3.18	Standardisation, Connection Dispute
Resolution of disputes by the Authority	2.3.8	2.3.19	2.4.9	2.4.19	2.3.9	2.3.19	Standardisation
Interpretation and construction	2.3.12	2.3.20	2.4.13	2.4.20	2.3.16, 2.3.17	2.3.20	Standardisation, Standards of Performance Regulations, Connection

Name of Proposed Sub Condition	Firmus		PNGL		SGN		Main driver(s) for modification
	Current	Proposed	Current	Proposed	Current	Proposed	
							Dispute
Current licence conditions without direct equivalent in proposed licence drafting	2.3.5(a), 2.3.10(a), 2.3.11, 2.3.14		2.4.6(a), 2.4.11(a), 2.4.12, 2.4.14, 2.4.15, 2.4.16, 2.4.17		2.3.5(a), 2.3.11(a), 2.3.12		Standardisation

## **3.2 Statement of Connection Charges and Terms for Connection to the Network (proposed 2.3.1) and Connections by any pipe-line System to the Network (proposed 2.3.2)**

### **Proposed Changes**

- 3.2.1 The proposed changes to the current sub Condition 2.3.1 of the FE and SGN licences and 2.4.2 of the PNGL licence are numerous so they have not been detailed in this section. Please refer to Annexes E, F and G to view the proposed changes for the firmus, PNGL and SGN licences respectively.
- 3.2.2 We propose to change the wording of this sub condition so that it is standard across all low pressure licences. In particular, we propose revisions to the structure and drafting of this sub condition to improve readability and transparency.
- 3.2.3 References to the connection of any pipe-line system to or from which gas will be conveyed by means of the Network are proposed to be separated out into new sub Condition 2.3.2 in the FE and SGN licences respectively 2.4.2 in the PNGL licence in recognition of the fact that the terms for such connections are agreed on a case-by-case basis.
- 3.2.4 It is furthermore proposed to remove the differentiation embedded sub Conditions 2.4.1 and 2.4.2 of the current PNGL licence between provision of a provisional connection statement and no later than 1<sup>st</sup> September 1997 provision of a further statement superseding the provisional one. We consider that this differentiation is no longer required.
- 3.2.5 We also propose to remove from this sub condition the current requirement to submit to the Authority a statement after any modification of the 'Connection Charges and Obligation to permit a Connection' licence Condition. We propose instead to include related wording in the 'Revising connection charges' sub Condition.
- 3.2.6 The proposed drafting also means:
- Removal of reference to the current sub Conditions 'The statement and cases and classes of cases; and 'The statement to give likely indication of costs and additional duty to provide information' (sub Conditions



2.3.2 and 2.3.3 in the firmus and SGN licences respectively 2.4.3 and 2.4.4. in the PNGL one);

- Changing the current reference 'maintaining, repairing and renewing the connection and disconnecting the premises' to 'maintaining, repairing or modifying any connection between the Network and any premises'.

### **Reason and Effect**

- 3.2.7 The reason for these proposed changes is striving for standardisation and enhanced transparency of licence drafting and to ensure equivalent regulatory treatment of the licence holders.
- 3.2.8 We consider that the proposed modifications have only minimal effect with respect to the obligations on the licence holders. They clarify, however, that for connections of any pipe-line system to or from which gas will be conveyed by means of the Network, the principle that the terms for such connections are agreed on a case-by-case basis shall be included in the connection statement, rather than obliging the licence holders to set out details on the methods by and principles on which charges relating to such connections are to be determined. This is in line with current practice.
- 3.2.9 We consider that the differentiation embedded sub Conditions 2.4.1 and 2.4.2 of the current PNGL licence between provision of a provisional connection statement and no later than 1<sup>st</sup> September 1997 provision of a further statement superseding the provisional one is no longer required as this deadline now lies in the past. Removal of this differentiation will hence have no impact in practice, but improve clarity and transparency of licence drafting and standardisation of licences.
- 3.2.10 We are also of the view that the proposed move of the obligations regarding the resubmission of a connection statement following any modification of the 'Connection Charges and Obligation to permit a Connection' licence Condition to sub Condition 'Revising connection charges' enhances the transparency of licence drafting.
- 3.2.11 We consider furthermore that the reference to the current sub Conditions 'The statement and cases and classes of cases; and 'The statement to give likely

indication of costs and additional duty to provide information' is no longer required in the proposed drafting as the proposed wording for these sub Conditions refers in turn to 2.3.1.

- 3.2.12 With respect to the proposed change of wording to 'maintaining, repairing or modifying any connection' we consider that this encompasses renewing of connections and as well as disconnections, as referred to in the current licence drafting, as well as any other types of modification that may become relevant. We consider this to be appropriate in the interest of consumers and note that it is already largely reflected in the current connections statements published by the low pressure licence holders.

### **3.3 Explanation of Connection Charging Methodology for Introducing Gas to the Network (proposed 2.3.3)**

#### **Proposed Changes**

- 3.3.1 We propose to renumber this sub condition to become sub Condition 2.3.3 in the firmus and SGN respectively 2.3.4 in the PNGL licence.
- 3.3.2 We furthermore propose a slight modification to the drafting to clarify that the statement is to be submitted to the Authority for approval.

#### **Reason and Effect**

- 3.3.3 We consider that renumbering the licence conditions as suggested increases clarity and transparency of licence drafting. Throughout the 'Connection Charges and Obligation to Connect' licence Condition, the sub conditions repeatedly refer to the term 'statement'. By bringing sub Conditions 'Statement for connection charges and terms for connection to the Network' and 'Explanation of connection charging methodology for introducing gas to the Network' closer together, it becomes more easily recognisable to the reader that two different types of statement need to be distinguished:
- A statement relating to the connection of premises and non standard gas meters as well as gas meters not owned by the Licensee;
  - A statement relating to connections for the purposes of introducing gas

into the Network.

3.3.4 We also consider that making explicit reference to the approval requirement for the statement relating to connections for the purposes of introducing gas to the Network increases the transparency of licence drafting.

3.3.5 We are conscious that this sub condition may need to be reviewed again in the future to reflect requirements relating to biogas injection. Indeed, other areas of the licence may also need to be rethought if biogas injection becomes a reality in Northern Ireland. However, we consider such changes to be outside of the scope of this consultation paper.

### **3.4 Other Requirements to be Included in the Statement (proposed 2.3.4)**

#### **Proposed Changes**

3.4.1 We propose to change the title of this sub Condition from 'The statement and cases and classes of cases' to 'Other requirements to be included in the statement'.

3.4.2 Another proposed change is to change the reference to sub Condition 2.3.5(b) to 2.3.12. Both of these references relate to discrimination. The proposed updated reference reflects the movement of this sub condition within the proposed revised licence.

3.4.3 Furthermore, introduction of a new sub paragraph (c) is being proposed, obliging the licence holder to detail in the connection statement the types of connections where standard respectively non standard quotations will be provided.

3.4.4 Other minor wording changes are proposed and intended to tidy up the sub condition, standardise it across all low pressure licences and align it with the proposed wording of this condition for the high pressure licences, where reasonable. This includes inserting into the PNGL licence the clarification (which is already contained in the current firmus and SGN licences) that the reference in paragraph (b) to 'gas suppliers' includes 'any Separate Business engaged in the supply of Gas'.

### **Reason and Effect**

- 3.4.5 These changes are intended to bring more clarity to the sub condition and will ensure language is common across all licences. While the language of this condition has changed, most of the changes are thought to have little or no impact on the obligations of the licensee.
- 3.4.6 We recognise that the requirement to detail in the connection statement the types of connections where standard respectively non standard quotations will be provided is not contained in the current low pressure licences. However, it is already implemented in the connection statements issued by the low pressure licence holders and hence not considered to represent additional regulatory burden for the licence holders, whilst ensuring transparency and compliance with the [Gas \(Individual Standards of Performance\) Regulations \(Northern Ireland\) 2014](#).
- 3.4.7 Overall, we consider that the proposed modification enhances transparency of licence drafting and helps to ensure equivalent regulatory treatment of the licence holders.

## **3.5 The Statement to Give a Likely Indication of Costs (proposed 2.3.5)**

### **Proposed Changes**

- 3.5.1 The title of the sub condition has been changed to ‘The statement to give likely indication of costs’.
- 3.5.2 The wording of this sub condition has changed in numerous places for added transparency and clarity. This includes enhanced alignment with sub Condition 2.3.1 with respect to the types of connections to be considered, that is connections to ‘any premises or gas meter (including a non standard gas meter, or a gas meter not owned by the Licensee)’.
- 3.5.3 We note that with consideration of the findings of a [UR determination on a connection dispute](#), in paragraph (c) reference to ‘any person’ is proposed to be replaced with reference to ‘any Relevant Person’.

### **Reason and Effect**

- 3.5.4 The proposed changes are intended to bring more clarity to the sub condition and will ensure language is common across all licences as well as within different sub conditions of the 'Connection Charges and Obligation to Connect' Condition itself. While the language of this condition has changed, the intention of the drafting has not, and the changes are thought to have little or no impact on the obligations of the licensee.
- 3.5.5 The reference to 'Relevant Person' in paragraph (c) has been included to reflect the findings of the [UR determination on a connection dispute](#). In line with the final determination on the dispute, all eligible customers may apply for connection, irrespective of tenure. This has been reflected through the proposed introduction of the term 'Relevant Person' in the low pressure licences. Whilst the term 'any person' used in the current drafting of paragraph (c) does not contradict this concept, the use of 'Relevant Person' is considered to be more explicit and transparent.

## **3.6 Standards of Performance Regulations (proposed 2.3.6)**

### **Proposed Changes**

- 3.6.1 This is a proposed new sub condition for firmus and PNGL. The 'Statements for the Purposes of Standards of Performance' sub condition requires licensee to submit to the Authority a statement which describes connections classed as a complex connection and an excluded connection.
- 3.6.2 An equivalent condition is already contained in the SGN licence, but proposed to be amended to account for feedback received, enhance transparency and clarity of drafting and align with the proposed new sub condition for firmus and PNGL.

### **Reason and Effect**

- 3.6.3 The reason for introducing the proposed new sub condition into the firmus and

PNGL licences is to ensure compliance with the [Gas \(Individual Standards of Performance\) Regulations \(Northern Ireland\) 2014](#). These standards require a description of ‘complex connections’ and ‘excluded connections’ to be provided ‘in a statement issued from time to time by the relevant gas conveyor pursuant to its licence and agreed with the Authority’. This has already been implemented in Northern Ireland by the GDNs (Gas Distribution Network Operators) providing such descriptions as part of their connection policies. Embedding a related requirement in the licence therefore means aligning the licence with current practice and the requirements of the [Gas \(Individual Standard of Performance\) Regulations \(Northern Ireland\) 2014](#), but is not expected to add additional regulatory burden.

- 3.6.4 The current SGN licence already contains provisions regarding the provision of a statement with a description of ‘complex connections’ and ‘excluded connections’. However, a revision to the drafting has been suggested as the current drafting of the SGN licence, with multiple reference to different types of statements throughout the ‘Connection Charges and Obligation to Connect’ Condition, contained a potential for ambiguity. We consider that the new drafting proposed provides the required clarity and transparency and aligns with the proposed wording of the other low pressure licences.

## **3.7 Authority’s Approval (proposed 2.3.7) and Publication of and Compliance with Statement (proposed 2.3.8)**

### **Proposed Changes**

- 3.7.1 It is proposed to split the existing licence condition regarding the Authority’s approval/consent to the stated connection charges and publication of the statement into two separate conditions:
- (a) One relating to the approval;
  - (b) One relating to publication of and compliance with the statement.
- 3.7.2 The wording of the two proposed licence conditions is largely aligned with that of the current condition, with some minor changes for increased transparency.
- 3.7.3 It should be noted that in addition to the existing licence requirements, it is

proposed to include the obligation to ‘put in place and comply with the statement, as approved by the Authority’ explicitly in the new proposed condition 2.3.8.

3.7.4 A further difference between the current and proposed licence drafting is that with the current licence, the arrangements for approval and publication relate to a statement given by the Licensee under sub Condition 2.3.1 in the case of firmus and SGN and under sub Conditions 2.4.1 and 2.4.2 in the case of PNGL. As set out above, in line with current licence drafting these conditions contain references to the connection of any pipe-line system to or from which gas will be conveyed by means of the Network which are proposed to be separated out into new sub Condition 2.3.2 in the FE and SGN licences respectively 2.4.2 in the PNGL licence. By having:

- (a) the new proposed sub Condition 2.3.7 ‘Authority’s approval’ refer to a ‘statement submitted [...] by the Licensee under Condition 2.3.1’<sup>8</sup>, and
- (b) the new proposed sub Condition ‘Publication of and compliance with statement’ refer to ‘the statement, as approved by the Authority under Condition 2.3.7’<sup>9</sup>,

the drafting of the proposed sub Conditions 2.3.7 and 2.3.8 implicitly does no longer cover connections of pipe-line systems to or from which gas will be conveyed by means of the Network.

### **Reason and Effect**

3.7.5 We consider that separating the arrangements regarding (i) the approval of and (ii) publication of and compliance with the statement into two separate licence conditions improves clarity and transparency of the licence drafting.

3.7.6 We furthermore consider that the explicit inclusion of an obligation to ‘put in place and comply with the statement, as approved by the Authority’ in the proposed new licence drafting provides additional clarity. We do not consider that it imposes additional burden on the licence holders as in any case, it could be reasonably expected from the licence holders that they put in place and comply with the approved statement. We also note that the current licences

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<sup>8</sup> The reference is to sub Condition 2.4.1 in the PNGL licence.

<sup>9</sup> The reference is to sub Condition 2.4.7 in the PNGL licence.

contain a requirement in sub Condition 2.3.5(a) for firmus and SGN respectively 2.3.6(a) for PNGL 'not to charge for a connection [...] on any basis or establish other terms for the connection on any basis other than that contained in the statement [...] which implies a requirement for compliance.

- 3.7.7 It is true that the proposed sub Conditions 2.3.7 and 2.3.8 fall short of the equivalent current condition in the low pressure licences in that they do no longer cover connections of any pipe-line system to or from which gas will be conveyed by means of the Network. However, we consider this is no longer needed as the proposed sub Condition 'Connections by any pipe-line system to the Network' states that the terms of such a connection will be agreed on a case-by-case basis and that this will be stated in charging statement.
- 3.7.8 We are, however, conscious that the potential for connections to facilitate biogas injections has been brought up from time to time in discussions with stakeholders. We note that the statement relating to a connection for the purposes of introducing gas into the Network is covered under proposed sub Condition 'Explanation of connection charging methodology for introducing gas to the Network'. This also covers the approval by the Authority for such statements. However, other than as is the case with proposed new sub Conditions 'Authority's Approval' and 'Publication of and Compliance with Statement' for statements to be provided under sub Condition 'Statement of connection charges and terms for connection', that sub condition does not:
- (a) Specify that, in approving such statements, the Authority shall have regard to financeability;
  - (b) Oblige the licence holder to put in place and comply with such statements, publish them and send a copy to any person who requests one.
- 3.7.9 We are also conscious that sub Condition 'Explanation of connection charging methodology for introducing gas to the Network' may need to be reviewed again in the future to reflect requirements relating to biogas injection. Indeed, other areas of the licence may also need to be rethought if biogas injection becomes a reality in Northern Ireland. However, we consider such changes to be outside of the scope of this consultation paper.



## **3.8 Direction by the Authority (proposed 2.3.9) and Compliance with a Direction (proposed 2.3.11)**

### **Proposed Changes**

- 3.8.1 It is proposed to move the second paragraph in sub Condition 'Direction by the Authority' (starting 'The Licensee shall comply with the requirements of any direction [...]') to a new sub Condition 'Compliance with a Direction'. We furthermore propose to update the paragraph numbering of sub Condition 'Direction by the Authority' accordingly.
- 3.8.2 In sub Condition 'Compliance with a Direction' we propose to replace the term 'revised statements' contained in the current licence drafting with 'any revised statement' for improved accuracy. We also propose to update the cross reference to reflect the new licence numbering.

### **Reason and Effect**

- 3.8.3 The proposed changes have been proposed with consideration of feedback received from the licence holders and are intended to improve accuracy and transparency of licence drafting.
- 3.8.4 The proposed changes are considered to have no impact on the licence holders.

## **3.9 Revising Connection Charges (proposed 2.3.10)**

### **Proposed Changes**

- 3.9.1 The proposed wording for this sub condition is based on current licence drafting. However, we propose to make some consequential changes to update the cross-reference in the introductory sentence of the sub condition and to achieve alignment with sub Condition 2.3.1 with respect to the types of connections to be considered, i.e. connections to 'any premises, gas meter (including a non standard gas meter, or a gas meter not owned by the Licensee)'.

- 3.9.2 We also propose to insert ‘where such revision is other than any increase in the Retail Prices Index’ prior to ‘obtaining Authority’s approval to such a revision’.
- 3.9.3 We propose furthermore to add an additional paragraph to this sub condition, indicating that the Licensee shall ‘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’. This is to replace a similar requirement contained in the current drafting of sub Conditions 2.3.1 of the firmus and SGN licences respectively 2.4.1 of the PNGL licence.

### **Reason and Effect**

- 3.9.4 The proposed new paragraph ensures that the statement is periodically reviewed for compliance with licence obligations and that any changes necessary as a result of such a review are approved by the Authority. This is similar to the current requirement of sub Conditions 2.3.1 of the firmus and SGN licences respectively 2.4.1 of the PNGL licence to submit a statement to the Authority after any modification of the ‘Connection Charges and Obligation to permit a Connection’ Condition. We consider that the proposed drafting improves clarity and transparency of the licence, including with respect to structure and accuracy of the drafting. In particular, the proposed new drafting allows for the scenario that the review of the statement following a modification of the ‘Connection Charges and Obligation to permit a Connection’ Condition reveals that no changes to the statement are necessary. The proposed drafting is hence in line with current practice and not expected to add additional regulatory burden to the licence holders.
- 3.9.5 Similarly, the proposed insertion indicating that only revisions other than increases in the Retail Price Index require the Authority’s approval reflects current practice in the licence drafting and is expected to have little or no effect.
- 3.9.6 The further proposed changes are intended to ensure consistency within different sub conditions of the ‘Connection Charges and Obligation to Connect’ Condition itself and are thought to have little or no impact on the obligations of

the licensees.

## **3.10 Quotation Requests (proposed 2.3.12) and Treatment of Request for Quotation (proposed 2.3.13)**

### **Proposed Changes**

- 3.10.1 Based on current licence drafting, there is an obligation to provide a statement of the connection charges and other terms for a connection within 28 days of receiving a request. The proposed licence drafting refines this requirement and obliges the licence holder to provide this within 10 working days from receiving the request in case of a request for a standard quotation (as required by the [Gas \(Individual Standards of Performance\) Regulations \(Northern Ireland\) 2014](#)) and within 28 days from receiving the request in the case of a request for a non standard quotation.
- 3.10.2 We furthermore propose some wording changes for enhanced clarity compared to the existing licence drafting. With consideration of the findings of the [UR determination on a connection dispute](#), the proposed wording also specifies that the request for a standard respectively non standard quotation can be 'from any Relevant Person'.
- 3.10.3 The existing obligation to treat a request for the quotation of connection charges as such if it is in 'such form as the Licensee can reasonably be expected to provide a specific statement of connection charges in return' is proposed to be moved to a new sub condition, with some modifications to the wording for enhanced accuracy and readability.

### **Reason and Effect**

- 3.10.4 We recognise that the requirement to provide a quotation within 10 working days of receiving the request in case of a request for a standard quotation is not contained in the current low pressure licences. However, it is already implemented in the connection statements issued by the low pressure licence holders and hence not considered to represent additional regulatory burden for the licence holders, whilst ensuring transparency and compliance with the

[Gas \(Individual Standards of Performance\) Regulations \(Northern Ireland\) 2014.](#)

- 3.10.5 The reference to ‘any Relevant Person’ has been included for transparency to highlight the fact that anybody (irrespective of tenure) can request a quotation in respect of a connection to the Network. It implements the obligation on the UR arising from the [UR determination on a connection dispute](#) to ‘ensure that the obligation to connect includes an obligation to connect premises on the application of any *eligible customer* within the meaning of the Directive’.
- 3.10.6 The other drafting changes proposed are intended to bring more clarity to the sub condition. While the language of the drafting has changed, its intention has not, and the changes are thought to have little or no impact on the obligations of the licensee.

### **3.11 Accuracy of Quotations (proposed 2.3.14)**

#### **Proposed Changes**

- 3.11.1 This is a proposed new sub condition for firmus and PNGL. The ‘Statements for the Purposes of Standards of Performance’ sub Condition requires the licence holders to submit to the Authority a statement which describes connections classed as a complex connection and an excluded connection.
- 3.11.2 An equivalent condition is already contained in the SGN licence, but proposed to be amended to account for feedback received, enhance transparency and clarity of drafting and align with the proposed new sub condition for firmus and PNGL. Amendments include in particular the following:
- Replacement of ‘agreement’ with ‘approval’ and ‘agreed’ with ‘approved’;
  - Replacement of reference to ‘any customer’ with ‘any Relevant Person’;
  - Replacement of ‘for obtaining and renewing a connection to the Network’ with ‘for a new connection or altering an existing connection’;
  - Replacement of ‘bring it to the attention of customers’ with ‘secure adequate publicity for it’.

#### **Reason and Effect**

- 3.11.3 The reason for introducing the proposed new sub condition into the firmus and PNGL licences is to ensure compliance with the [Gas \(Individual Standard of Performance\) Regulations \(Northern Ireland\) 2014](#). These standards require a description of ‘published accuracy scheme’ to be ‘published by the relevant gas conveyor pursuant to its licence as agreed from time to time with the Authority’. This requirement has already been implemented in Northern Ireland by the GDNs. Embedding a related requirement in the licence therefore means aligning the licence with current practice and the requirements of the [Gas \(Individual Standard of Performance\) Regulations \(Northern Ireland\) 2014](#), but is not expected to add additional regulatory burden.
- 3.11.4 The current SGN licence already contains provisions regarding the published accuracy scheme. However, a revision to the drafting has been suggested for enhanced clarity and transparency, to highlight the fact that anybody (irrespective of tenure) can require the Licensee to review the accuracy of the quotation and to align with the proposed wording of the other low pressure licences. However, whilst the proposed wording differs from the current one, the intention remains the same and we consider that the modification has little or no effect on the licence holder.

## **3.12 Prohibition on Undue Discrimination (proposed 2.3.15)**

### **Proposed Changes**

- 3.12.1 It is proposed that the arrangements relating to the prohibition of undue discrimination contained in the current licence drafting are consolidated in one sub condition which covers all different types of connections with the Network. In the current licences, the arrangements for non discrimination against any person seeking to introduce gas to the Network are contained in a separate sub condition from those for other types of connection.
- 3.12.2 It is furthermore proposed for the consolidated sub Condition ‘Prohibition on undue discrimination’ to have numbered paragraphs for improved readability.
- 3.12.3 With respect to the scenario where ‘any person or cases or classes of cases

of person' is seeking a connection of premises to the Network, it is proposed to add an insertion clarifying the need to also be entitled to do so pursuant to the 'Obligation to Connect' sub Condition.

- 3.12.4 With respect to the scenario of the connection of a pipe-line system to the Network, the proposed drafting covers (proposed) owners of such a system, in addition to (proposed) operators as included in the current licence drafting.
- 3.12.5 The current sub conditions relating to prohibition of undue discrimination<sup>10</sup> specify that a request for connection shall not be refused where the requestor is willing to pay the relevant changes and comply with the relevant terms. It should be noted that related obligations are not included in the proposed drafting of the 'Prohibition on undue discrimination' sub Condition, but are instead covered by the proposed drafting of the sub Conditions 'Obligation to Connect' and 'Connection Requirements'.
- 3.12.6 In addition to the changes described above, the proposed 'Prohibition on undue discrimination' sub Condition contains some minor drafting changes compared to current licence wording.

### **Reason and Effect**

- 3.12.7 The changes to the proposed licence drafting are designed to improve readability and transparency of the licence drafting as well as consistency with the different sub conditions of the 'Connection Charges and Obligation to Connect' Condition itself and are thought to have little or no impact on the obligations of the licensees.

## **3.13 Obligation to Connect (proposed 2.3.16), Connection Requirements (proposed 2.3.17) and No Obligation to Connect Premises (proposed 2.3.18)**

### **Proposed Changes**

- 3.13.1 It is proposed to introduce a new sub Condition 'Obligation to Connect' into

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<sup>10</sup> These are numbered differently for the different licence holders. See Table 3 for further details.

the low pressure licences, setting out the principal obligation to make a connection to the Network on the basis of an accepted quotation. The connection may be conditional pursuant to the 'Connection Requirements' sub Condition and subject to the 'No obligation to connect premises' sub Condition.

3.13.2 The proposed sub Condition 'Connection Requirements' sets out requirements which the licence holder may impose on the owner of the premises in respect of which the connection is to be made as well as on the relevant gas supplier to ensure the safety and integrity of the Network and avoid unregistered meter points. Whilst the proposed drafting reflects some of the aspects contained in the current licences, the wording has been completely revised.

3.13.3 The proposed sub Condition 'No obligation to connect premises' sets out the circumstances in which the licence holder cannot be obliged to make or maintain a connection as well as the obligation on the licence holder to give duly substantiated reasons for believing such circumstances apply. Whilst the proposed drafting reflects some of the aspects contained in the current licences, the wording has been completely revised.

### **Reason and Effect**

3.13.4 The proposed drafting is designed to reflect the findings of the [UR determination on a connection dispute](#). One of the implications of the determination was that any Relevant Person can apply for connection, irrespective of tenure. However, there also is a need to recognise that whilst occupiers need to be entitled to apply for a connection, there may be a need for the owner of the premises to accept the licensee's terms and conditions, including with respect to the design and operational requirements and the recovery of connection charges. This has been reflected in the proposed licence drafting.

3.13.5 For instance, compliance with the design and operational requirements is essential for the maintenance of the safety and integrity of the Network and is in similar form included in the current licences as a condition for an obligation on the licence holder to permit a connection to the Network.

3.13.6 Similarly, the current licences contain payment of a connection fee as a

condition for an obligation on the licence holder to permit a connection to the Network. In the proposed licence condition, the related wording has been revised to enhance readability and transparency, but the intention remains the same.

3.13.7 The proposed drafting of the 'Connection Requirements' sub condition also contains a requirement with respect to the relevant gas supplier confirming its willingness to (continue to) supply gas to the occupier. Such a requirement is not contained in the current licences. However, it is essential to ensure the safety and integrity of the Network and avoid unregistered meter points.

3.13.8 The [UR determination on a connection dispute](#) also sets out the circumstances in which, pursuant to current legislation, provision of a connection can be refused by the licence holder. In particular, the determination details that a gas undertaking 'should only refuse to make such a connection if:

- (a) There is a lack of capacity on the system;
- (b) The making of the connection would prevent it from carrying out any public service obligations referred to in Article 3(2) of the Gas Directive which are assigned to it; or
- (c) There are serious economic difficulties with take-or-pay contracts'.

The first two of these circumstances have been included in the proposed licence drafting, whilst the third one is considered not to be of relevance for low pressure licence holders.

3.13.9 It should be noted that the proposed licence drafting accounts for two further circumstances in which the licence holder may not be required to make a 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 the Licensee has reasonable grounds to believe the making of the connection would be in conflict with the relevant objectives set out in the licence.

3.13.10 We consider inclusion of these circumstances to be in the spirit of the [UR determination on a connection dispute](#) which states:



*‘The public services obligations referred to in Article 3(2) of the Gas Directive are obligations which: ‘may relate to security, including security of supply, regularity, quality and price of supplies, and environmental protection, including energy efficiency, energy from renewable sources and climate protection.’*

Security in this case relates to both security of supply of natural gas and to technical safety. PNGL has certain public service obligations of the type referred to in Article 3(2) of the Directive assigned to it, for example to ensure that the PNGL Network code contains provisions that establish the technical safety criteria applicable to the operation of the Network (condition 2.5.2(b)(iii) of the PNGL licence) and the preparation of a safety case under the Gas Safety (Management) Regulations (Northern Ireland) 1997. ‘

- 3.13.11 We furthermore note that reference to the technical and safety criteria contained in the Network Code is already contained in the current licences and consider that the proposed wording with respect to the relevant objective enhances transparency of drafting.
- 3.13.12 We note that the [UR determination on a connection dispute](#) states that ‘duly substantiated reasons must be given for any refusal’. This is in similar form included in the current licences and has also been reflected in the proposed drafting.
- 3.13.13 The sub Condition ‘Obligation to Connect’ is proposed to enhance transparency of the drafting and clarify how the ‘Connection Requirements’ and ‘No obligation to connect premises’ sub Conditions sit with the overall obligation to make a connection on the basis of an accepted quotation.
- 3.13.14 We consider that, in summary, the proposed changes provide additional clarity and transparency for both, the licence holders and any other parties that may be interested in getting connected. We would expect that this should help to ideally prevent, or if not resolve, future connection disputes relating to the making, or refusal of, a connection and thus reduce regulatory burden.

## 3.14 Resolution of Disputes by the Authority (proposed 2.3.19)

### Proposed Changes

- 3.14.1 We propose to replace in the ‘Resolution of disputes by the Authority’ sub Condition in the SGN licence all reference to ‘General Consumer Council’ with ‘Consumer Council for Northern Ireland’<sup>11</sup> and to make a number of smaller drafting changes for increased accuracy.
- 3.14.2 We propose furthermore the replace the existing ‘Resolution of disputes by the Authority’ sub Condition in the firmus and PNGL licences with the updated SGN sub condition.

### Reason and Effect

- 3.14.3 As part of the work on the licence modifications made in the context of the [GD17 price control](#)<sup>12</sup>, we indicated our intention to replace the ‘Resolution of disputes by the Authority’ sub Condition in the firmus and PNGL licences with the related condition in the SGN licence. It was later on decided to put this change on hold due to the separate ongoing initiative to standardise the ‘Connection Charges and Obligation to Connect’ licence Condition across all high and low pressure licences.
- 3.14.4 In the meantime, some smaller updates have been suggested for the relevant SGN sub Condition and we propose to align the firmus and SGN licences with the thus updated wording of the SGN sub condition.
- 3.14.5 The proposed changes to the SGN licence are considered to be minor and aimed at increasing accuracy and transparency of drafting. Whilst the wording has changed, the intention has not and the changes are considered to have little or no effect on the licensee.
- 3.14.6 The proposed changes do not place any additional obligation on the licensee. They will mean that any dispute that is referred to the Consumer Council for Northern Ireland can only be referred back to the UR after a period of three

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<sup>11</sup> We furthermore propose to update such reference also in the remainder of the firmus, PNGL and SGN licences. For further details see chapter 5.

<sup>12</sup> Utility Regulator: Price Control for Northern Ireland’s Gas Distribution Networks, GD17, Draft Determination, 16 March 2017

months. This is already the case in line with current legislation.

- 3.14.7 The proposed licence modifications will improve clarity of the dispute resolution arrangements contained in the firmus and PNGL conveyance licences and ensure a consistent dispute resolution process across the NI high and low pressure licence holders with respect to connection charges and the obligation to connect.
- 3.14.8 It will furthermore lead to an enhanced alignment of the dispute resolution arrangements throughout the low pressure licences as the dispute resolution arrangements with respect to the conveyance of gas and the provision of conveyance services had already been aligned with the SGN drafting as part of GD17.
- 3.14.9 The licence modifications will furthermore ensure equivalent regulatory treatment of the NI GDNs with this respect.

## **3.15 Interpretation and Construction (proposed 2.3.20)**

### **Proposed Changes**

- 3.15.1 It is proposed to move this sub condition to the end of the 'Connection Charges and Obligation to Connect' licence Condition and to clarify that it relates to the whole of that condition.
- 3.15.2 Additional terms have been added and defined as required including 'Relevant Person' and (for firmus and PNGL) 'Standards of Performance Regulations'.
- 3.15.3 In the case of PNGL the passage that ' 'prices' or 'charges' shall exclude reference to any supplementary charges arising pursuant to special connection arrangements' is proposed to be removed as a consequence of the proposal to remove the related licence conditions.

### **Reason and Effect**

- 3.15.4 The update of reference to 'this Condition' with the specific condition number provides greater clarity as to what section of the licence the sub condition refers to. There should be no effects of making this more explicit.
- 3.15.5 The updates to the definition of terms in this sub condition are consequential to other changes made throughout Condition 'Connection Charges and

Obligation to Connect’.

## **3.16 Current Licence Conditions Without Direct Equivalent in Proposed Licence Drafting**

### **Proposed Changes**

- 3.16.1 We propose to remove the ‘Publication of Connection Charge Statements’ sub Condition (sub Condition 2.3.11 in the firmus licence, 2.4.12 in the PNGL licence and 2.3.12 in the SGN licence) relating to statements of connection charges for introducing gas to the Network from the firmus, PNGL and SNG licences.
- 3.16.2 Also with respect to connections for introducing gas to the Network, the current sub condition relating to the prohibition of undue discrimination specifies in the first paragraph that the Licensee shall not charge for such a connection ‘on any basis or on any other terms without the consent of the Authority’. We propose to remove this paragraph from the licence (sub Condition 2.3.10(a) in the firmus licence, 2.4.11(a) in the PNGL licence and 2.3.11(a) in the SGN licence).
- 3.16.3 A similar requirement contained in the current licences with respect to other connections is also proposed to be removed (sub Condition 2.3.5(a) in the firmus and SGN licences, 2.4.6(a) in the PNGL licence). It specifies that the Licensee shall ‘not charge for a connection of premises, of any non standard gas meter, gas meter not owned by it or any pipe-line system to the Network on any basis or establish other terms for the connection on any basis other than that<sup>13</sup> contained in the statement’.
- 3.16.4 We furthermore propose to remove the sub Condition 2.3.14 ‘Relief where Start Date not yet occurred’ from the firmus licence.
- 3.16.5 We also propose to remove the sub Conditions ‘Special connection arrangements’, ‘Supplemental connection charges’, ‘Special connection arrangements statement’ and ‘Supplemental charges’ (sub Conditions 2.4.14 to 2.4.17) from the PNGL licence. We furthermore propose to amend PNGL

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<sup>13</sup> The word ‘that’ is not contained in the current SGN licence.

sub Condition 'Interpretation and construction' accordingly by removing the passage that ' 'prices' or 'charges' shall exclude reference to any supplementary charges arising pursuant to special connection arrangements'.

### **Reason and Effect**

- 3.16.6 We acknowledge that the current licence requirements regarding publication of the statement for connection charges for connections to introduce gas to the Network has not be transposed into the drafting of the new 'Connection Charges and Obligation to Connect' Condition. We acknowledge furthermore that the same applies for the current licence requirement not to charge for a connection for introducing gas to the Network 'on any basis or on any other terms without the consent of the Authority'. We are conscious that this may need to be reviewed again in the future should connections for introducing gas to the Network, e.g. for biogas injection, become relevant. Indeed, other areas of the licence may also need to be rethought if biogas injection becomes a reality in Northern Ireland. However, we consider such changes to be outside of the scope of this consultation paper and are of the view that it would not be appropriate at this stage to add additional complexity to the licence drafting for future eventualities.
- 3.16.7 We are also conscious that the current licence requirement not to 'charge for a connection of premises, of any non standard gas meter, gas meter not owned by it or any pipe-line system to the Network on any basis or establish other terms for the connection on any basis other than that<sup>14</sup> contained in the statement' has no direct equivalent in the proposed licence drafting. However, we consider that this is covered by the more general obligation to 'put in place and comply with the statement, as approved by the Authority' proposed to be introduced in paragraph (a) of the 'Publication of and compliance with statement' sub Condition.
- 3.16.8 The firmus sub Condition 'Relief where Start Date not yet occurred' relates to situations where the start date for a Development Area has not yet occurred. This is no longer relevant at this stage as the start dates for all Development Areas have occurred.

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<sup>14</sup> The word 'that' is not contained in the current SGN licence.

3.16.9 The sub Conditions 'Special connection arrangements', 'Supplemental connection charges', 'Special connection arrangements statement' and 'Supplemental charges' from the PNGL licence are not currently relevant as there are no special connection arrangements or supplemental charges. Also, removing these sub conditions from the PNGL licence will ensure equivalent regulatory treatment of the NI GDNs with this respect.

# 4 High Pressure Licences – Other Changes

## 4.1 Introduction

4.1.1 The proposed changes to Condition 2.3 ‘Connection Charges and Obligation to Connect’ have resulted in some consequential changes elsewhere in the licences. These relate to:

- References to the Consumer Council; and
- Changes to dispute resolution.

4.1.2 Furthermore, a need has been identified for a modification to the ‘Compliance with System Operator Agreements’ Condition. It is consequential to the establishment of the Gas Market Operator in Northern Ireland (GMO NI).

4.1.3 Table 4 provides an overview over the further consequential licence changes proposed:

**Table 4: Overview over further consequential licence changes for high pressure licences**

Licence Change	BGTL	PTL	WTL	GNI (UK)
References to Consumer Council	1.4, 1.13	1.4, 1.13	1.4, 1.13, 2.2	1.4, 1.13
Dispute resolution	2.2.6	2.2.6	2.2.7	2.2.23
Compliance with System Operator Agreement	2.4A.5	2.4A.5	2.5.5	2.4A.5

4.1.4 Each key change is explained and the explanation for the change is broken down as follows:

- a) Proposed changes<sup>15</sup>
- b) Reason and effect

<sup>15</sup> This is a summary of the proposed changes. For full details see Annex A, B, C and D for the proposed BGTL, PT, WTL and GNI (UK) licence modifications respectively.

4.1.5 The 'Proposed changes' section summarises the changes, with full detail of the proposed drafting being provided as tracked changes against current licence drafting in Annex A, B, C and D for the BGTL, PTL, WTL and GNI (UK) licences respectively.

## **4.2 Changes with Respect to Consumer Council Reference**

### **Proposed Changes**

4.2.3 It is proposed that references to 'Consumer Council' or 'General Consumer Council', as the case may be, are replaced with 'Consumer Council for Northern Ireland' throughout all high pressure licences.

4.2.4 Table 4 provides an overview over the licence conditions impacted by this proposed change.

### **Reason and Effect**

4.2.5 This change is proposed for reasons of transparency and consistency within the licence and is not expected to impact on the licence holders.

4.2.6 We note that one of the licence conditions impacted by this proposed change is the 'Resolution of disputes' sub Condition of the 'Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services' Condition. This sub Condition is also impacted by a further consequential change. For further details see section 4.3 below.

## **4.3 Changes with Respect to Changes to Dispute Resolution Arrangements with Respect to Conveyance Charges, Other Terms for the Conveyance of Gas and the Provision of Conveyance Services**

### **Proposed Changes**



- 4.3.1 The current WTL licence has two sub conditions relating to the resolution of disputes by the Authority. One forms part of the 'Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services' Condition, the other one forms part of the 'Connection Charges and Obligation to Connect' Condition. These conditions differ with respect to the subject matter of the dispute and the considerations to be made with regards to it, but other than that are largely aligned.
- 4.3.2 We therefore propose to amend the 'Resolution of Disputes' sub Condition of the 'Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services' Condition in the WTL licence to reflect the drafting changes discussed under section 2.14 with respect to the 'Resolution of disputes by the Authority' sub Condition of the 'Connection Charges and Obligation to Connect' Condition.
- 4.3.3 We propose furthermore to replace the existing 'Resolution of Disputes' sub Condition of the 'Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services' Condition in the BGTL and PTL licences with the updated WTL sub condition.
- 4.3.4 We note that the current GNI (UK) licence does not contain a specific condition relating to the resolution of disputes in the context of conveyance charges, terms for the conveyance of gas and the provision of conveyance services. We propose to introduce the updated WTL sub Condition on resolution of disputes in the context of conveyance charges, terms for the conveyance of gas and the provision of conveyance services as new sub Condition 2.23 into the GNI (UK) licence.
- 4.3.5 Table 4 provides an overview over the licence conditions impacted by this proposed change.

### **Reason and Effect**

- 4.3.6 As part of the work related to the granting of the WTL licence, it was noted that the 'Resolution of Disputes' sub conditions included in the then current high and low pressure licences were inconsistent and not reflective of current practice. A revised wording was provided and included in the WTL and SGN licences, with the intention to update the other licences accordingly at a later stage.

- 4.3.7 As set out under section 2.14, we propose to make some amendments to the Resolution of disputes by the Authority’ sub Condition of the ‘Connection Charges and Obligation to Connect’ Condition. To maintain consistency with respect to the arrangements for the resolution of disputes throughout the licence, we propose to replicate these changes in the ‘Resolution of Disputes’ sub Condition of the ‘Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services’ Condition in the WTL licence accordingly. We furthermore propose to align the BGTL and PTL licences with the thus updated wording.
- 4.3.8 The proposed changes to the WTL licence are considered to be minor and aimed at increasing accuracy and transparency of drafting. Whilst the wording has changed, the intention has not and the changes are considered to have little or no effect on the licensee.
- 4.3.9 The proposed licence modifications for the BGTL, PTL and GNI (UK) conveyance licences will improve clarity of the dispute resolution arrangements and ensure a consistent dispute resolution process with equivalent regulatory treatment of the NI high and low pressure licence holders with respect to disputes relating to conveyance charges, other terms for the conveyance of gas and the provision of conveyance services.

## **4.4 Compliance with System Operator Agreements**

### **Policy Background**

- 4.4.1 Single system operation (SSO) refers to a co-ordinated approach between TSOs (Transmission System Operators) with respect to the carrying out of gas market related activities. It was implemented in Northern Ireland with effect from 1 October 2017. To facilitate this, a Single System Operators Agreement has been put in place between the TSOs which replaces the Northern Ireland Network Operators Agreement.

### **Proposed Changes**

- 4.4.2 It is proposed that reference to the Northern Ireland Network Operators

Agreement is changed to instead make reference to the Single Systems Operators agreement as follows:

#### 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 [Single SystemNorthern Ireland Network Operators](#) Agreement (being the document of that name specified as such from time to time by the Authority).

Please note that in the case of WTL, the relevant condition to be changed is 3.5.5, and the condition referred to therein is 2.5.4.

- 4.4.3 We note, however, that whilst the System Operators Agreement is now in place, some schedules have not been fully agreed at the time of writing. We would suggest that the effective date of the proposed change should not be prior to the approval of all outstanding schedules. We expect this to occur in due course.

#### **Reason and Effect**

- 4.4.4 The reason for this proposed modification is to reflect the new agreement between the Northern Ireland Transmission Operators.
- 4.4.5 The update of the licence with removal of reference to an agreement that is no longer relevant and inclusion of reference to the relevant agreement will enhance transparency and accuracy of the licence.

# 5 Low Pressure Licences – Other Changes

## 5.1 Introduction

5.1.1 The proposed changes to the ‘Connection Charges and Obligation to Connect’ Condition have resulted in some consequential changes elsewhere in the licences. These relate to:

- The spelling of non standard gas meter;
- References to the Consumer Council; and
- Changes to dispute resolution

5.1.2 Table 5 provides an overview over the further consequential licence changes proposed:

**Table 5: Overview over further consequential licence changes for low pressure licences**

Licence Change	Firmus	PNGL	SGN
References to Consumer Council	1.4, 1.13, 2.2, 2.2A, 2.3, 2.8, 2.9B	1.1, 1.5, 1.14, 2.2A, 2.3, 2.9, 2.9B	1.4, 1.13, 2.2, 2.16, 2.17, 2.18
Non standard gas meters			1.1, 2.12
Dispute resolution	2.2.6	2.3.6	2.2.6

5.1.3 Each key change is explained and the explanation for the change is broken down as follows:

a) Proposed changes<sup>16</sup>

b) Reason and effect

5.1.4 The 'Proposed changes' section summarises the changes, with full detail of the proposed drafting being provided as tracked changes against current licence drafting in Annex E, F and G for the firmus, PNGL and SGN licences respectively.

## **5.2 Changes with Respect to Consumer Council Reference**

### **Proposed Changes**

5.2.1 We propose to remove reference to 'General Consumer Council' from the 'Definitions' sub Condition of the 'Interpretation and Construction' Condition of the PNGL licence.

5.2.2 We propose furthermore to replace all remaining references to 'Consumer Council' or 'General Consumer Council', as the case may be with 'Consumer Council for Northern Ireland' throughout all low pressure licences.

5.2.3 Table 5 provides an overview over the licence conditions impacted by this proposed change.

### **Reason and Effect**

5.2.4 This change is proposed for reasons of transparency and consistency within the licence and is not expected to impact on the licence holders.

5.2.5 We note that one of the licence conditions impacted by this proposed change is the 'Resolution of disputes' sub Condition of the 'Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services' Condition. This sub Condition is also impacted by a further consequential change. For further details see section 4.3 below.

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<sup>16</sup> This is a summary of the proposed changes. For full details see Annex E, F and G for the proposed firmus, PNGL and SGN licence modifications respectively.

## **5.3 Changes with Respect to Non Standard Gas Meters**

### **Proposed Changes**

- 5.3.1 It is proposed that references to 'non-standard gas meter' are replaced with references to 'non standard gas meter'. We furthermore propose that the spelling of references to 'non-standard gas credit meter' and 'non-standard gas pre-payment meter' get updated accordingly.
- 5.3.2 Table 5 provides an overview over the licence conditions impacted by this proposed change.

### **Reason and Effect**

- 5.3.3 As part of our work on standardising the licence condition 'Connection Charges and Obligation to Connect' across high pressure and low pressure licences, we noticed that the term used for referring to non standard gas meters was not spelt consistently across the low pressure licences. More specifically, it was spelt 'non standard gas meter' throughout the firmus and PNGL licences and 'non-standard gas meter' throughout the SGN licence.
- 5.3.4 We propose to use a standardised spelling throughout the low pressure licences and to amend the SGN licence accordingly. This change is proposed for reasons of transparency and consistency across the low pressure licences and is not expected to impact on the licence holders.

## **5.4 Changes with Respect to Changes to Dispute Resolution Arrangements with Respect to Conveyance Charges, Other Terms for the Conveyance of Gas and the Provision of Conveyance Services**

### **Proposed Changes**

- 5.4.1 The current SGN conveyance licence has two sub conditions relating to the

resolution of disputes by the Authority. One forms part of the 'Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services' Condition, the other one forms part of the 'Connection Charges and Obligation to Connect' Condition. These conditions differ with respect to the subject matter of the dispute and the considerations to be made with regards to it, but other than that are largely aligned.

- 5.4.2 The 'Resolution of Disputes' sub Conditions of the 'Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services' Condition, in the firmus and PNGL licences are aligned with the equivalent condition of the SGN licence.
- 5.4.3 We therefore propose to amend the 'Resolution of Disputes' sub Condition of the 'Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services' Condition in the firmus, PNGL and SGN licences to reflect the drafting changes discussed under section 3.14 with respect to the 'Resolution of disputes by the Authority' sub Condition of the 'Connection Charges and Obligation to Connect' Condition.
- 5.4.4 Table 5 provides an overview over the licence conditions impacted by this proposed change.

#### **Reason and Effect**

- 5.4.5 As set out under section 3.14, we propose to make some amendments to the 'Resolution of disputes by the Authority' sub Condition of the 'Connection Charges and Obligation to Connect' Condition. To maintain consistency with respect to the arrangements for the resolution of disputes throughout the licence, we propose to replicate these changes in the 'Resolution of disputes by the Authority' sub Condition of the 'Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services' Condition in the firmus, PNGL and SGN licences accordingly.
- 5.4.6 The proposed changes are considered to be minor and aimed at increasing accuracy and transparency of drafting as well as consistency with respect to the arrangements for the resolution of disputes throughout the low pressure licences. Whilst the wording has changed, the intention has not and the changes are considered to have little or no effect on the licensees.

# Annexes

Table 6 provides an overview over the annexes to this consultation paper.

**Table 6: Overview over Annexes**

Annex Number	Annex Name
Annex A	<a href="#">Proposed Modifications to the BGTL Licence</a>
Annex B	<a href="#">Proposed Modifications to the PTL Licence</a>
Annex C	<a href="#">Proposed Modifications to the WTL Licence</a>
Annex D	<a href="#">Proposed Modifications to the GNI (UK) Licence</a>
Annex E	<a href="#">Proposed Modifications to the firmus Licence</a>
Annex F	<a href="#">Proposed Modifications to the PNGL Licence</a>
Annex G	<a href="#">Proposed Modifications to the SGN Licence</a>
Annex H	<a href="#">Proposed Standardised High Pressure Licence Condition 'Connection Charges and Obligation to Connect'</a>
Annex I	<a href="#">Proposed Standardised Low Pressure Licence Condition 'Connection Charges and Obligation to Connect'</a>