

# **BIOMETHANE MODIFICATIONS TO GAS CONVEYANCE LICENCES**

**Consultation and Notice under Article 14(2)  
of the Gas (Northern Ireland) Order 1996**

**13 August 2025**

## 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 Millennium House in the centre of Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls; Networks and Energy Futures; and Markets and Consumer Protection. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

**Utility Regulator**

**OUR MISSION**  
To protect the short and long-term interests of consumers of electricity, gas and water.

**OUR VISION**  
To ensure value and sustainability in energy and water.

**OUR VALUES**

- ACCOUNTABLE:**  
We take ownership of our actions.
- TRANSPARENT:**  
Ensuring trust through openness and honesty.
- COLLABORATIVE:**  
Connecting and working with others for a shared purpose.
- DILIGENT:**  
Working with care and rigour.
- RESPECTFUL:**  
Treating everyone with dignity and fairness.

## ABSTRACT

This notice and consultation set out proposed modifications to the gas conveyance licences. The proposed modifications, which are designed to underpin access for gas from renewable energy sources to the Network, cover definitions, connection arrangements, planning and operational arrangements, conveyance charging arrangements as well as Licensed Area and exclusivity arrangements.

## AUDIENCE

This document is likely to be of interest to regulated companies in the energy industry, government, other statutory bodies, producers of renewable gas such as biomethane as well as consumer groups and other organisations with an interest in the energy industry.

## CONSUMER IMPACT

The proposed modifications underpin access for gas from renewable energy sources to the Network. This may be of relevance to consumers wishing to avail of such renewable gas. The proposed modifications also contain measures to protect the interests of consumers in this context, in particular with respect to billing implications.

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## GLOSSARY

Authority	Northern Ireland Authority for Utility Regulation
BGTL	Belfast Gas Transmission Limited
CCNI	Consumer Council for Northern Ireland
CfE	Call for Evidence
CPI	Consumer Prices Index
CPIH	Consumer Prices Index including owner occupier's housing costs
CV	Calorific Value
DfE	Department for the Economy
DNO	Distribution Network Operator (Evolve, FEDL and PE)
Energy Order	Energy (Northern Ireland) Order 2003, as amended from time to time
Evolve	SGN Evolve Network Ltd
FEDL	Firmus energy (Distribution) Limited
Gas Order	Gas (Northern Ireland) Order 1996, as amended from time to time
GB	Great Britain
GDF	Gas Delivery Facility
GDPR	General Data Protection Regulation
GMO NI	Gas Market Operator Northern Ireland
GNI (UK)	GNI (UK) Limited
GNOs	Gas Network Operators (Evolve, FEDL, PE, GNI (UK), BGTL, PTL, WTL, GMO NI)
IP	Interconnection Point
LNG	Liquefied Natural Gas
Meter connection	Connection of any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and located in any premises
NI	Northern Ireland

PE	Phoenix Energy Group Ltd
PTL	Premier Transmission Limited
ROI	Republic of Ireland
Transporter	BGTL, PTL, WTL and GNI (UK) acting together pursuant to the contractual joint venture agreement and system operator agreement between them
TSO	Transmission System Operator (GNI (UK), BGTL, PTL and WTL. WTL is not a Transmission System Operator as defined by the European Commission, but it is referred to as a TSO in this document for simplicity. )
TWh	Terawatt hours
VRF	Virtual Reverse Flow
WTL	West Transmission Limited

## Executive Summary

This document sets out for consultation our proposals to modify the gas conveyance licences of:

- SGN Evolve Network Ltd (Evolve).
- Firmus energy (Distribution) Limited (FEDL).
- Phoenix Energy Group Ltd (PE).
- Belfast Gas Transmission Limited (BGTL).
- Premier Transmission Limited (PTL).
- West Transmission Limited (WTL).
- GNI (UK) Limited (GNI (UK)).

The proposed modifications are technical modifications which seek to:

- Embed in the licences the concept of gas entering the NI Network from injection points for locally produced renewable gas such as biomethane, including with respect to:
  - ◆ Relevant terminology to describe such points.
  - ◆ Associated requirements for maintenance of records and Network planning.
  - ◆ Consequential changes to conveyance charging arrangements.
  - ◆ Consequential changes to arrangements for the conveyance of gas in the Licensed Areas and, where applicable, exclusivity arrangements.
- Refine the licence arrangements for charging methodology statements in relation to connections for introducing gas to the Network to address previously identified limitations.
- Enhance clarity on the different types of connections and the related applicable arrangements for connection charges and obligation to connect.
- Introduce into the licence, requirements in relation to terms and conditions for as well as connection of Gas Delivery Facilities from which gas is or may be introduced into the Network.

- Introduce into the licence, arrangements to address Calorific Value<sup>1</sup> differences between gas being introduced onto the Network through the interconnectors or otherwise, as well as associated customer billing implications.
- Enhance clarity and consistency of drafting in gas distribution licences with respect to Network Code-related provisions, including in particular with respect to balancing arrangements.

The key reasons for the proposed licence modifications are to:

- Underpin access to the Network for gas from renewable energy sources such as biomethane in a related obligation to offer terms for connection (which may be subject to exceptions in certain circumstances).
- Ensure:
  - ◆ Transparency is provided to any parties interested in injecting gas onto the Network on the arrangements for getting connected to it and entering gas onto it.
  - ◆ Regulatory oversight over such arrangements so that any barriers that may be identified from time to time can be addressed.
- Ensure the interests of consumers in the context of the developing biomethane industry are protected, in particular with respect to use of system charges and billing for gas used.
- Enhance clarity on the different types of connections and the related applicable requirements for connection charges and obligation to connect.
- Update existing licence conditions – including with respect to maintenance of records, Network planning and the conveyance of gas in the Licensed Areas – as appropriate so that they reflect, and extend to, the injection of gas onto the Network, in the interest of efficient, economic and co-ordinated gas Network development and operation.
- Update the existing licences to ensure provisions to discharge obligations under the Gas (Northern Ireland) Order 1996, as amended from time to time (Gas Order) as to matters that must be included in a licence extend – in so far as relevant – to the connection of Gas Delivery Facilities and the introduction of gas onto the Network from the associated Gas Delivery

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<sup>1</sup> The calorific value of gas is a measure for the amount of energy contained in the gas, i.e. the amount of heat that is produced by its combustion.



Points, including with respect to:

- ◆ Non-discrimination of Gas Delivery Facility Operators.
- ◆ Information provision to facilitate efficient access to and use of the system.
- ◆ Authority approval of any terms and conditions in relation to connection and access to the Network.

We consider that the proposed licence modifications will have the following key effects:

- Transparency for both licence holders and wider industry on what reasonable expectations in relation to the connection of, and the introduction into the Network of gas from, Gas Delivery Facilities might be.
- Embedding in the gas conveyances an obligation to connect with respect to Gas Delivery Facilities subject to pre-defined exceptions.
- Applicability of entry charging in the gas transmission system extending to the entry of gas from Gas Delivery Points.
- Enhancing the robustness of the regulatory framework.
- Enhancing consistency, clarity and accuracy of licence drafting.
- Better facilitating the achievement of our statutory duties in relation to gas.

# 1. INTRODUCTION

## Background to this Consultation

### Legislative Background

- 1.1 The Utility Regulator's principal objective in carrying out the duties associated with its gas functions, as set out in Article 14 of the Energy (Northern Ireland) Order 2003, as amended from time to time (Energy Order), is *"to promote the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland, and to do so in a way that is consistent with the fulfilment by the Authority, of the designated regulatory gas objectives"*. We must do so by having regard to a number of matters, as set out more fully in Article 14 of the Energy Order.
- 1.2 The designated regulatory gas objectives are defined in Article 2 of the Energy Order and include:
  - *"helping to achieve, in the most cost-effective way, [...] the integration of large and small scale production of gas from renewable energy sources and distributed production in both transmission and distribution Networks"; and*
  - *"facilitating access to the Network for new production capacity, in particular removing barriers that could prevent access for new market entrants and of gas from renewable energy sources".*
- 1.3 Under the Energy Order, the Utility Regulator shall carry out those functions in the manner which it considers is best calculated to further the principal objective, having regard to a number of matters including:
  - *"the need to ensure a high level of protection of the interests of consumers of gas";*
  - *"the need to secure that licence holders are able to finance the activities which are the subject of obligations imposed by or under Part II of the Gas Order or [the Energy] Order";*
  - *"the need to secure that the prices charged in connection with the conveyance of gas through designated pipe-lines [...] are in accordance with a common tariff which does not distinguish (whether directly or indirectly) between different parts of Northern Ireland or the extent of use of any pipe-line"; and*
  - *"the need to protect the interests of gas licence holders in respect*

*of the prices at which, and the other terms on which, any services are provided by one gas licence holder to another”.*

1.4 Under the Energy Order 2003, sub-ordinate to its principal objective, the Utility Regulator is also required to carry out its gas functions in the manner which it considers is best calculated to:

- *“promote the efficient use of gas and efficiency and economy in the conveyance, storage or supply of gas”;*
- *“protect the public from dangers arising from the conveyance, storage, supply or use of gas”;*
- *“secure a diverse, viable and environmentally sustainable long-term energy supply”; and*
- *“facilitate competition between persons whose activities consist of or include storing, supplying or participating in the conveyance of gas”;*

*and “shall have regard, in carrying out those functions, to the effect on the environment of activities connected with the conveyance, storage or supply of gas”.*

1.5 The Gas (Northern Ireland) Order 1996, as amended from time to time (Gas Order) sets out provisions on conditions that may be included in licences. Pursuant to these conditions a licence may include, amongst other things:

- *“such conditions [...] as appear to the grantor to be requisite or expedient having regard to the duties imposed by Article 14 of the Energy (Northern Ireland) Order 2003”,*

including conditions that

*“(a) may require the licence holder to enter into agreements with other persons for the use of any gas plant owned, leased or operated by him [...] for such purposes as may be specified in the conditions; and*

*(b) may include provision for determining the terms on which such agreements are to be entered into”.*

1.6 The Gas Order also sets out that the conditions in a licence must, amongst other things:

- Require the licence holder to:

- ◆ *“develop and publish technical safety criteria and rules which are objective and non-discriminatory”.*
- ◆ *“refrain from discriminating between persons or classes of person using or intending to use any pipe-line, facility or associated apparatus operated for the purposes of the licence”.*
- ◆ *“provide such persons with the information they need for efficient access to and use of the system”.*
- *“provide for the Authority to approve, in advance of their coming into operation, any terms and conditions—*
  - (i) *for the connection and access to any pipe-line, facility or associated apparatus operated by the holder for the purposes of the licence including but not limited to the tariffs, or the method of determining the tariffs for such connection or access; and*
  - (ii) *for the provision of any balancing services”.*

### Interest in Biomethane Injection

- 1.7 Traditionally, all gas on the NI (Northern Ireland) gas Network has been provided to the Network through interconnection with gas networks in other jurisdictions, in particular Great Britain (GB) and ROI (Republic of Ireland).
- 1.8 In recent years, there has been a growing interest in injecting locally produced renewable gas such as biomethane into the NI Network. Biomethane is a purified version of biogas, produced from the breakdown of organic matter. It is also known as renewable natural gas.
- 1.9 The NI Network Operators have jointly developed a pathway to decarbonise the gas Network, and biomethane injection is envisaged to be an important element of this. As part of a request for information<sup>2</sup> on potential biomethane projects with an interest in connecting to the NI Network, jointly undertaken in 2024 by Evolve, FEDL, PE, BGTL, PTL, WTL and GNI (UK) (together with GMO NI (Gas Market Operator Northern Ireland) also referred to as GNOs (Gas Network Operators)), a production potential of 3.6 TWh (Terawatt hours) per year across 84 projects was identified. The GNOs have committed to achieving biomethane injection

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<sup>2</sup> [Gas Network Operators: Biomethane, Northern Ireland's Potential, Request for Information Results, Autumn 2024.](#)

of 1.5 TWh per year by 2030.

- 1.10 There already is precedent of biomethane injection onto the NI gas distribution Network, with the first injection site having become operational in November 2023.
- 1.11 We note the significant work that has been undertaken together with the GNOs to facilitate biomethane injection on the gas distribution Network. We are conscious that further changes will be required to also facilitate biomethane at transmission level and this work is underway.
- 1.12 We are also conscious of the ongoing work by DfE (Department for the Economy) with respect to biomethane policy development. In May 2024, DfE published a call for evidence (CfE)<sup>3</sup> on developing biomethane production in Northern Ireland. This was followed by the publication of the responses report<sup>4</sup> in April 2025. Treatment of costs related to connecting biomethane production sites to the gas Network was one of the key matters being covered by the CfE. Policy development pursuant to this CfE may have implications that may need to be reflected in the regulatory framework.
- 1.13 Thus, there is a need for regulatory arrangements to underpin and support the further increase of biomethane onto the Network, whilst providing flexibility in light of anticipated further changes.

## Purpose of this Consultation

### Key Considerations

- 1.14 We consider decarbonisation of the NI Network, including through biomethane injection, to be well-aligned with our designated regulatory gas objectives as set out in paragraph 1.2. It is also suited to furthering a diverse, viable and environmentally friendly energy supply, all the more as increasing provision of indigenous renewable gas may over time reduce the dependency on gas imports.
- 1.15 We consider furthermore that licence modifications will be required to ensure a robust regulatory framework is in place to underpin the envisaged further injection of renewable gas.
- 1.16 Therefore, this document sets out for consultation our proposals to

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<sup>3</sup> [DfE: Call for Evidence, Developing Biomethane Production in Northern Ireland, May 2024.](#)

<sup>4</sup> [DfE: Developing Biomethane Production in Northern Ireland – Call for Evidence response report, 16 April 2025.](#)

modify the gas conveyance licences of:

- SGN Evolve Network Ltd (Evolve).
- Firmus energy (Distribution) Limited (FEDL).
- Phoenix Energy Group Ltd (PE).
- Belfast Gas Transmission Limited (BGTTL).
- Premier Transmission Limited (PTL).
- West Transmission Linted (WTL).
- GNI (UK) Limited (GNI (UK)).

1.17 In developing the licence modification drafting proposal we have sought to ensure, in so far as reasonably practical, that alignment between licences, where applicable, is maintained or improved. We consider that this will contribute to clarity and transparency of the regulatory arrangements.

1.18 In 2018, we undertook a review, across all the gas conveyance licences, of the licence condition in relation to connection charges and obligation to connect. In paragraph 3.7.8 of our consultation<sup>5</sup> at the time we noted that, in difference to the charging methodology arrangements for exit connections, the “*sub Condition ‘Explanation of connection charging methodology for introducing gas to the Network [...] 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.”*

1.19 We furthermore noted in paragraph 3.7.9 of that same consultation that:

*“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.”*

1.20 With the present consultation, we are following up on these matters. We

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<sup>5</sup> [Utility Regulator: Notice and Consultation on Proposed Standardisation of Licence Condition - ‘Connection Charges and Obligation to Permit a Connection’ and Consequential Licence Changes, 30 January 2018.](#)

consider that with the significant increase in interest in biomethane injection that has taken place in the meantime, there is a need to ensure, in pursuance of our statutory gas objectives, that robust arrangements are in place to underpin this.

### Purpose of Proposed Modifications

1.21 The proposed modifications are technical modifications which seek to:

- Embed in the licences the concept of gas entering the NI Network from injection points for locally produced renewable gas such as biomethane, including with respect to:
  - ◆ Relevant terminology to describe such points.
  - ◆ Associated requirements for maintenance of records and Network planning.
  - ◆ Consequential changes to conveyance charging arrangements.
  - ◆ Consequential changes to arrangements for the conveyance of gas in the Licensed Areas and, where applicable, exclusivity arrangements.
- Refine the licence arrangements for charging methodology statements in relation to connections for introducing gas to the Network to address previously identified limitations.
- Enhance clarity on the different types of connections and the related applicable arrangements for connection charges and obligation to connect.
- Introduce into the licence requirements in relation to terms and conditions for as well as connection of Gas Delivery Facilities from which gas is or may be introduced into the Network.
- Introduce into the licence arrangements to address Calorific Value<sup>6</sup> differences between gas being introduced onto the Network through the interconnectors or otherwise, as well as associated customer billing implications.
- Enhance clarity and consistency of drafting in gas distribution licences with respect to Network Code-related provisions, including

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<sup>6</sup> The calorific value of gas is a measure for the amount of energy contained in the gas, i.e. the amount of heat that is produced by its combustion.

in particular with respect to balancing arrangements.

1.22 More specifically, with the proposed licence modifications:

- Differentiation between the different types of connections recognised in *Condition 2.3* [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]/*Condition 2.4* [PE]: *Connection Charges and Obligation to Connect* will be better facilitated through update/introduction of definitions for key terms such as “*premises*”, “*Pipe-Line System*” and “*Gas Delivery Facility*”.
- The requirement to issue any person seeking a connection to the gas high-pressure Network in relation to a Pipe-Line system, Storage Facility, LNG (Liquified Natural Gas) Facility or the introduction of gas into the Network within 28 days of receiving a request for such a connection with a quotation of the likely connection charges, and other terms of connection, will be replaced with:
  - ◆ A requirement to do so within 6 months for connection to a Pipe-Line System, Storage Facility or LNG Facility respectively.
  - ◆ A requirement to offer terms and conditions for the making and maintaining of a requested Gas Delivery Facility connection, and the introduction of gas into the network from such a facility, as soon as reasonably practicable following receipt of the relevant information, and to obtain approval by the Northern Ireland Authority for Utility Regulation (Authority) of any such terms and conditions, once agreed.
- The requirement for regulatory approval to the making of a requested connection to the gas high-pressure Network will be extended from premises connections (to which it already applies) to also cover meter connections (i.e. connections of any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and located in any premises); this will bring licence drafting in line with policy intent.
- The existing licence requirement to provide, once directed to do so, a charging methodology statement in relation to connections for the purposes of introducing gas to the Network will be refined. In particular:



- ◆ There will be explicit provisions for the direction to describe or specify the category or type of Gas Delivery Facility to which the charging methodology statement shall relate. This is to protect licence holders from an obligation to cover hydrogen (blend) connections in the statement whilst readiness for facilitating such connections has not (yet) been achieved.
- ◆ Licence holders will be required to set out charging methods and principles in relation to the making, maintaining, repairing and modifying of relevant Gas Delivery Facility connections, and to the acceptance of the introduction of gas from such facilities (including certain specific matters as specified or directed by the Authority; the obligation for inclusion of associated likely costs and other terms will be removed.
- ◆ The requirement for inclusion of terms for the making of a relevant connection will be removed, but there will be an obligation to set out the process and procedures to be followed, and the information likely to be required, for offering to any interested party the terms for making and maintaining the connection as well as for the introduction of gas into the Network from a Gas Delivery Facility.
- ◆ An explicit requirement to publish and comply with such a statement, once approved, will be included in the licences.
- The charging methodology statement in relation Gas Delivery Facility connections will be subject to regulatory oversight. In approving such a statement, the Authority will need to have regard to the financeability of the Licensee, as is already the case for the Connection Charging Methodology Statement in relation to other types of connection.
- Provisions on prohibition of undue discrimination in relation to Gas Delivery Facility Operators will be included in the licences.
- Licence holders will be obliged to make and maintain a connection with respect to a Gas Delivery Facility, subject to the requestor accepting the relevant terms, and to any applicable exceptions for the offering of such terms.
- Licence holders will be obliged, subject to Authority direction, to prepare, publish and comply with a Calorific Value Management Statement setting out the methods by, and principles on which the

Licensee will manage the Calorific Value in the Network to avoid potential downstream consumer impact from Calorific Value differentials between gas injected into the Network from a Gas Delivery Facility and that prevailing on the Network. This statement will be subject to regulatory oversight.

- The existing provision in the gas distribution licences that allows for revisions to the Connection Charging Methodology Statement to be made without obtaining the Authority's approval if the only change is for an increase in the relevant price index will be extended to apply to gas-high pressure licences as well.
- The arrangements for resolution by the Authority of disputes in relation to connections will be amended to reflect that for disputes in relation to connections that do not involve end users (i.e. connections of Gas Delivery Facilities, Pipe-Line Systems, Storage Facilities and LNG Facilities) the Authority will directly proceed with settling the dispute, whereas disputes relating to connection of premises and meters may continue to be referred to CCNI (Consumer Council for Northern Ireland).
- TSOs (Transmission System Operators) will be formally required to set out in the annual Network forecast statement for the next 10 years information to assist parties considering gas entry connections with evaluating the associated opportunities.
- The obligations on the GNOs with respect to maintenance of records will be extended to Gas Delivery Points, suppliers registered against such points and parties who have arranged for gas to be conveyed from such points.
- The existing provisions in the gas high-pressure licences in relation to entry capacity charging will be extended to cover gas entry from Gas Delivery Points as well.
- The licences will provide clarity, where relevant, that existing licences provisions in relation to the conveyance of gas to any premises also apply accordingly to the conveyance of gas from any Gas Delivery Points.

1.23 Table 1 provides high-level overview over the different parts of the gas conveyance licences and the proposed modifications thereto to achieve the intended purpose as set out from paragraph 1.21 onwards. Unless otherwise stated, the modifications listed in the table are proposed to be applicable to all gas conveyance licences. A more detailed listing of the specific licence conditions we propose to change is provided in Table 2

(which can be found under paragraph 1.40 below).

**Table 1: High-level overview over proposed licence modifications**

Licence Part	Content <sup>7</sup>	Proposed Modification
Part 1: General conditions applicable to the licence holder	<ul style="list-style-type: none"> <li>Definitions applicable throughout the licences and provisions for interpretation.</li> <li>Organisational set-up and general governance arrangements with respect to the Licensee's business.</li> <li>Information sharing and regulatory reporting.</li> <li>Payment of licence fees.</li> </ul>	<p>Definition updates:</p> <ul style="list-style-type: none"> <li>Introduction of terminology for referring to Gas Delivery Facilities and the introduction of gas onto the Network from the associated Gas Delivery Points.</li> <li>Removal of the definitions for "<i>LNG Facility</i>" and "<i>Storage Facility</i>" from the Evolve gas conveyance licence; these terms are not currently used in the licence and their removal will facilitate alignment across gas distribution licences of the newly to be introduced terminology.</li> </ul>
Part 2: Conditions applicable to the conveyance of gas by the licence holder	<ul style="list-style-type: none"> <li>Territorial scope.</li> <li>Supplier of Last Resort.</li> <li>Gas conveyance and associated charges.</li> <li>Connections to the Network and associated charges.</li> <li>Arrangements for inter-operability between systems, compliance with European requirements [BCTL, PTL, WTL, GNI (UK)] and information provision to other gas licence holders on technical/operational</li> </ul>	<ul style="list-style-type: none"> <li>Substantial review of arrangements for connections to the Network and associated charges with: <ul style="list-style-type: none"> <li>Clear differentiation between different types of connections and associated connection-related requirements.</li> <li>Enhanced requirements in relation to Gas Delivery Facility connections to facilitate a transparent and robust regulatory framework that is aligned with our statutory duties (e.g. clarification of content requirements for Gas Delivery Facility Charging Methodology Statements; inclusion of requirements in relation to offer and approval of terms and</li> </ul> </li> </ul>

<sup>7</sup> This column provides an overview over key aspects covered in the respective parts of the licences. There are some differences between the gas conveyance licences as to the exact content covered, and listing in this column does not purport to be complete.

Licence Part	Content <sup>7</sup>	Proposed Modification
	<p>matters.</p> <ul style="list-style-type: none"> <li>• Network Code requirements.</li> <li>• Provision and return of meters.</li> <li>• Emergency arrangements.</li> <li>• Network planning and forecasting arrangements.</li> <li>• Record keeping.</li> <li>• Codes of practice and consumer protection provisions. [Evolve, FEDL, PE]</li> <li>• Single System Operation Arrangements. [BGTL, PTL, WTL, GNI (UK)]</li> </ul>	<p>conditions for Gas Delivery Facility connections and for the making of such connections; arrangements for prevention of consumers downstream of a Gas Delivery Facility site from being disadvantaged; non-discrimination requirement in relation to Gas Delivery Facility Operators).</p> <ul style="list-style-type: none"> <li>◆ Alignment of provisions for regulatory oversight over connection charging methodology statements in relation to Gas Delivery Facilities and other connections.</li> <li>◆ Update of dispute resolution arrangements to account for specifics of Gas Delivery Facility connections.</li> <li>• Update of the Network Code arrangements to provide clarification on the applicability of the requirement for inclusion of a balancing charging methodology in the Network Code. The clarification became relevant because of Network Code changes that had been implemented to facilitate biomethane on the Network. [FEDL, PE]</li> <li>• Extension of maintenance of record requirements to cover record keeping in relation to Gas Delivery Points.</li> <li>• Update of Network forecasting arrangements to require the Network forecast statement to cover information to assist parties considering a gas entry connection with evaluating the associated opportunities. [BGTL, PTL, WTL, GNI (UK)]</li> </ul>
Part 2A:	Arrangements to facilitate a	Updates to ensure gas conveyance charges, in so far as

Licence Part	Content <sup>7</sup>	Proposed Modification
Standard conditions applicable to the conveyance of gas by designated pipe-line operators [BGTL, PTL, WTL, GNI (UK)]	common/postalised tariff at transmission level.	<p>they are currently levied at Entry Points, apply to Gas Delivery Points as well. This includes:</p> <ul style="list-style-type: none"> <li>Proposed change to the definition of “<i>Entry Point</i>” so that it covers Gas Delivery Points as well.</li> <li>Tweak to ensure existing licence formulae for shipper invoices and Reconciliation Payments continue to work.</li> </ul>
Other special conditions <sup>8</sup>	<ul style="list-style-type: none"> <li>Market and Network development</li> <li>Relevant conditions for exclusivity arrangements. [Evolve, FEDL, PE]</li> <li>Price control conditions.</li> </ul>	<ul style="list-style-type: none"> <li>Update of provisions on entitlement to convey gas in Remaining Licensed Area to also cover conveyance of gas from Gas Delivery Points. [FEDL]</li> <li>Review of conditions relevant for exclusivity arrangements, to account for changes to the licence condition numbers for provisions on connections to the Network and associated charges (in Part 2 of the licences). [Evolve]</li> </ul>
Schedules	<ul style="list-style-type: none"> <li>Authorised area for conveyance of gas and Licensed Area.</li> <li>Right of Authority to revoke licence.</li> <li>Exclusivity arrangements. [Evolve, FEDL, PE]</li> </ul>	

<sup>8</sup> Other conditions specific to each licence holder. The part(s) in the licences for setting out these conditions varies between licences.

## Summary of Key Reasons for Proposed Modifications

1.24 The key reasons for the proposed licence modifications are to:

- Underpin access to the Network for gas from renewable energy sources such as biomethane in a related obligation to offer terms for connection (which may be subject to exceptions in certain circumstances).
- Ensure:
  - ◆ Transparency is provided to any parties interested in injecting gas onto the Network on the arrangements for getting connected to it and entering gas onto it.
  - ◆ Regulatory oversight over such arrangements so that any barriers that may be identified from time to time can be addressed.
- Ensure the interests of consumers in the context of the developing biomethane industry are protected, in particular with respect to use of system charges and billing for gas used.
- Enhance clarity on the different types of connections and the related applicable requirements for connection charges and obligation to connect.
- Update existing licence conditions – including with respect to maintenance of records, Network planning and the conveyance of gas in the Licensed Areas – as appropriate so that they reflect, and extend to, the injection of gas onto the Network, in the interest of efficient, economic and co-ordinated gas Network development and operation.
- Update the existing licences to ensure provisions to discharge obligations under the Gas Order as to matters that must be included in a licence extend – in so far as relevant – to the connection of Gas Delivery Facilities and the introduction of gas onto the Network from the associated Gas Delivery Points, including with respect to:
  - ◆ Non-discrimination of Gas Delivery Facility Operators.
  - ◆ Information provision to facilitate efficient access to and use of the system.
  - ◆ Authority approval of any terms and conditions in relation to

connection and access to the Network.

### Summary of Key Effects of Proposed Modifications

- 1.25 We consider that the proposed licence modifications will have the following key effects:
- Transparency for both licence holders and wider industry on what reasonable expectations in relation to the connection of, and the introduction into the Network of gas from, Gas Delivery Facilities might be.
  - Embedding in the gas conveyances an obligation to connect with respect to Gas Delivery Facilities subject to pre-defined exceptions.
  - Applicability of entry charging in the gas transmission system extending to the entry of gas from Gas Delivery Points.
  - Enhancing the robustness of the regulatory framework.
  - Enhancing consistency, clarity and accuracy of licence drafting.
  - Better facilitating the achievement of our statutory duties in relation to gas.

## Considerations on Scope of this Consultation

### Types of Gases

- 1.26 Whilst the present consultation on licence modifications is driven by an interest in injection of biomethane, we refer in the proposed licence drafting more generally to gas. This is to ensure alignment with our own statutory duties which are defined in relation to gas.
- 1.27 The term gas is defined in Article 3(2) of the Gas Order as:
- “any substance which is in a gaseous state at a temperature of 15°C and a pressure of 1013.25 millibars and—*
- (a) consists wholly or mainly of methane; or*
  - (b) is specified in an order made by the Department; or*
  - (c) consists wholly or mainly of—*
    - (i) a mixture of two or more substances falling within sub-paragraph (a) or (b); or*



(ii) *a combustible mixture of one or more such substances and air.”*

- 1.28 In discussions on the decarbonisation of the gas Network, and the transition to a net zero economy, reference is often made to a potential role for hydrogen (in pure form or blended with methane). Our understanding is that hydrogen-methane blends with up to 20% hydrogen would be covered by the definition of gas. We furthermore understand from discussions with industry that beyond the 20% threshold, hydrogen-methane blends would be unlikely; instead, hydrogen might then be used in (nearly) pure form. Such (nearly) pure hydrogen would not be covered by the current definition of gas.
- 1.29 We are aware that preparatory work by the GNOs will be required before they could facilitate hydrogen blends on the NI Network.
- 1.30 We consider that limiting the scope of the proposed licence modifications, and in particular any new or changed requirements relating to the introduction of gas onto the Network, to a subset of gases (e.g. biomethane) which is narrower than the definition of gas under the Gas Order could be seen as being contrary to our statutory duties. It could for instance be argued that we would then not be pursuing our full statutory gas objectives which relate to all gas as defined in Article 3(2) of the Gas Order.
- 1.31 However, we also recognise concerns from the GNOs with respect to their ability to comply with obligations relating to the facilitation of hydrogen (blends) on the Network at a stage where more preparatory work is required for this. We have therefore built a mechanism into the proposed drafting which allows for protection of licence holders with this respect as long as appropriate. For further details see paragraph 3.201 onwards.

### Types of Gas Entry Connections

- 1.32 In principle, gas can be entered onto the NI Network through a variety of different mechanisms such as:
- Interconnection with gas networks in other jurisdictions.
  - From gas production facilities such as AD plants which are connected directly or indirectly (e.g. through a hub to which the gas is transported by means of a road network) to the Network.
  - From LNG Facilities such as e.g. LNG ports which are connected to the Network.
  - From storage facilities to which gas could be stored from the

Network and from which it could then be released back into the Network.

- 1.33 With the exception of gas from the one biomethane injection site being operational in NI at the time of writing, all gas on the NI Network is currently provided through interconnection; this is underpinned by existing licence arrangements.
- 1.34 Currently, there are no LNG Facilities or Storage Facilities in NI connected to the Network, even if some of the gas conveyance licences contain references to such facilities.
- 1.35 As set out above, the current consultation seeks to embed in the licences the arrangements to underpin the connection of, and entry of gas from, injection points for locally produced renewable gas onto the Network. A number of the associated concepts and arrangements will also be relevant to the injection of gas from LNG Facilities or gas Storage Facilities, should this become a reality in the future. A more comprehensive licence review would be required for this, and we consider this should be undertaken if and when such facilities are being implemented and there is a better understanding of related requirements.
- 1.36 Therefore, licence modifications to underpin entry of gas from LNG Facilities or Storage Facilities are out of scope of the present consultation.

### **Housekeeping Matters**

- 1.37 As part of the preparatory work for the present consultation, a number of housekeeping matters have been identified which will need to be addressed. In so far as these matters relate to a licence condition which is proposed to be modified in the present consultation, we have accounted for this in our drafting proposal.
- 1.38 However, to keep this consultation focussed and allow it to be progressed in a timely manner, we have considered other housekeeping matters to be out of scope.
- 1.39 This also includes licence modifications to introduce into the gas high-pressure licences specific arrangements relating to gas exit connections at transmission level which are a recent development. We recognise that there may be some similarities between the concepts and arrangements for such connections and those for injection points for locally produced renewable gas. We expect to consult on licence modifications related to gas exit connections at transmission level in due course.

## **Overview over Licence Conditions Impacted by Proposed Modifications**

- 1.40 Table 2 provides an overview over the licence conditions impacted by the proposed modifications and the chapter of this consultation document in which the proposed modifications to these conditions are discussed.

**Table 2: Overview over licence conditions impacted by proposed modifications**

Name	Evolve	FEDL	PE	BGTL	PTL	WTL	GNI (UK)	Chapter
Interpretation and Construction, Definitions	1.1.6	1.1.6	1.1.6	1.1.6	1.1.6	1.1.6	1.1.6	2
Connection Charges and Obligation to Connect	2.3	2.3	2.4	2.3	2.3	2.3	2.3	3
Network Code		2.4.2	2.5.2					4
Maintenance of Records, Recorded information	2.9.1	2.9.1	2.10.1	2.9.1	2.9.1	2.9.1	2.8.1	4
Network Forecasts				2.13	2.13	2.11	2.10	4
Interpretation and Construction, Definitions				2A.1.1	2A.1.1	2A.1.1	2A.1.1	5
Postalisation Charges, Forecast Postalised Annual Capacity Charge				2A.2.5.3	2A.2.5.3	2A.2.5.3	2A.2.5.3	5
Development Plan, Conveyance in the Remaining Licensed Area		3.2.11						6
Relevant conditions	3.8							6

## Document Structure

1.41 This consultation document is structured in a number of chapters as follows:

- *Chapter 1 Introduction* provides an overview over the background to this consultation; it sets out its purpose and considerations on scope; it also provides an overview of the licence conditions impacted by the proposed modifications as well as setting out details on how to respond to the consultation and equality considerations.
- *Chapter 2 Definitions and Key Terms* describes the background to the related proposed modifications, explains the modification proposals and sets out related reasons and effects.
- *Chapter 3 Connection Arrangements* describes the background to the related proposed modifications, explains the modification proposals and sets out related reasons and effects.
- *Chapter 4 Planning and Operational Arrangements* describes the background to the related proposed modifications, explains the modification proposals and sets out related reasons and effects.
- *Chapter 5 Conveyance Charging Arrangements* describes the background to the related proposed modifications, explains the modification proposals and sets out related reasons and effects.
- *Chapter 6 Licensed Area Arrangements and Conditions Relevant for Exclusivity* describes the background to the related proposed modifications, explains the modification proposals and sets out related reasons and effects.
- *Chapter 7 Next Steps* summarises the next steps and associated indicative timelines for the licence modifications process.
- Annexes A to G show the proposed changes to the gas conveyance licences for Evolve, FEDL, PTL, BGTL, PTL, WTL and GNI (UK) respectively.
- Annexe H represents the notice under Article 14(2) of the Gas (Northern Ireland) Order 1996 of our licence modification proposal.

1.42 Each of the chapters 2 to 6 are structured in sections in a similar way:

- First, we provide some background to the proposed modifications covered in the chapter as well as a summary of key reasons for and

effects of them.

- Then, we cover (in so far as relevant) the proposed modifications applicable to gas distribution licences only.
- Next, we cover (in so far as relevant) the proposed modifications applicable to the gas high-pressure licences only.
- Finally, we cover (in so far as relevant) the proposed modifications to licences conditions that are aligned between gas distribution and high-pressure licences and which affect both.

- 1.43 This structure is designed to allow the licence holders to easily identify the sections of the consultation document relevant to them, whilst also avoiding duplication.
- 1.44 Within each of the sections on proposed modifications described in paragraph 1.42 we first set out the licence drafting proposal and then the associated reasons and effects.
- 1.45 Annexes A to G show, for each licence holder, the proposed licence modifications as tracked changes to the current licence conditions.
- 1.46 Annexe H represents the official notice we are obliged to give in relation to the proposed modifications.
- 1.47 In order to underpin the envisaged injection of renewable gas onto the Network, a key focus needs to be on robust arrangements for renewable gas connections. This is reflected in chapter 3 *Connection Arrangements* being the most substantial chapter of this consultation paper. In particular, the section on aligned licence conditions in chapter 3 contains the bulk of the modifications proposed to support renewable gas connections to the Network and the injection of gas from them. Other sections of this consultation paper are also relevant but could be seen as complementary in so far as they set out terminology required for the description of the connection arrangements and/or the adjustment of existing licence arrangements to address the implications of renewable gas injection.

## Responding to this Consultation

- 1.48 The Utility Regulator welcomes industry and stakeholder views and comments on the outlined licence modification proposals and their effect. Any representations or objections with respect to the proposals may be made on or before 17:00 on 22 October 2025 to:

Veronika Gallagher

Utility Regulator

Millennium House

Great Victoria Street

Belfast BT2 7AQ

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)

- 1.49 The Utility Regulator's preference would be for responses to be submitted by e-mail.
- 1.50 Your response may be made public by the Utility Regulator. If you do not want all or part of your response or name made public, please state this clearly in the response by marking your response as 'CONFIDENTIAL'.
- 1.51 If you want other information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential.
- 1.52 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 and the Data Protection Act 2018).
- 1.53 As stated in the GDPR Privacy Statement for consumers and stakeholders, any personal data contained within your response will be deleted once the matter being consulted on has been concluded though the substance of the response may be retained.
- 1.54 Copies of all documents will be made available in large print, Braille, audio cassette and a variety of relevant minority languages if required. Please contact Veronika Gallagher on 028 9031 6641 or 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) to request this.

## **Equality Considerations**

- 1.55 As a public authority, the Utility Regulator has a number of obligations arising from Section 75 of the Northern Ireland Act 1998. These obligations concern the promotion of equality of opportunity between:

- a) persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
  - b) men and women generally;
  - c) persons with disability and persons without; and
  - d) persons with dependants and persons without.
- 1.56 The Utility Regulator must also have regard to the promotion of good relations between persons of different religious belief, political opinion or racial groups.
- 1.57 In the development of its policies the Utility Regulator also has a statutory duty to have due regard to the needs of vulnerable customers i.e. individuals who are disabled or chronically sick, individuals of pensionable age, individuals with low incomes and individuals residing in rural areas. Some of the above equality categories will therefore overlap with these vulnerable groupings.
- 1.58 In order to assist with equality screening of the proposals contained within this consultation paper, the Utility Regulator requests that respondents provide any information or evidence in relation to the needs, experiences, issues and priorities for different groups which they feel is relevant to the implementation of any of the proposals. Furthermore, the Utility Regulator welcomes any comments which respondents might have in relation to the overall equality impact of the proposals.



## 2. DEFINITIONS AND KEY TERMS

### Background

- 2.1 In order to embed in the NI gas conveyance licences the concept of gas entering the NI Network from injection points for locally produced renewable gas, there is a need to introduce terminology for referring to:
- A facility from where such gas may be introduced into the Network; this facility will need to get connected to the gas Network for the injection of gas into the Network to be facilitated.
  - The person owning and/or operating such a facility; this is the person who may look to get the facility connected to, and gas from the facility entered into, the Network.
  - The point at which gas from such a facility is injected into the Network; this point will be of relevance to planning, operations, conveyance and charging arrangements associated with the (potential) entry of gas onto the Network.
- 2.2 This chapter sets out the proposed terms and definitions for this. These terms will be fundamental for the further proposed modifications set out in chapters 3 to 6 of this paper.
- 2.3 The proposed terms and their definitions are to a large extent aligned between the gas distribution and the gas high-pressure licences. However, existing differences between gas distribution and high-pressure licences have entailed a need for differentiated wording in one of the definitions, to allow for a clear distinction between the newly proposed terms and existing terminology in the gas high-pressure licences.
- 2.4 Despite the proposed definitions, and the relevant *Condition 1.1.6: Interpretation and Construction, Definitions* not being fully aligned across the different licences, they are covered below in the section on *Proposed Modifications to Aligned Licence Conditions*, to avoid duplication.
- 2.5 Specifically with respect to the Evolve gas conveyance licence, we furthermore propose additional modifications, to simplify the existing licence and facilitate alignment across the distribution licences of the definitions for the terms referred to in paragraph 2.1.
- 2.6 The key reason for the proposed modifications covered in this chapter is to facilitate inclusion in the licence of arrangements in relation to the connection of Gas Delivery Facilities to and the injection of gas from such facilities into the Network. This is done through the proposed

introduction of relevant terminology into the licences.

- 2.7 We consider that the proposed introduction of relevant terminology on its own has no effect. It will only be meaningful when linked with proposed modifications to other licence conditions described in chapters 3 to 6 of this consultation.

## Proposed Modifications to Distribution Licence Conditions

### General

- 2.8 The proposed modifications, as described below, are set out in detail in Annex A.

### Condition 1.1.6 [Evolve]: Interpretation and Construction, Definitions

#### Licence Drafting Proposal

- 2.9 We propose to remove, from *Condition 1.1.6: Definitions* of the Evolve gas conveyance licence, the definitions for the terms “LNG Facility” and “Storage Facility”.

#### Reasons and Effects

- 2.10 The term “Storage Facility” is defined in *Condition 1.1.6: Definitions*, of the Evolve gas conveyance licence. Similarly, the term “LNG Facility” is defined in the same condition and also referred to in the definition of the term “Storage Facility”.
- 2.11 Both terms do not occur in this form anywhere else in the Evolve gas conveyance licence.
- 2.12 We note, however, that the term “LNG facility” (with a small rather than a capital “f”) is used in *Condition 2.5: Compliance with System Operator Agreements*. This condition sets out an obligation on the Licensee to use all reasonable endeavours to enter into a system interoperability agreement with any person holding a licence (granted under the Gas Order) to operate an LNG facility.
- 2.13 Similarly, the term “gas storage facility” (with small rather than capitalised letters and including the word “gas”) is used in:
- *Condition 1.12.6: Disposal of Relevant Assets, Additional Definitions* in the definition of the term “relevant asset”.

- *Condition 2.5: Compliance with System Operator Agreements* which sets out an obligation on the Licensee to use all reasonable endeavours to enter into a system interoperability agreement with any person holding a licence (granted under the Gas Order) to store gas in a specified gas storage facility.
- 2.14 We consider the spelling differences to be important. They indicate that the terms as used in the context of *Condition 1.12.6: Disposal of Relevant Assets, Additional Definitions* and *Condition 2.5: Compliance with System Operator Agreements* are:
- not those as defined in *Condition 1.1.6: Definitions* which are capitalised; but
  - those as used in the Gas Order in which the terms, spelt in the same way as in *Condition 1.12.6* and *Condition 2.5*, are defined.
- 2.15 This follows from paragraph (c) of *Condition 1.1.1: Interpretation and Construction, Interpretation Act (Northern Ireland) 1954 and Gas (Northern Ireland) Order 1996* of the Evolve gas conveyance licence which clarifies that unless contrary intention appears, words and expressions defined in the Gas Order shall have the same meaning when used in the licence.
- 2.16 As explained from paragraph 2.39 onwards, to the extent that a licence refers to Gas Delivery Facility, LNG Facility and Storage Facility and that different arrangements apply for such facilities, there is a need to clearly differentiate between them. This can be seen as adding to complexity of wording.
- 2.17 We propose to remove the definitions of the terms “LNG Facility” and “Storage Facility” from *Condition 1.1.6: Definitions* of the Evolve gas conveyance licence to avoid such complexity.
- 2.18 We consider that the proposed removal of the definitions of the two terms will have the added benefit of furthering alignment between the gas distribution licences, including with respect to the definition of the term “Gas Delivery Facility” (see paragraph 2.22).
- 2.19 We therefore consider that this proposed change will enhance clarity, consistency and transparency of licence drafting.
- 2.20 We consider that it will have no practical implications otherwise, as the terms “LNG Facility” and “Storage Facility” – in this form – are not used anywhere else in the Evolve gas conveyance licence.

## **Proposed Modifications to Aligned Licence Conditions**

## General

- 2.21 The proposed modifications, as described below, are set out in detail in Annexes A to G.

### Condition 1.1.6 [Evolve, FEDL, PE, BGTL, PTL, WTL, GNI (UK)]: Interpretation and Construction, Definitions

#### Licence Drafting Proposal

- 2.22 We propose, to introduce, in *Condition 1.1.6: Definitions* of the Evolve, FEDL and PE gas conveyance licences, three new definitions as follows:

**“Gas Delivery Facility”** means any building, structure, facility or pipe-line from which gas is, or may be, introduced into the Network, but excluding: any pipe-line or pipe-line system from which gas is or may be conveyed, by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order;

**“Gas Delivery Facility Operator”** means any person that owns and/or operates a Gas Delivery Facility;

**“Gas Delivery Point”** means a point on the Network at which gas is, or may be, introduced into the Network from a Gas Delivery Facility;

- 2.23 We furthermore propose, to introduce, in *Condition 1.1.6: Definitions* of the BGTL, PTL, WTL and GNI (UK) gas conveyance licences, three new definitions as follows:

**“Gas Delivery Facility”** means any building, structure, facility or pipe-line from which gas is, or may be, introduced into the Network, but excluding:

- (i) any pipe-line or pipe-line system from which gas is or may be conveyed by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order;

(ii) any LNG Facility; and

(iii) any Storage Facility;

**“Gas Delivery Facility Operator”** means any person that owns and/or operates a Gas Delivery Facility;

**“Gas Delivery Point”** means a point on the Network at which gas is, or may be, introduced into the Network from a Gas Delivery Facility;

### Reasons and Effects

- 2.24 To embed in the NI gas conveyance licences the concept of gas entering the NI Network from injection points for locally produced renewable gas, there is a need to introduce new terminology.
- 2.25 In particular, the reason for the proposal to introduce the term “*Gas Delivery Facility*” with related definition in *Condition 1.1.6: Definitions* of the gas conveyance licences is to facilitate inclusion in the licences of arrangements relating to:
- Connection of such facilities to the Network.
  - Maintenance of such connections.
  - Acceptance of the introduction of gas from such facilities.
- 2.26 Similarly, the reason for the proposal to introduce the term “*Gas Delivery Facility Operator*” with related definition in *Condition 1.1.6: Definitions* of the gas conveyance licences is to facilitate inclusion in the licences of arrangements relating to:
- Contractual arrangements with such parties.
  - Information requirements for such parties.
  - Prevention of undue discrimination of such parties.
- 2.27 The reason for the proposal to introduce the term “*Gas Delivery Point*” with related definition in *Condition 1.1.6: Definitions* of the gas conveyance licences is to facilitate inclusion in the licences of arrangements relating to:
- Acceptance and conveyance of gas from such points.

- Charges for ongoing cost associated with such points.
  - Conveyance charging in relation to gas entered from such points.
  - Record keeping and information requirements in relation to such points.
- 2.28 We consider all of the arrangements referred to in paragraphs 2.25 to 2.27 to be essential for the fulfilment of our statutory duties (see chapter 1).
- 2.29 We note with respect to the proposed definition of “*Gas Delivery Facility*” that this facility is one “*from which gas is, or may be, introduced into the Network*”. As such, it is different from a premises (see paragraphs 3.391 and 3.393) which is “*supplied, or to be supplied, with gas from the Network*”.
- 2.30 We consider that the clarification that gas “*is, or may be, introduced into the Network*” from such a facility is relevant to cover both:
- Situations where gas is actually provided from a Gas Delivery Facility for introduction into the Network.
  - Situations where gas might be provided from a Gas Delivery Facility into the Network but where at a given point in time this is not happening, e.g. because:
    - ◆ the connection of the Gas Delivery Facility to the Network is yet to be completed; or
    - ◆ despite completion of the connection, the Gas Delivery Facility Operator chooses not to avail of it for introducing gas into the Network, e.g. for economic reasons, feedstock supply reasons or due to technical issues on site.
- 2.31 Similarly, the clarification that at a Gas Delivery Point “*gas is, or may be, introduced into the Network from a Gas Delivery Facility*” covers both:
- ◆ Situations where gas is actually introduced into the Network.
  - ◆ Situations where at a given point in time this is not happening, but it may happen in due course, e.g. once the related Gas Delivery Facility connection has been completed and/or any temporary issues impacting on the injection of gas from such a facility have been resolved.
- 2.32 We also note that the definition of the term “*Gas Delivery Facility*” proposed to be introduced into:

- the gas distribution licences of Evolve, FEDL and PE contains an exclusion with respect to any pipe-line or pipe-line system which fulfils certain conditions (see paragraph 2.35).
  - the gas high-pressure licences of BGTL, PTL, WTL and GNI (UK) contains the same exclusion with respect to any pipe-line or pipe-line system, in addition to exclusion of any LNG Facility and Storage Facility.
- 2.33 We note furthermore that in the proposed definition a Gas Delivery Facility is being described as any “*building, structure, facility or pipe-line [...]*”.
- 2.34 In preparing the present consultation, consideration has been given as to whether any pipes that may form part of a Gas Delivery Facility do indeed constitute a pipe-line (as defined in Article 2(2) of the Gas Order) or could rather be classified as pipework. Whilst our understanding is that commonly such pipes might be pipework, we consider that a scenario where a pipe-line as defined in the Gas Order forms part of a Gas Delivery Facility should not be excluded at this stage. We have hence accounted for this in the introductory sentence of the definition of “*Gas Delivery Facility*” and the proposed exclusion with respect to any pipe-line or pipe-line system which fulfils certain conditions (see paragraph 2.35).
- 2.35 The proposed exclusion with respect to “*any pipe-line or pipe-line system*” covers those pipe-lines and pipe-line systems “*from which gas is or may be conveyed by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order*”. This means in essence, that a pipe-line or pipe-line system from an upstream section of the NI Network from which gas may be introduced into the Network of the respective licence holder does not constitute a Gas Delivery Facility.
- 2.36 We note the similarity in wording between:
- The proposed exclusion in the definition of the term “*Gas Delivery Facility*” with respect to “*any pipe-line or pipe-line system from which gas is or may be conveyed by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order*”; and
  - The proposed definition of the defined term “*Pipe-Line System*”:
    - ◆ In Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE]: *Terms for connection or a Pipe-Line System to the Network: “any pipe-line system to or from which gas is or may be conveyed by any person holding a licence granted (or*

*treated as granted) under Article 8(1)(a) of the Order”.*

- ◆ In paragraph (c) of *Condition 2.3.1* [BCTL, PTL, WTL, GNI (UK)]: *Statement of connection charges and terms for connections (other than of Gas Delivery Facilities) to the Network: “any pipe-line system:*
  - (i) *to or from which gas is or may be conveyed by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order;*
  - (ii) *other than a pipe-line system that is part of a Storage Facility or LNG Facility”*

2.37 We consider that this similarity facilitates clear differentiation between a Gas Delivery Facility and a Pipe-Line System. This is of relevance as different arrangements apply under *Condition 2.3: Connection Charges and Obligation to connect* [Evolve, FEDL, BCTL, PTL, WTL, GNI (UK)]/*Condition 2.4* [PE]: *Connection Charges and Obligation to Connect* for the connection of a Gas Delivery Facility and the connection of a Pipe-Line System to the Network.

2.38 We are also of the view that the proposed explicit exclusion from a Gas Delivery Facility of “*any pipe-line or pipe-line system from which gas is or may be conveyed by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order*” clarifies that reverse compression facilities<sup>9</sup> do not constitute Gas Delivery Facilities. Rather, we consider that where a reverse compression facility forming part of the Network of one GNOs is to be interfaced with the Network of another GNO, this could be seen as being covered by:

- the provisions for connection of Pipe-Line Systems in *Condition 2.3* [Evolve, FEDL, BCTL, PTL, WTL, GNI (UK)]/*Condition 2.4* [PE]: *Connection Charges and Obligation to Connect*; to the extent that the reverse compression facility constitutes or forms part of a Pipe-Line System.
- the provisions on interaction and interoperability of Networks/systems in *Condition 2.4A* [FEDL, PE, BCTL, PTL, GNI (UK)]/*Condition 2.5* [Evolve, WTL]: *Compliance with System*

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<sup>9</sup> Reverse compression facilities may e.g. be required if in a given area there is insufficient downstream demand to absorb the quantities anticipated to be injected on an ongoing basis. With a reverse compression solution gas could, at times when there is insufficient downstream demand, be redirected into an upstream system, e.g. a higher pressure system, from where it could then be conveyed to where more demand is.



*Operator Agreements.*

- 2.39 We consider the clarification in the gas high-pressure licences that any LNG Facilities and Storage Facilities do not form part of Gas Delivery Facilities to be relevant because:
- Arguably, gas might be introduced from both LNG Facilities and Storage Facilities onto the Network (should such facilities become a reality in NI); but
  - Given that different arrangements apply under *Condition 2.3: Connection Charges and Obligation to Connect* [BGTL, PTL, WTL, GNI (UK)] for LNG Facilities and Storage Facilities on one side and Gas Delivery Facilities on the other (bearing in mind the proposed modifications to *Condition 2.3* as detailed in chapter 3), there is a need to differentiate between them.
- 2.40 The exclusion of LNG Facilities and Storage Facilities from Gas Delivery Facilities is only proposed to be included in the gas high-pressure licences and not the gas distribution licences as (with the proposed modification of the Evolve licence discussed in paragraph 2.9 above), these two terms are not used in the gas distribution licences. (For further details on the underlying reason for this see paragraph 3.3).
- 2.41 We note that the proposed new terms “*Gas Delivery Facility*”, “*Gas Delivery Facility Operator*” and “*Gas Delivery Point*” all refer to gas. As explained in paragraph 1.26 onwards, the term “*gas*” has the same meaning as defined in Article 3(2) of the Gas Order, unless the contrary intention appears from the context in which the term is used. This follows from *Condition 1.1.1: Interpretation and Construction, Interpretation Act (Northern Ireland) 1954 and Gas (Northern Ireland) Order 1996*.
- 2.42 We consider that the proposed introduction of the three new terms in *Condition 1.1.6: Definitions* of the gas conveyance licences on its own has no effect. The proposed new terms are only meaningful when linked with modifications to other licence conditions. This, together with the associated reasons and effects for the proposed modification of these other licence terms and conditions, is detailed in chapters 3 to 6 of this consultation document.

### 3. CONNECTION ARRANGEMENTS

#### Background

- 3.1 In 2018, we standardised *Condition 2.3* [Evolve, FEDL, BGTL, PTL, WT, GNI (UK)]/*Condition 2.4* [PE]: *Connection Charges and Obligation to Connect*. across all the gas conveyance licences.<sup>10</sup>
- 3.2 The drafting of this condition is now aligned across all the gas distribution licences, and across all the gas high-pressure licences. It is also – to the extent considered reasonable at the time – aligned between the distribution and gas high-pressure licences. However, some key differences remained, e.g.:
- Specific requirements arising from the Gas (Individual Standards of Performance) Regulations (Northern Ireland) 2014<sup>11</sup> which are relevant to gas distribution licences only and have been reflected in the licence drafting.
  - Specific requirements arising from Gas Regulatory Letter No. 1<sup>12</sup> in relation to Authority approval for premises connections which are relevant to high-pressure licences only and have been reflected in the licence drafting.
  - In contrast to the gas distribution licences, the gas high-pressure licences also contain arrangements specific to the connection of LNG Facilities and Storage Facilities.
- 3.3 Whilst we do not exclude the possibility of an LNG Facility or Storage Facility materialising on one of the distribution networks in the future, it appears more likely that such a facility, should it emerge, would be connected to the high-pressure Network. Hence, we do not see a need to extend the arrangements in relation to the connection of LNG Facilities and Storage Facilities to the gas distribution licences at this stage. As noted in paragraph 1.35, we anticipate that should connection of such facilities to the Network become relevant in the future, a comprehensive licence review with this respect would be required in any case.

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<sup>10</sup> See: [Utility Regulator: Notice and Consultation on Proposed Standardisation of Licence Condition - 'Connection Charges and Obligation to Permit a Connection' and Consequential Licence Changes, 30 January 2018](#) and [Utility Regulator: Standardisation of Licence Condition – 'Connection Charges and Obligation to Connect' and consequential Licence Changes, Decision Published Pursuant to Article 14\(8\) of the Gas \(Northern Ireland\) Order, 25 April 2018](#).

<sup>11</sup> [The Gas \(individual Standards of Performance\) Regulations \(Northern Ireland\) 2014](#).

<sup>12</sup> [Utility Regulator: Gas Regulatory Letter No. 1](#).

3.4 The proposed modifications discussed in this chapter result from a review of the licence condition in relation to connection charges and obligation to connect with respect to the implications associated with the connection of Gas Delivery Facilities. We consider it timely to also propose some modifications to the arrangements for other types of connections in so far as, in our view:

- These address potential for improvement that has been identified over time, in particular with respect to clearer differentiation between different types of connections and the related licence requirements.
- These allow for better integration (in terms of licence structure) of licence requirements relating to connection of Gas Delivery Facilities and to other connections.
- These improve clarity, transparency and readability of the licence condition in relation to connection charges and obligation to connect overall.

3.5 We note, however, that – as set out in paragraph 1.38 and 1.39 – housekeeping matters more generally are considered to be out of scope of the present consultation. This includes licence modifications to introduce into the gas high-pressure licences specific arrangements relating to gas exit connections at transmission.

3.6 We note furthermore that the proposed modifications to the licence condition in relation to connection charges and obligation to connect with respect to the connection of Gas Delivery Facilities go beyond merely connection-related matters in so far as they also cover aspects relating to:

- Arrangements with respect to the introduction of gas from such facilities onto the Network; and
- The methods and principles for the recovery of ongoing cost associated with maintenance and use of the Gas Delivery Points established by virtue of a Gas Delivery Facility connection.

3.7 We consider this to be appropriate as both matters are intrinsically linked to the Gas Delivery Facility connections.

3.8 In drafting the proposed modifications set out in this chapter, we have sought to maintain alignment between the gas conveyance licences where reasonable. We have identified no need to differentiate the connection-related arrangements in relation to Gas Delivery Facilities between gas distribution and gas high-pressure licences, other than to tie-in with any pre-existing drafting differences.

- 3.9 In the interest of enhanced readability of the licence condition in relation to connection charges and obligation to connect, our proposals include a suggestion for restructure of *Condition 2.3* [Evolve, FEDL, BGTL, PTL, WT, GNI (UK)]/*Condition 2.4* [PE]: *Connection Charges and Obligation to Connect*. For ease of reference, Table 3 sets out a comparison between existing and proposed new licence conditions.

**Table 3: Comparison of existing and proposed new connection-related licence conditions**

Title <sup>13</sup>	Evolve, FEDL		PE		BGTL, PTL, WTL, GNI (UK)	
	Existing	New	Existing	New	Existing	New
<b>Part A – Connection Charges – Charging Methodology Statements</b>						
Statement of connection charges and terms for connection of premises to the Network	2.3.1	2.3.1	2.4.1	2.4.1		
Terms for connection of a Pipe-Line System to the Network	2.3.2	2.3.2	2.4.2	2.4.2		
Statement of connection charges and terms for connection (other than of Gas Delivery Facilities) to the Network					2.3.1	2.3.1
Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network	2.3.3	2.3.3	2.4.3	2.4.3	2.3.2	2.3.2
<b>Part B – Premises Connections – Other Requirements [Evolve, FEDL, PE] Part B – Connections (except in respect of Gas Delivery Facilities) – Other Requirements [BGTL, PTL, WTL, GNI (UK)]</b>						
Other provisions to be included in the Connection Charging Methodology Statement	2.3.4	2.3.4	2.4.4	2.4.4	2.3.3	2.3.3
The Connection Charging Methodology	2.3.5	2.3.5	2.4.5	2.4.5	2.3.4	2.3.4

<sup>13</sup> The title of the sub-condition is provided in this column is based on our drafting proposal; it may be different from the name in the corresponding existing licence condition.

Title <sup>13</sup>	Evolve, FEDL		PE		BGT, PTL, WTL, GNI (UK)	
	Existing	New	Existing	New	Existing	New
Statement to give likely indication of costs						
Standards of Performance Regulations	2.3.6	2.3.6	2.4.6	2.4.6		
Quotation Requests	2.3.12	2.3.7	2.4.12	2.4.7		
Treatment of Request for Quotation	2.3.13	2.3.8	2.4.13	2.4.8		
Accuracy of Quotations	2.3.14	2.3.9	2.4.14	2.4.9		
Connection and Quotation Requests					2.3.10	2.3.5
Treatment of Request for Connection and Quotation					2.3.11	2.3.6
Prohibition on undue discrimination in relation to connections	2.3.15	2.3.10	2.4.15	2.4.10	2.3.12	2.3.7
Obligation to Connect premises	2.3.16	2.3.11	2.4.16	2.4.11		
Connection Requirements (premises connections)	2.3.17	2.3.12	2.4.17	2.4.12		
No obligation to connect premises	2.3.18	2.3.13	2.4.18	2.4.13		
Connection of Premises – Requirement for Authority Approval					2.3.13	2.3.8
Requests for Connection of premises – Obligation to Connect					2.3.14	2.3.9
Connection of other systems and facilities (excluding Gas Delivery Facilities) – Obligation to Connect					2.3.15	2.3.10
No obligation to connect					2.3.16	2.3.11
<b>Part C – Gas Delivery Facility Connections – Other Requirements</b>						

Title <sup>13</sup>	Evolve, FEDL		PE		BGTL, PTL, WTL, GNI (UK)	
	Existing	New	Existing	New	Existing	New
Other provisions to be included in a GDF Connection Charging Methodology Statement		2.3.14		2.4.14		2.3.12
Gas Delivery Facility Connections – Requirement to offer terms		2.3.15		2.4.15		2.3.13
Prohibition on undue discrimination in relation to Gas Delivery Facility Operators		2.3.16		2.4.16		2.3.14
Obligation to Connect a Gas Delivery Facility		2.3.17		2.4.17		2.3.15
Exceptions to requirement to offer connection terms for a Gas Delivery Facility		2.3.18		2.4.18		2.3.16
Calorific Value Management Statement		2.3.19		2.4.19		2.3.17
<b>Part D – Approval and publication of statements prepared under this Condition 2.3 [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]</b>						
<b>Part D – Approval and publication of statements prepared under this Condition 2.4 [PE]</b>						
Authority's approval of connection charging methodology statements	2.3.7	2.3.20	2.4.7	2.4.20	2.3.5	2.3.18
Publication of and compliance with statements prepared under this Condition 2.3 [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)] Publication of and compliance with statements prepared under this Condition 2.4 [PE]	2.3.8	2.3.21	2.4.8	2.4.21	2.3.6	2.3.19

Title <sup>13</sup>	Evolve, FEDL		PE		BGTL, PTL, WTL, GNI (UK)	
	Existing	New	Existing	New	Existing	New
Review and Revision of Statements – Direction by the Authority	2.3.9, 2.3.11	2.3.22	2.4.9, 2.4.11	2.4.22	2.3.7, 2.3.9	2.3.20
Review and Revision of Statements – General	2.3.10	2.3.23	2.4.10	2.4.23	2.3.8	2.3.21
<b>Part E – Connection Disputes –Authority's Role</b>						
Resolution of disputes by the Authority	2.3.19	2.3.24	2.4.19	2.4.24	2.3.17	2.3.22
<b>Part F – Definitions and Interpretation</b>						
Interpretation and construction	2.3.20	2.3.25	2.4.20	2.4.25	2.3.18	2.3.23

3.10 Unless explicitly stated otherwise, any condition number references in the remainder of this chapter 3 relate to the revised condition numbers based on the restructuring proposal. Any references to Part A to Part F also refers to the sub-headings for these parts proposed to be introduced based on the restructuring proposal.

3.11 Proposed modifications relating to:

- Conditions which are only applicable to the licences of Evolve, FEDL and PE are listed below in the section *Proposed Modifications to Distribution Licence Conditions*.
- Conditions which are only applicable to the licences of BGTL, PTL, WTL and GNI (UK) are listed below in the section *Proposed Modifications to High-Pressure Licence Conditions*.
- Conditions which are applicable to all the gas conveyance licences are listed below in the section *Proposed Modifications to Aligned Licence Conditions*.

3.12 The section on *Proposed Modifications to Aligned Licence Conditions* (from page 79 onwards) contains the bulk of the modifications proposed to support renewable gas connections to the Network and the injection of gas from them. This section also contains further details on the proposed restructure of *Condition 2.3 [Evolve, FEDL, BGTL, PTL, WT, GNI (UK)]/Condition 2.4 [PE]: Connection Charges and Obligation to Connect*. The sections *Proposed Modifications to Distribution Licence Conditions*

and *Proposed Modifications to High-Pressure Licence Conditions* mainly relate to differentiation of the arrangements for Gas Delivery Facility connections from those for other types of connections.

3.13 Key reasons for the proposed modifications to the licence conditions covered in this chapter include:

- Facilitation of clearer differentiation between those types of connections for which different regulatory requirements apply.
- Review, in the gas high-pressure licences, of procedural and timeline requirements for responding to quotation requests for connections to the gas high-pressure Network, to:
  - ◆ Reflect experience and lessons learned with respect to the lead-time required for provision of a specific statement of connection charges, and other terms of connection, for connections to the high-pressure Network; in particular, the existing requirement to provide this information within 28 days of receiving a request for connection of a Pipe-Line system, Storage Facility, LNG Facility or the introduction of gas into the Network is considered not to be realistic and proposed to be amended.
  - ◆ Align licence drafting more closely with policy intent (including as set out in Gas Regulatory Letter No. 1<sup>14</sup>); in particular, it is proposed that meter connections (i.e. connections of any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and located in any premises) to the gas high-pressure Network will also be subject to regulatory approval.
- Protection of licence holders from obligations they cannot reasonably be expected to fulfil at this point in time; this includes an obligation to provide a statement of connection charges and terms for connection in relation Gas Delivery Facility connections for hydrogen (blends) onto the Network whilst readiness for this has not yet been achieved.
- Refinement of licence requirements for information on connection of Gas Delivery Facilities (GDF) and the introduction of gas onto the Network from them to address information needs by parties interested in such connections whilst being reflective of the

<sup>14</sup> [Utility Regulator: Gas Regulatory Letter No. 1, 30 April 2015.](#)



information licence holders can realistically be expected to provide.

- Protection of consumers downstream of Gas Delivery Points from potential disadvantage due to differences in the Calorific Value (or heating power) between gas prevailing on the Network and that introduced from associated Gas Delivery Facilities.
- Review of the arrangements for resolution of connection-related disputes to:
  - ◆ Extend them to Gas Delivery Facility connections; and
  - ◆ Facilitate efficient arrangements for addressing connection-related barriers which might otherwise impact negatively on network development.
- Compliance with respect to our statutory duties in relation to gas, including in relation to:
  - ◆ The integration, in the most cost-effective way, of large and small scale production of gas from renewable energy sources and distributed production in both transmission and distribution Networks.
  - ◆ The facilitation of access to the Network for new production capacity and associated licensing requirements.

3.14 We consider that the proposed modifications will have the following key effects:

- Enhanced transparency for both licence holders and wider industry on what reasonable expectations in relation to the connection of, and the introduction into the Network of gas from, Gas Delivery Facilities might be. This includes expectations with respect to the terms and conditions as well as the charging methods and principles for such connections.
- Embedding in the gas conveyances an obligation to connect with respect to Gas Delivery Facilities subject to pre-defined exceptions to prevent potential conflict this obligation and other licence and/or legislative requirements.
- Entailing administrative burden for licence holders and the Utility Regulator for preparation, review and regulatory oversight over the GDF Charging Methodology Statement and the Calorific Value Management Statement.

- The potential referral of connection-related disputes to the Consumer Council will be limited to connections of premises and meter connections, as these may involve end users; for connection-related disputes with respect to Gas Delivery Facilities, Pipe-Line Systems, Storage Facilities and LNG Facilities that are referred to the Authority, the Authority will directly proceed with their settlement.
- Enhanced the robustness of the regulatory framework.
- Enhanced clarity and accuracy of licence drafting.
- Better facilitating the delivery of our statutory duties in relation to gas.

## Proposed Modifications to Distribution Licence Conditions

### General

- 3.15 The proposed modifications, as described below, are set out in detail in Annexes A to C.

### Condition 2.3.1 [Evolve, FEDL]/Condition 2.4.1 [PE]: Statement of connection charges and terms for connection of premises to the Network

#### Licence Drafting Proposal

- 3.16 We propose to insert, in the gas conveyance licences of Evolve, FEDL and PE, in the title of this condition, after “*Statement of connection charges and terms for connection*”, the words “*of premises*”.
- 3.17 We furthermore propose to insert in the introductory sentence, after “*prepare and submit to the Authority for approval as to form and content, a statement*” the expression “(**Connection Charging Methodology Statement**)”.

#### Reasons and Effects

- 3.18 Conditions 2.3.1 to 2.3.3 [Evolve, FEDL]/Conditions 2.4.1 to 2.4.3 [PE] of the gas distribution licences set out different types of connections and the associated charging methodology statements. More specifically, the licences differentiate between:
- Connection of premises (and any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or

related undertaking of the Licensee) and is located in any premises)  
– covered by Condition 2.3.1 [Evolve, FEDL]/Condition 2.4.1 [PE].

- Connection of a Pipe-Line System – covered by Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE].
- Connection of a Gas Delivery Facility – covered by Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE].

3.19 The reason for the proposed insertion of the words “*of premises*” in the title of Condition 2.3.1 [Evolve, FEDL]/Condition 2.4.1 [PE] is to indicate more clearly to which type of connections this condition relates. We consider that this will enable a reader to more easily assess whether this condition might be of relevance for a given connection on a case-by-case basis.

3.20 The reason for the proposed introduction of the term “*Connection Charging Methodology Statement*” is that this better facilitates inclusion of meaningful references to this statement throughout *Condition 2.3* [Evolve, FEDL]/*Condition 2.4* [PE]: *Connection Charges and Obligation to Connect*.

3.21 We consider that this is relevant, as with the proposed modification to *Condition 2.3.3* [Evolve, FEDL]/*Condition 2.4.3* [PE]: *Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network*, there are two different types of charging methodology statements:

- The Connection Charging Methodology Statement in relation to connection of premises and Pipe-Line Systems; and
- The GDF Connection Charging Methodology Statement in relation to connection of Gas Delivery Facilities.

3.22 We consider that the proposed modifications to title and wording of this Condition 2.3.1 [Evolve, FEDL]/Condition 2.4.1 [PE] enhance clarity and transparency of licence drafting but have no practical implications otherwise.

### **Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE]: Terms for connection of a Pipe-Line System to the Network**

#### Licence Drafting Proposal

3.23 We propose to modify, in the gas conveyance licences of Evolve, FEDL and PE, the title of this condition by replacing “*Connections by any pipe-line system*” with “*Terms for connection of a Pipe-Line System*”.

3.24 We furthermore propose to amend the wording of the condition by:

- Inserting after “Where” the words “any person requests” and removing after “a connection to the Network” the words “is requested”.
- Replacing, before “any pipe-line system” the word “for” with “of”.
- Replacing after “to or from which gas” and before “be conveyed” the word “will” with “is or may”.
- Removing, after “be conveyed”, the words “by means of the Network” and inserting the “words “by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order (**Pipe-Line System**)”.
- Inserting, after “the terms of such connection shall be” and before “agreed” the word “those”.

#### Reasons and Effects

- 3.25 Experience has shown that the current licence drafting would benefit from enhanced clarity on what constitutes a connection of a pipe-line system to the Network. The term is understood to refer to connections between different Networks (such as e.g. between a distribution Network and a high-pressure Network or potentially also between distribution Networks). However, questions have arisen over time as to whether connections to Storage Facilities, LNG Facilities, or Gas Delivery Facilities could also be classed as pipe-line system connections.
- 3.26 The reason for the proposed introduction of “*Pipe-Line System*” as a defined term in the licences is to provide clarity with this respect.
- 3.27 The proposed definition for “*Pipe-Line System*” is based on the equivalent definition proposed to be introduced in the gas high-pressure licences (see paragraph 3.91), but without explicit reference to the terms “*Storage Facility*” and “*LNG Facility*” as these terms are not currently used in the gas distribution licences (see paragraphs 3.2 and 3.3 for further details).
- 3.28 The proposed definition for “*Pipe-Line System*” covers the concept of connections of pipe-line systems between which gas is conveyed by gas conveyance licence holders. Whilst no explicit differentiation between “*Pipe-Line System*” and “*Gas Delivery Facility*” is proposed in the definition of “*Pipe-Line System*”, we consider that such differentiation is achieved through alignment of wording between the proposed definition for “*Pipe-Line System*” and proposed exclusion in the definition of “*Gas Delivery Facility*” in *Condition 1.1.6: Interpretation and Construction*,

*Definitions.* This is further explained from paragraph 2.34 onwards. The differentiation is of relevance as different arrangements apply under *Condition 2.3 [Evolve, FEDL]/Condition 2.4 [PE]: Connection Charges and Obligation to Connect* for the connection of a “*Pipe-Line System*” and a “*Gas Delivery Facility*”.

- 3.29 The proposed clarification that gas “*is or may*” (rather than “*will*”) be conveyed by means of the Network is in our view relevant to cover both:
- Situations where gas is actually being conveyed from or to a Pipe-Line System by means of the Network.
  - Situations where gas might be conveyed from or to a Pipe-Line System by means of the Network but where at a given point in time this is not happening, e.g. because:
    - ◆ the connection of the Pipe-Line System to the Network is yet to be completed; or
    - ◆ the conveyance of gas from or to the Pipe-Line System by means of the Network takes place on a temporary basis only.
- 3.30 The reason for the proposed modification to the title of Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE] is to indicate more clearly which type of connection this condition relates to (by referring to the capitalised term “*Pipe-Line System*”) and what is to be covered with respect to these connections in the Connection Charging Methodology Statement (namely the terms for such connections).
- 3.31 The reason for the remaining proposed wording changes to Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE] of the gas distribution licences (namely those wording changes referred to in the first, second and fifth bullet points of paragraph 3.24), is to increase precision of licence drafting (through inclusion of “*any person requests*” and “*those*”) and reduce complexity of wording (through avoidance of passive voice).
- 3.32 We consider that all the modifications proposed to Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE] of the gas distribution licences enhance clarity and accuracy of the licence drafting.
- 3.33 Arguably, the proposed introduction of “*Pipe-Line System*” as a defined term in the licences could be seen as narrowing the circumstances to which Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE] is applicable. However, we consider that this does not constitute a policy change; rather it ensures licence drafting is consistent with policy intent.
- 3.34 We hence consider that the effect of the proposed modifications is that

the risk of misclassification of Gas Delivery Facility connections as Pipe-Line System connections is reduced.

- 3.35 We consider that beyond that, the proposed modifications to Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE] have no other material practical effects.

### **Condition 2.3.4 [Evolve, FEDL]/Condition 2.4.4 [PE]: Other provisions to be included in the Connection Charging Methodology Statement**

#### Licence Drafting Proposal

- 3.36 We propose to modify, in the gas conveyance licences of Evolve, FEDL and PE, the title of this condition by replacing “*requirements*” with “*provisions*” and “*statement*” with “*Connection Charging Methodology Statement*”.
- 3.37 We furthermore propose to:
- Replace, at the beginning of the sentence, the words “*A statement*” with “*The Connection Charging Methodology Statement*”.
  - Update, in paragraph (a), the cross-reference pointing to:
    - ◆ Condition 2.3.15 to refer to Condition 2.3.10 instead [Evolve, FEDL].
    - ◆ Condition 2.4.15 to refer to Condition 2.4.10 instead [PE].
  - Amend, in paragraph (a), the wording “*distinguish between cases and classes of cases of person*” to read “*distinguish between persons and classes of person*”.
  - Amend, in paragraph (b), the wording “*in respect of any such case, or class of cases*” to read “*in respect of any such person, or classes of person*”.
  - Insert, at the end of paragraph (b), the word “*and*”.
  - Update, in paragraph (c), the cross-references pointing to:
    - ◆ Condition 2.3.12 to refer to Condition 2.3.7 instead [Evolve, FEDL].
    - ◆ Condition 2.4.12 to refer to Condition 2.4.7 instead [PE].

#### Reasons and Effects

- 3.38 The proposed replacement of references to “*statement*” with “*Connection Charging Methodology Statement*” is a consequential change to the proposed introduction of this defined term in Condition 2.3.1 [Evolve, FEDL]/Condition 2.4.1 [PE] (see paragraph 3.17). It indicates more clearly which statement is being referred to in the condition.
- 3.39 The proposed updates to the cross-references pointing to *Condition 2.3.10* [Evolve, FELD]/*Condition 2.4.10* [PE]: *Prohibition on undue discrimination in relation to connections* and to *Condition 2.3.7* [Evolve, FELD]/*Condition 2.4.7* [PE]: *Quotation Requests* are consequential changes to the proposed restructuring of Condition 2.3 [Evolve, FEDL]/Condition 2.4 [PE] (see paragraph 3.183 onwards).
- 3.40 We propose replacing the word “*requirements*” with “*provisions*” in the Condition title as we consider the latter to be more accurate: the Connection Charging Methodology Statement may contain content other than requirements.
- 3.41 The proposed replacement of the indefinite article with the definite one at the start of the condition is also proposed for reasons of accuracy: The licence condition refers to the specific Connection Charging Methodology Statement that is submitted to the Authority.
- 3.42 The proposed wording amendments relating to the differentiation between “*persons*” (rather than “*cases*”) and “*classes of person*” (rather than “*classes of cases of person*”) align the licence drafting more closely with the provisions of Article 10A(3)(d) of the Gas Order which underpins this requirement. They also remove complexity from the drafting of the related licence obligations.
- 3.43 The addition of the word “*and*” at the end of paragraph (b) is proposed to clarify that the provisions set out in paragraphs (a) to (c) all need to be covered by the Connection Charging Methodology Statement, and not just at least one of them.
- 3.44 We consider that the proposed modifications to *Condition 2.3.4* [Evolve, FEDL]/*Condition 2.4.4* [PE]: *Other provisions to be included in the Connection Charging Methodology Statement* enhance clarity and accuracy of the licence drafting but have no practical implications otherwise.

**Condition 2.3.5 [Evolve, FEDL]/Condition 2.4.5 [PE]: The Connection Charging Methodology Statement to give likely indication of costs**

Licence Drafting Proposal

3.45 We propose to modify, in the gas conveyance licences of Evolve, FEDL and PE, the title of this condition by replacing “*statement*” with “*Connection Charging Methodology Statement*”.

3.46 We furthermore propose to:

- Replace, at the beginning of the sentence, the words “*A statement*” with “*The Connection Charging Methodology Statement*”.
- Remove, in paragraph (a), the words “*for the Authority’s information*”.

#### Reasons and Effects

3.47 The proposed replacement of references to “*statement*” with “*Connection Charging Methodology Statement*” is a consequential change to the proposed introduction of this defined term in Condition 2.3.1 [Evolve, FEDL]/Condition 2.4.1 [PE] (see paragraph 3.17). It indicates more clearly which statement is being referred to in the condition.

3.48 The proposed replacement of the indefinite article with the definite one at the start of the condition is proposed for reasons of accuracy: The licence condition refers to the specific Connection Charging Methodology Statement that is submitted to the Authority.

3.49 The deletion of the words “*for the Authority’s information*” is also proposed for reasons of accuracy: The information referred to is not just to be indicated for the Authority’s information, but also because it may be of relevance to any party considering a connection of the type covered in the statement.

3.50 We consider that the proposed modifications to this licence condition enhance clarity and accuracy of licence drafting but have no practical implications otherwise.

### **Condition 2.3.6 [Evolve, FEDL]/Condition 2.4.6 [PE]: Standards of Performance Regulations**

#### Licence Drafting Proposal

3.51 We propose to modify the gas conveyance licences of Evolve, FEDL and PE by replacing, in this condition, “*statement*” with “*Connection Charging Methodology Statement*”.

#### Reasons and Effects

3.52 The proposed replacement of the reference to “*statement*” with “*Connection Charging Methodology Statement*” is a consequential



change to the proposed introduction of this defined term in Condition 2.3.1 [Evolve, FEDL]/Condition 2.4.1 [PE] (see paragraph 3.17). It indicates more clearly which statement is being referred to in the condition.

- 3.53 We consider that this proposed modification enhances clarity and accuracy of licence drafting but has no practical implications otherwise.

### **Condition 2.3.8 [Evolve, FEDL]/Condition 2.4.8 [PE]: Treatment of Request for Quotation**

#### Licence Drafting Proposal

- 3.54 We propose to update, in the gas conveyance licences of Evolve, FEDL and PE, the cross-reference pointing to:

- Condition 2.3.12 to refer to Condition 2.3.7 instead [Evolve, FEDL].
- Condition 2.4.12 to refer to Condition 2.4.7 instead [PE].

#### Reasons and Effects

- 3.55 The proposed update to the cross-reference pointing to *Condition 2.3.7 [Evolve, FEDL]/Condition 2.4.7 [PE]: Quotation Requests* is a consequential change to the proposed restructuring of Condition 2.3 [Evolve, FEDL]/Condition 2.4 [PE] (see paragraph 3.183 onwards).
- 3.56 We consider that this proposed modification enhances clarity and accuracy of licence drafting but has no practical implications otherwise.

### **Condition 2.3.9 [Evolve, FEDL]/Condition 2.4.9 [PE]: Accuracy of Quotations**

#### Licence Drafting Proposal

- 3.57 We propose to replace, in paragraph (a) of the gas conveyance licences of Evolve, FEDL and PE, before “*which any Relevant Person can require the Licensee to review the accuracy of a quotation provided*”, the word “*through*” with “*under*”.

#### Reasons and Effects

- 3.58 The replacement, in paragraph (a), before “*which any Relevant Person can require the Licensee to review the accuracy of a quotation provided*”, of the word “*through*” with “*under*” is proposed for reasons of grammatical correctness.
- 3.59 We consider that this proposed modification enhances accuracy of licence drafting but has no practical implications otherwise.

### Condition 2.3.10 [Evolve, FEDL]/Condition 2.4.10 [PE]: Prohibition on undue discrimination in relation to connections

#### Licence Drafting Proposal

- 3.60 We propose to add, in the gas conveyance licences of Evolve, FEDL and PE, at the end of the condition title, the words “*in relation to connections*”.
- 3.61 We furthermore propose to:
- Amend the wording “*undue preference towards or undue discrimination against any person or cases or classes of cases of person*” to read “*undue discrimination against any person or classes of person*”.
  - Update, in paragraph (a), the cross-reference pointing to:
    - ◆ Condition 2.3.16 to refer to Condition 2.3.11 instead [Evolve, FEDL].
    - ◆ Condition 2.4.16 to refer to Condition 2.4.11 instead [PE].
  - Replace, in paragraph (c), the term “*pipe-line system*” with the capitalised term “*Pipe-Line System*”.
  - Remove paragraph (d) as well as the semicolon preceding it.

#### Reasons and Effects

- 3.62 The addition, at the end of the condition title, of the words “*in relation to connections*” is proposed to provide the reader with a clear indication of what this condition is about and what undue discrimination is prohibited under it. It thus allows for easier differentiation between this condition and other licence conditions dealing with undue discrimination, including *Condition 2.3.16 [Evolve, FEDL]/Condition 2.4.16 [PE]: Prohibition of undue discrimination in relation to Gas Delivery Facility Operators*.
- 3.63 The proposed wording amendments relating to the undue preference towards/discrimination against “*any person or classes of person*” (rather than between “*any person or cases or classes of cases of person*”) align the licence drafting more closely with the provisions of Article 10A(3)(d) of the Gas Order which underpins this requirement. They also remove complexity from the drafting of the related licence obligations.
- 3.64 The proposed update to the cross-reference pointing to *Condition 2.3.11 [Evolve, FEDL]/Condition 2.4.11 [PE]: Obligation to Connect premises* is a consequential change to the proposed restructuring of Condition 2.3 [Evolve, FEDL]/Condition 2.4 [PE] (see paragraph 3.183 onwards).

- 3.65 The proposed replacement, in paragraph (c), of the term “*pipe-line system*” with the capitalised term “*Pipe-Line System*” is a consequential change to the proposed introduction of this defined term in Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE] (see paragraph 3.24).
- 3.66 The different paragraphs of the condition on *Prohibition on undue discrimination in relation to connections* are designed to mirror the different types of connections identified in Conditions 2.3.1 and 2.3.2 [Evolve, FEDL]/Condition 2.4.1 and 2.4.2 [PE]. Use of consistent terminology underlines this.
- 3.67 The deletion of paragraph (d) (and the preceding semicolon) is proposed to avoid duplication and facilitate a clearer structure of Condition 2.3 [Evolve, FEDL]/Condition 2.4 [PE]: Undue discrimination in relation to Gas Delivery Operators is proposed to be covered under a separate licence condition instead, under *Part C – Gas Delivery Facility Connections – Other Requirements*, together with other provisions relating to such connections.
- 3.68 We consider that the proposed modifications enhance clarity and accuracy of licence drafting but have no practical implications otherwise.

### **Condition 2.3.11 [Evolve, FEDL]/Condition 2.4.11 [PE]: Obligation to Connect premises**

#### Licence Drafting Proposal

- 3.69 We propose to add, in the gas conveyance licences of Evolve, FEDL and PE, at the end of the condition title, the word “*premises*”.
- 3.70 We furthermore propose to:
- Insert, after “*Upon acceptance by the Relevant Person of the quotation made*” a comma, followed by “*in respect of a connection of a premises to the Network*”.
  - Update the cross-reference pointing to:
    - ◆ Condition 2.3.12 to refer to Condition 2.3.7 instead [Evolve, FEDL].
    - ◆ Condition 2.4.12 to refer to Condition 2.4.7 instead [PE].
  - Update the cross-reference pointing to:
    - ◆ Condition 2.3.17 to refer to Condition 2.3.12 instead [Evolve, FEDL] and insert, the word “*Condition*” before the cross-reference.

- ◆ Condition 2.4.17 to refer to Condition 2.4.12 instead and insert the word “*Condition*” before the cross-reference [PE].
- Update the cross-reference pointing to:
  - ◆ Condition 2.3.18 to refer to Condition 2.3.13 instead [Evolve, FEDL].
  - ◆ Condition 2.4.18 to refer to Condition 2.4.13 instead [PE].
- Replace, between the words “*the Licensee shall make*” and “*connection*” the word “*a*” with “*the*”.

### Reasons and Effects

- 3.71 The addition, at the end of the condition title, of the words “*premises*” is proposed to provide the reader with a clear indication of what type of connections the condition refers to. It thus allows for easier differentiation between this condition and *Condition 2.3.17 [Evolve, FEDL]/Condition 2.4.17 [PE]: Obligation to Connect a Gas Delivery Facility*.
- 3.72 The insertion, after “*Upon acceptance by the Relevant Person of the quotation made*”, of a comma, followed by “*in respect of a connection of a premises to the Network*”; is proposed for the same reason.
- 3.73 The proposed updates to the cross-references pointing to *Condition 2.3.7 [Evolve, FEDL]/Condition 2.4.7 [PE]: Quotation Requests*, *Condition 2.3.12 [Evolve, FEDL]/Condition 2.4.12 [PE]: Connection Requirements (premises connections)* and *Condition 2.3.13 [Evolve, FEDL]/Condition 2.4.13 [PE]: No obligation to connect premises* are consequential changes to the proposed restructuring of Condition 2.3 [Evolve, FEDL]/Condition 2.4 [PE] (see paragraph 3.183 onwards).
- 3.74 The proposed insertion of the word “*Condition*” in front of the cross-reference to Condition 2.3.12 [Evolve, FEDL]/Condition 2.4.12 [PE] addresses a drafting inaccuracy in the licences.
- 3.75 We consider that the proposed modifications enhance clarity and accuracy of licence drafting but have no practical implications otherwise.

### **Condition 2.3.12 [Evolve, FEDL]/Condition 2.4.12 [PE]: Connection Requirements (premises connections)**

#### Licence Drafting Proposal

- 3.76 We propose to add, in the gas conveyance licences of Evolve, FEDL and PE, at the end of the condition title the expression “*(premises connections)*”.

3.77 We furthermore propose to:

- Insert, after “*The Licensee may require that, prior to making any connection*”, the words “*to a premises*”.
- Rename the existing paragraphs (i) and (ii) into (a) and (b) respectively.
- Rename the existing sub-paragraphs (a) and (b) into (i) and (ii) respectively.
- Replace, in (what will after the proposed renaming be) paragraph (a), the words “*as set out in the statement*” with “*those that may be set out in the Connection Charging Methodology Statement*”.
- Replace, in (what will after the proposed renaming be) paragraph (b), the capital “A” at the beginning of the sub-paragraph with a small “a”.

#### Reasons and Effects

- 3.78 The addition, at the end of the condition title, of the words “*(premises connections)*” is proposed to provide the reader with a clear indication of what type of connections the condition refers to.
- 3.79 The proposed insertion, after “*The Licensee may require that, prior to making any connection*”, of the words “*to a premises*” is proposed for the same reason.
- 3.80 The modifications to paragraph and sub-paragraph numbering are proposed for reasons of consistency of paragraph numbering within the licence. We consider that such consistency improves readability of the licences.
- 3.81 The proposed replacement in (what will be after the proposed renaming) paragraph (a), of the words “*as set out in the statement*” with “*those that may be set out in the Connection Charging Methodology Statement*”; is a consequential change to the proposed introduction of this defined term in Condition 2.3.1 [Evolve, FEDL]/Condition 2.4.1 [PE] (see paragraph 3.17). It clearly indicates which statement is being referred to in the condition.
- 3.82 The replacement, in (what will after the proposed renaming be) paragraph (b), of the capital “A” at the beginning of the sub-paragraph with a small “a” is proposed for reasons of grammatical correctness and consistency of licence drafting.
- 3.83 We consider that the proposed modifications enhance clarity and

accuracy of licence drafting but have no practical implications otherwise.

### **Condition 2.3.13 [Evolve, FEDL]/Condition 2.4.13 [PE]: No obligation to connect premises**

#### Licence Drafting Proposal

- 3.84 We propose, in the gas conveyance licences of Evolve, FEDL and PE, to:
- Update the cross-reference pointing to:
    - ◆ Condition 2.3.16 to refer to Condition 2.3.11 instead [Evolve, FEDL].
    - ◆ Condition 2.4.16 to refer to Condition 2.4.11 instead [PE].
  - Replace, after “*shall require the Licensee to make or maintain*” the word “*the*” with “*a*”.
  - Insert, just before paragraph (a), the words “*of a premises to the Network*”.

#### Reasons and Effects

- 3.85 The proposed update to the cross-reference pointing to *Condition 2.3.11 [Evolve, FEDL]/Condition 2.4.11 [PE]: Obligation to Connect premises* is a consequential change to the proposed restructuring of Condition 2.3 [Evolve, FEDL]/Condition 2.4 [PE] (see paragraph 3.183 onwards).
- 3.86 The proposed replacement of the definite article “*the*” with the indefinite one “*a*” is proposed for reasons of accuracy: The licence condition refers to any connection of a premises to the Network, not just a specific one.
- 3.87 The insertion of the words “*of a premises to the Network*” is proposed to provide the reader with a clearer indication of what type of connection the condition refers to.
- 3.88 We consider that the proposed modifications enhance clarity and accuracy of licence drafting but have no practical implications otherwise.

## **Proposed Modifications to High-Pressure Licence Conditions**

### **General**

- 3.89 The proposed modifications, as described below, are set out in detail in Annexes D to G.

### Condition 2.3.1 [BGTL, PTL, WTL, GNI (UK)]: Statement of connection charges and terms for connection (other than of Gas Delivery Facilities) to the Network

#### Licence Drafting Proposal

- 3.90 We propose to modify the title of this condition in all four gas high-pressure by adding, after “*Statement of connection charges and terms for connection*”, the words “*(other than of Gas Delivery Facilities)*”.
- 3.91 We furthermore propose to amend this condition in all four gas high-pressure licences by:
- Inserting, after “*The Licensee shall, no later than three months after this Condition takes effect, prepare and submit to the Authority for approval as to form and content, a statement*”, the expression “**(Connection Charging Methodology Statement)**”.
  - Updating, in paragraph (a), the cross-reference pointing to Condition 2.3.13 to refer to Condition 2.3.8 instead.
  - Removing in paragraph (b), after “*any non standard gas meter and any gas meter that is*” the words “*owned or*”.
  - Amending paragraph (c) to read as follows:  
“*any pipe-line system:*  
*(i) to or from which gas is or may be conveyed by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order;*  
*(ii) other than a pipe-line system that is part of a Storage Facility or LNG Facility*  
**(Pipe-Line System)**; and”.
  - Renumbering the existing sub-paragraph (i) and (ii) into (e) and (f) respectively.
  - In the (thus renamed) paragraph (e):
    - ♦ Inserting, between the words “*maintaining, repairing or modifying any connection between*” and “*the Network*”, the paragraph reference “*(i)*”.
    - ♦ Inserting, between the words “*(i) the Network and*” and “*any premises*”, the paragraph reference “*(ii)*”.

- ◆ Replacing, after “(ii) any premises or”, the expression “pipe-line system” with the capitalised term “Pipe-Line System”.

#### Reasons and Effects

- 3.92 Conditions 2.3.1 and 2.3.2 of the gas high-pressure licences set out different types of connections and the associated charging methodology statements. More specifically, the licences differentiate between:
- Connection of premises (and those involving specific meters located in any premise) – covered by paragraphs (a) and (b) of Condition 2.3.1.
  - Connection of a Pipe-Line System – covered by paragraph (c) of Condition 2.3.1.
  - Connection of a Storage Facility or LNG Facility – covered by paragraph (d) of Condition 2.3.1.
  - Connection of a Gas Delivery Facility – covered by Condition 2.3.2.
- 3.93 The reason for the proposed addition of the words “(other than of Gas Delivery Facilities)” in the title of Condition 2.3.1 of the gas high-pressure licences is to indicate more clearly to which type of connections this condition relates. We consider that this will enable a reader to more easily assess whether this condition might be of relevance for a given connection on a case-by-case basis.
- 3.94 The reason for the proposed introduction of the term “*Connection Charging Methodology Statement*” is that this better facilitates inclusion of meaningful references to this statement throughout *Condition 2.3: Connection Charges and Obligation to Connect* in the gas high-pressure licences.
- 3.95 We consider that this is relevant, as with the proposed modification to *Condition 2.3.2: Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network* of the gas high-pressure licences, there are two different types of charging methodology statements:
- The Connection Charging Methodology Statement in relation to connection of premises, Pipe-Line Systems, Storage Facilities and LNG Facilities; and
  - The GDF Connection Charging Methodology Statement in relation to connection of Gas Delivery Facilities (GDF).



- 3.96 It has become obvious as part of the preparation of this consultation that the differentiation between the connections described by paragraphs (a) and (b) of Condition 2.3.1 is not sufficiently clear. Both refer to connections that involve premises and – whilst this is not specifically stated in paragraph (a) – both will require meters. Paragraph (b) is intended to refer to connections involving special meters, namely non standard ones and those not owned by the Licensee (or any affiliate or related undertaking of the Licensee). The reference to meters owned by the Licensee (or any affiliate or related undertaking of the Licensee) in paragraph (b) is erroneous and proposed to be removed for this reason.
- 3.97 Experience has shown that the current licence drafting would benefit from enhanced clarity on what constitutes a connection of a pipe-line system to the Network. The term is understood to refer to connections between different Networks (such as e.g. between a distribution Network and a high-pressure Network or potentially also between high-pressure Networks). However, questions have arisen over time as to whether connections to Storage Facilities, LNG Facilities, or Gas Delivery Facilities could also be classed as pipe-line system connections.
- 3.98 The reason for the proposed introduction of “*Pipe-Line System*” as a defined term in the licence is to provide clarity with this respect. The definition of this term covers in proposed paragraph (c)(i) the concept of pipe-line systems between which gas is conveyed by gas conveyance licence holders. Proposed paragraph (c)(ii) explicitly differentiates “*Pipe-Line System*” from “*Storage Facility*” and “*LNG Facility*”.
- 3.99 Whilst no explicit differentiation between “*Pipe-Line System*” and “*Gas Delivery Facility*” is proposed in the definition of “*Pipe-Line System*”, we consider that such differentiation is achieved through alignment of wording between the proposed definition for “*Pipe-Line System*” and proposed exclusion in the definition of “*Gas Delivery Facility*” in *Condition 1.1.6: Interpretation and Construction, Definitions*, as further explained from paragraph 2.34 onwards. The differentiation is of relevance as different arrangements apply under *Condition 2.3: Connection Charges and Obligation to Connect* for the connection of a “*Pipe-Line System*” and a “*Gas Delivery Facility*”.
- 3.100 The proposed replacement of the term “*pipe-line system*” with the capitalised version of this term in paragraph (e) is consequential to the proposed introduction of the defined term in paragraph (c).
- 3.101 The proposed update to the cross-reference pointing to *Condition 2.3.8: Connection of Premises – Requirement for Authority Approval* in paragraph (a) is a consequential change to the proposed restructuring of Condition 2.3 (see paragraph 3.183 onwards).

- 3.102 The reason for the proposed re-numbering of sub-paragraphs (i) and (ii) into paragraphs (e) and (f) respectively is that we consider this to reflect more clearly the logical structure of *Condition 2.3.1: Statement of connection charges and terms for connections (other than of Gas Delivery Facilities) to the Network*: paragraphs (e) and (f) are not subordinate to any of the preceding paragraphs, but on the same logical level.
- 3.103 The reason for the proposed introduction, in paragraph (e), of paragraph references (i) and (ii) is to enhance readability of this paragraph by better structuring the sentence contained therein.
- 3.104 We consider that all the modifications proposed to *Condition 2.3.1: Statement of connection charges and terms for connections (other than of Gas Delivery Facilities) to the Network* of the gas high-pressure licences enhance clarity and accuracy of the licence drafting.
- 3.105 Arguably, the proposed deletion of the words “owned or” in paragraph (b) could be seen as a change in scope of what is to be covered by this paragraph and (by inference) by paragraph (a) in relation to premises. However, we consider that this does not constitute a policy change; rather it ensures licence drafting is consistent with policy intent.
- 3.106 Also, arguably, the proposed introduction of “Pipe-Line System” as a defined term in the licence could be seen as narrowing the circumstances to which Condition 2.3.1(c) of the gas high-pressure gas licences is applicable. However, we consider that this does not constitute a policy change; rather it ensures licence drafting is consistent with policy intent.
- 3.107 We hence consider that the effect of this modification is that the risk of misclassification of connections of Gas Delivery Facility connections, Storage Facility connections and LNG Facility connections as Pipe-Line System connections is reduced.
- 3.108 We consider that beyond that, the proposed modifications to Condition 2.3.1 of the gas high-pressure licences have no other material practical effects.

### **Condition 2.3.3 [BGTL, PTL, WTL, GNI (UK)]: Other provisions to be included in the Connection Charging Methodology Statement**

#### Licence Drafting Proposal

- 3.109 We propose to modify, in all four gas high-pressure licences, the title of this condition by replacing “requirements” with “provisions” and

*“statement”* with *“Connection Charging Methodology Statement”*.

3.110 We furthermore propose to:

- Replace, at the beginning of the sentence, the words *“A statement”* with *“The Connection Charging Methodology Statement”*.
- Update, in paragraph (a), the cross-reference pointing to Condition 2.3.12 to refer to Condition 2.3.7 instead.
- Amend, in paragraph (a), the wording *“distinguish between cases and classed of cases of person”* to read *“distinguish between persons and classes of person”*.
- Amend, in paragraph (b), the wording *“in respect of any such case, or class of cases”* to read *“in respect of any such person, or classes of person”*.

#### Reasons and Effects

- 3.111 The proposed replacement of references to *“statement”* with *“Connection Charging Methodology Statement”* is a consequential change to the proposed introduction of this defined term in Condition 2.3.1 (see paragraph 3.17). It indicates more clearly which statement is being referred to in the condition.
- 3.112 The proposed update to the cross-reference pointing to *Condition 2.3.7: Prohibition on undue discrimination in relation to connections* is a consequential change to the proposed restructuring of Condition 2.3 (see paragraph 3.183 onwards).
- 3.113 We propose replacing the word *“requirements”* with *“provisions”* in the Condition title as we consider the latter to be more accurate: the Connection Charging Methodology Statement may contain content other than requirements.
- 3.114 The proposed replacement of the indefinite article with the definite one at the start of the condition is also proposed for reasons of accuracy: The licence condition refers to the specific Connection Charging Methodology Statement that is submitted to the Authority.
- 3.115 The proposed wording amendments relating to the differentiation between *“persons”* (rather than *“cases”*) and *“classes of person”* (rather than *“classes of cases of person”*) align the licence drafting more closely with the provisions of Article 10A(3)(d) of the Gas Order which underpins this requirement. They also remove complexity from the drafting of the related licence obligations.

- 3.116 We consider that the proposed modifications to *Condition 2.3.3: Other provisions to be included in the Connection Charging Methodology Statement* enhance clarity and accuracy of the licence drafting but have no practical implications otherwise.

#### **Condition 2.3.4 [BGTL, PTL, WTL, GNI (UK)]: The Connection Charging Methodology Statement to give likely indication of costs**

##### Licence Drafting Proposal

- 3.117 We propose to modify, in all four gas high-pressure licences, the title of this condition by replacing “*statement*” with “*Connection Charging Methodology Statement*”.
- 3.118 We furthermore propose, for all four gas high-pressure licences, to:
- Replace, at the beginning of the sentence, the words “*A statement*” with “*The Connection Charging Methodology Statement*”.
  - Remove, in paragraph (a), the words “*for the Authority’s information*”.
  - Replace, in paragraphs (a) and (b), the word “*pipe-line system*” with the capitalised term “*Pipe-Line System*”.
  - Ensure that all the occurrences of the terms “*Storage Facility*” and “*LNG Facility*” in paragraphs (a) and (b) are capitalised.

##### Reasons and Effects

- 3.119 The proposed replacement of references to “*statement*” with “*Connection Charging Methodology Statement*” is a consequential change to the proposed introduction of this defined term in Condition 2.3.1 (see paragraph 3.91). It indicates more clearly which statement is being referred to in the condition.
- 3.120 The proposed replacement of the indefinite article with the definite one at the start of the condition is proposed for reasons of accuracy: The licence condition refers to the specific Connection Charging Methodology Statement that is submitted to the Authority.
- 3.121 The deletion of the words “*for the Authority’s information*” is also proposed for reasons of accuracy: The information referred to is not just to be indicated for the Authority’s information, but also because it may be of relevance to any party considering a connection of the type covered in the statement.

- 3.122 The proposed replacement of the term “*pipe-line system*” with the capitalised version of this term is consequential to the proposed introduction of the defined term in Condition 2.3.1(c).
- 3.123 When reviewing the current licence drafting as part of the preparation of the current consultation, we have identified inconsistencies with respect to the capitalisation of the terms “*Storage Facility*” and “*LNG Facility*”. We consider this to be a licence drafting inaccuracy; the terms should be capitalised consistently, in line with the spelling of the related definitions in Condition 1.1.6.
- 3.124 We consider that the proposed modifications to this licence condition enhance clarity and accuracy of licence drafting but have no practical implications otherwise.

### Condition 2.3.5 [BGTL, PTL, WTL, GNI (UK)]: Connection and Quotation Requests

#### Licence Drafting Proposal

- 3.125 We propose for all four gas high-pressure licences to:
- In paragraph (a):
    - ◆ Replace, “28 days” with “6 months”.
    - ◆ Remove the words “*a gas meter (including a non standard gas meter or a gas meter owned or not owned by the Licensee),*”.
    - ◆ Replace the words “*pipe-line system*” with the capitalised term “*Pipe-Line System*”].
    - ◆ Remove, after “*Storage Facility or LNG Facility, or*” the words “*to introduce gas into the Network, or*”.
  - In paragraph (b):
    - ◆ Replace, before “*premises*”, the words “*in respect of any type of*” with “*of a*”.
    - ◆ Replace, after “*premises*”, the words “*not included within paragraph (a) above*” with “*(including any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises)*”.
  - In paragraph (c):

- ◆ Insert the word “*requested*” before “*connection*”.
- ◆ Insert, after “*connection*” the words “*of a premises (including any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises)*”.

3.126 We furthermore propose to remove, in paragraph (a) of the BGTL licence and the consolidated version of the PTL licence, the word “a” before the (now proposed to be capitalised) word “*Pipe-Line System*”.

#### Reasons and Effects

3.127 Condition 2.3 of the gas high-pressure licences differentiates between connection of:

- Premises.
- Any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises).
- Pipe-Line Systems.
- Storage Facilities.
- LNG Facilities.
- For the purposes of introducing gas into the Network (now proposed to be referred to as Gas Delivery Facility connections).

3.128 This is reflected in the current *Condition 2.3.5: Connection and Quotation Requests* in the gas high-pressure licences: Paragraphs (b) and (c) cover premises connections; paragraph (a) all other types of connections. This differentiation has been made as – in contrast to the other types of connections – there is a regulatory approval requirement for premises connections.

3.129 Similar to what is explained in paragraph 3.96 with respect to the current drafting of Condition 2.3.1(b), the reference to meters owned by the Licensee in Condition 2.3.5(a) is erroneous and does not reflect policy intent. We consider that the proposed removal of this reference will address this.

3.130 The regulatory approval requirement for premises connections is

underpinned by Gas Regulatory Letter No.1<sup>15</sup>. This letter sets out a policy that high-pressure licensees “*are not under a duty to, and do not, connect final customers to their networks other than in exceptional cases subject to our approval.*”

- 3.131 As part of the preparation of the present consultation, a need was identified to reconsider the regulatory treatment of connections of meters. Whilst these form part of any connection, Condition 2.3.1 differentiates between:
- premises connections (as referred to in Condition 2.3.1(a)); and
  - connection of any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises (as referred to in Condition 2.3.1(b); for the purposes of this consultation also referred to as meter connections).
- 3.132 We consider that the main difference between the two is that premises connections use standard gas meters owned by the Licensee (or any affiliate or related undertaking of the Licensee), whereas this is not the case for meter connections. However, both types of connections are for premises and could hence involve the premises of a final customer.
- 3.133 We consider that for this reason meter connections should also be subject to regulatory approval.
- 3.134 The removal of a reference to meter connections from paragraph (a) and addition of such reference to paragraphs (b) and (c) is proposed for this reason.
- 3.135 Arguably, these proposed modifications could be seen as having the effect of widening the scope of connections subject to regulatory approval. However, we consider that the proposed modifications do not constitute a policy change; rather they ensure licence drafting is consistent with policy intent. They also facilitate enhanced clarity as regards differentiation between those connections that are subject to regulatory approval and those that are not.
- 3.136 We propose removing, from paragraph (a) of Condition 2.3.5, the reference to connections to introduce gas into the Network. This is to facilitate a clearer structure and improved readability of Condition 2.3 of the gas high-pressure licences. Under the proposed restructuring (see paragraph 3.183 onwards for further details), conditions relating to:

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<sup>15</sup> [Utility Regulator: Gas Regulatory Letter No: 1, 30 April 2015.](#)

- Requirements for connections other than those of Gas Delivery Facilities are proposed to be set out under the heading *Part B – Connections (except in respect of Gas Delivery Facilities) – Other Requirements*.
- Requirements for connections of Gas Delivery Facilities are proposed to be set out under the heading *Part C – Gas Delivery Facility Connections – Other Requirements*.

- 3.137 *Condition 2.3.5 Connection and Quotation Requests* forms part of those conditions listed under Part B. We hence propose to remove those aspects that relate to the connection of Gas Delivery Facilities; these are covered by the proposed new *Condition 2.3.13: Gas Delivery Facility Connections – Requirement to offer terms* instead. The reasons for and effects of the wording proposed for this new condition are set out below from paragraph 3.263 onwards.
- 3.138 The proposed replacement, in paragraph (a), of the term “*pipe-line system*” with the capitalised term “*Pipe-Line System*”; is a consequential change to the proposed introduction of this defined term in Condition 2.3.1.
- 3.139 We consider that this proposed modification enhances clarity and accuracy of licence drafting but has no practical implications otherwise.
- 3.140 Experience with enquiries and requests for connections to the high-pressure Network has shown that the 28-day timeline for provision of a specific statement of connection charges, and other terms of connection, set out in paragraph (a) of the current licence drafting in relation to connections of Pipe-Line Systems, Storage Facilities and LNG Facilities, is not realistic. Such connections tend to be site-specific, and there may be a need for site-specific studies to be undertaken first to then inform the statement of connection charges and other terms of connection. Conversely, we consider it important to ensure that such requests for connection to the transmission network are followed-up on in a timely manner. We therefore propose to replace, in the gas high-pressure licences, the 28-day timeline with a 6-month timeline. We note that where a specific statement of connection charges can be provided in a more timely manner, we would expect this to happen.
- 3.141 We consider that the proposed replacement of the 28-day timeline with a 6-month timeline for providing any person interested in connection of the type covered under paragraph (a) with a specific statement of connection charges, and other terms of connection, enhances the robustness of the regulatory framework: it removes a licence requirement that – as experiences with it indicates – may not be realistic and could hence be



challenging to enforce and replaces it with what we consider to be a more realistic obligation. We do not consider the proposed modification to impact negatively on the timelines within which any party raising a connection request can realistically expect this request to be progressed.

- 3.142 The removal, in paragraph (a) of the BGTL licence and the consolidated version of the PTL licence, of the word “a” before the (now proposed to be capitalised) word “*Pipe-Line System*” is proposed to address:
- ◆ An existing licence drafting inconsistency in the BGTL licence compared to the other gas high-pressure licences.
  - ◆ A consolidation error in the PTL licence.
- 3.143 The replacement, in paragraph (b), of “*in respect of any type of*” with “*of a*” in respect to premises is proposed for reasons of licence accuracy: the licence does not differentiate between different types of premises.
- 3.144 The addition of “*requested*” in paragraph (c) in relation to connections is proposed to enhance clarity of licence drafting. The addition makes it more explicit that the connection referred to in paragraph (c) is that which had been requested.
- 3.145 We consider the modifications detailed in paragraphs 3.142 to 3.144 enhance clarity, accuracy and consistency of licence drafting but have no practical implications otherwise.

### **Condition 2.3.6 [BGTL, PTL, WTL, GNI (UK)]: Treatment of Request for Connection and Quotation**

#### Licence Drafting Proposal

- 3.146 We propose to update, in all four gas high-pressure licences, the cross-reference pointing to Condition 2.3.10 to refer to Condition 2.3.5 instead.

#### Reasons and Effects

- 3.147 The proposed update to the cross-reference pointing to *Condition 2.3.10: Connection and Quotation Requests* is a consequential change to the proposed restructuring of Condition 2.3.
- 3.148 We consider that it enhances accuracy of the licence drafting but has no practical implications otherwise.

### **Condition 2.3.7 [BGTL, PTL, WTL, GNI (UK)]: Prohibition on undue discrimination in relation to connections**

#### Licence Drafting Proposal

3.149 We propose to add, in all four gas high-pressure licences, at the end of the condition title, the words “*in relation to connections*”.

3.150 We furthermore propose, for all four gas high-pressure licences to:

- Amend the wording “*undue preference towards or undue discrimination against any person or cases or classes of cases of person*” to read “*undue discrimination against any person or classes of person*”.
- In paragraph (a):
  - ◆ Update the cross-reference pointing to Condition 2.3.14 to refer to Condition 2.3.9 instead.
  - ◆ Insert, after “*their premises*” the words “(including any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in their premises)”.
- Remove paragraph (b) and renumber paragraph (c) accordingly.
- In renumbered paragraph (b), replace the term “*pipe-line system*” with the capitalised term “*Pipe-Line System*”.
- Remove paragraph (d) and replace the semicolon preceding it with a full stop.

#### Reasons and Effects

3.151 The addition, at the end of the condition title, of the words “*in relation to connections*” is proposed to provide the reader with a clear indication of what this condition is about and what undue discrimination is prohibited under it. It thus allows for easier differentiation between this condition and other licence conditions dealing with undue discrimination, including *Condition 2.3.14: Prohibition of undue discrimination in relation to Gas Facility Operators*.

3.152 The proposed wording amendments relating to the undue preference towards/discrimination against “*any person or classes of person*” (rather than between “*any person or cases or classes of cases of person*”) align the licence drafting more closely with the provisions of Article 10A(3)(d) of the Gas Order which underpins this requirement. They also remove complexity from the drafting of the related licence obligations.

3.153 The proposed update to the cross-reference pointing to Condition 2.3.9: *Requests for Connection of premises – Obligation to Connect* is a

consequential change to the proposed restructuring of Condition 2.3.

- 3.154 The proposed insertion of a reference to meter connections in paragraph (a) combined with the proposed removal of paragraph (b) follow from the proposal, under Condition 2.3.5, to treat connections of “*any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises*” in the same way as any other premises connections. I.e. they are subject to regulatory approval and consequently the provisions under *Condition 2.3.9: Requests for connection of premises – Obligation to connect* apply. We hence see this as a consequential change. We note that in difference to the wording proposed for Condition 2.3.5, the proposed insertion in paragraph (a) of Condition 2.3.7 refers to “*any non standard gas meter and any gas meter that is [...] located in their premises*” rather than “*in any premises*”. This is to tie-in with the remainder of paragraph (a) which also refers to “*their premises*” rather than “*any premises*”.
- 3.155 Similar to what is explained in paragraph 3.96 with respect to the current drafting of Condition 2.3.1(b), and in paragraph 3.129, the reference to meters owned by the Licensee in Condition 2.3.7(b) is erroneous and does not reflect policy intent. We consider that the proposed removal of this paragraph will address this.
- 3.156 The proposed replacement, in paragraph (c), of the term “*pipe-line system*” with the capitalised term “*Pipe-Line System*”; is a consequential change to the proposed introduction of this defined term in Condition 2.3.1.
- 3.157 The different paragraphs of the condition on *Prohibition on undue discrimination in relation to connections* are designed to mirror the different types of connections identified in Condition 2.3.1. Use of consistent terminology underlines this.
- 3.158 The deletion of paragraph (d) (and replacement of the preceding semicolon with a full stop) is proposed to avoid duplication and facilitate a clearer structure of Condition 2.3. Undue discrimination in relation to Gas Delivery Facility Operators is proposed to be covered under *Condition 2.3.14: Prohibition on undue discrimination in relation to Gas Delivery Operators* instead, under *Part C – Gas Delivery Facility Connections – Other Requirements*, together with other provisions relating to such connections.
- 3.159 We consider that the proposed modifications enhance clarity and accuracy of licence drafting but have no practical implications otherwise.

### Condition 2.3.8 [BGTL, PTL, WTL, GNI (UK)]: Connection of Premises – Requirement for Approval

#### Licence Drafting Proposal

- 3.160 We propose to replace, in all four gas high-pressure licences, the words “(other than any premises which may constitute a Storage Facility or a LNG Facility)” with “(including any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises)”.

#### Reasons and Effects

- 3.161 This condition complements paragraph (b) of *Condition 2.3.5: Connection and Quotation Requests*; both conditions underpin the requirement for regulatory approval for any premises connection to proceed.
- 3.162 Thus, the insertion of a reference to meter connections is proposed to strengthen the alignment between the two conditions, and for the avoidance of any doubt that might arise if the reference was only included in Condition 2.3.5. We hence see this as a consequential change and the comments on effects set out in paragraph 3.135 apply accordingly.
- 3.163 The removal of the words “(other than any premises which may constitute a Storage Facility or LNG Facility)” is proposed as, with the proposed definition of the term “premises” in *Condition 2.3.23: Interpretation and construction*, this expression is not only not needed any more but also does not make much sense. This is because the proposed definition of “premises” explicitly excludes Storage Facilities and LNG Facilities.
- 3.164 We consider that the proposed amendments to Condition 2.3.8 enhance clarity and consistency of licence drafting but have no practical implications otherwise.

### Condition 2.3.9 [BGTL, PTL, WTL, GNI (UK)]: Requests for Connection of premises – Obligation to Connect

#### Licence Drafting Proposal

- 3.165 We propose to add, in all four gas high-pressure licences, in the condition title after “*Requests for Connection*” the words “*of premises*”.
- 3.166 We furthermore propose to insert, in all four gas high-pressure licences, in paragraph (a) after “*the Authority gives approval to the making of a connection between a premises*” the words ““(including any non

*standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises)".*

#### Reasons and Effects

- 3.167 The addition, in the condition title, of the words "*premises*" is proposed to provide the reader with a clear indication of what type of connections the condition refers to. It thus allows for easier differentiation between this condition, *Condition 2.3.10: Connection of other systems and facilities (excluding Gas Delivery Facilities) – Obligation to Connect* and *Condition: 2.3.15: Obligation to Connect a Gas Delivery Facility*.
- 3.168 The insertion, in paragraph (a), of a reference to meter connections is proposed to ensure consistency within the licence of the arrangements relating to meter connections where such references are (or are proposed to be) explicitly included. This includes in particular *Condition 2.3.5: Connection and Quotation Requests*, *Condition 2.3.7: Prohibition on undue discrimination in relation to connections* and *Condition 2.3.8: Connection of Premises – Requirement for Authority Approval*. We see the proposed modification to Condition 2.3.9 with this respect as a consequential change to the corresponding proposed modifications to these other conditions and the comments on effects set out in paragraph 3.135 apply accordingly.
- 3.169 We consider that the proposed modifications enhance clarity and consistency of licence drafting but have no practical implications otherwise.

#### **Condition 2.3.10 [BGTL, PTL, WTL, GNI (UK)]: Connection of other systems and facilities (excluding Gas Delivery Facilities) – Obligation to Connect**

#### Licence Drafting Proposal

- 3.170 We propose to add, in all four gas high-pressure licences, in the condition title after "*Connection of other systems and facilities*" the expression "*(excluding Gas Delivery Facilities)*".
- 3.171 We furthermore propose, for all four gas high-pressure licences, to:
- Remove "*gas meter (including a non standard gas meter, or a gas meter owned or not owned by the Licensee)*,".
  - Replace, before the word "*Storage Facility*", the term "*pipe-line system*" with the capitalised term "*Pipe-Line System*".

- Remove, after the word “LNG Facility”, the words “or seeking a connection for the purposes of introducing gas to the Network,”.

#### Reasons and Effects

- 3.172 The addition, in the condition title, of the expression “(excluding Gas Delivery Facilities)” is proposed to provide the reader with a clear indication of what type of connections the condition refers to. It thus allows for easier differentiation between this condition, *Condition 2.3.9: Requests for Connection of premises – Obligation to Connect* and *Condition: 2.3.15: Obligation to Connect a Gas Delivery Facility*.
- 3.173 As detailed in paragraph 3.131 onwards, we consider that meter connections should be subject to regulatory approval and propose to modify *Condition 2.3.5: Connection and Quotation Requests* with this respect. We consider the proposed removal of the reference to gas meter connections in Condition 2.3.10, and the proposed inclusion of the reference to gas meters in Condition 2.3.9, to be consequential to this. The comments on effects set out in paragraph 3.135 apply accordingly.
- 3.174 The proposed replacement of the term “pipe-line system” with the capitalised term “Pipe-Line System”; is a consequential change to the proposed introduction of this defined term in Condition 2.3.1.
- 3.175 The deletion of “or seeking a connection for the purposes of introducing gas to the Network,” is proposed to facilitate a clearer structure of Condition 2.3. The obligation to connect in relation to Gas Delivery Facilities is proposed to be covered under Condition 2.3.15, as part of *Part C – Gas Delivery Facility Connections – Other Requirements*, together with other provisions relating to such connections.
- 3.176 We consider that the proposed modifications enhance clarity and consistency of licence drafting but have no practical implications otherwise.

#### **Condition 2.3.11 [BGTL, PTL, WTL, GNI (UK)]: No obligation to connect**

##### Licence Drafting Proposal

- 3.177 We propose to remove, in all four gas high-pressure licences, the word “premises” from the end of the condition title.
- 3.178 We furthermore propose to update the cross-referenced pointing to Conditions 2.4.14 and 2.3.15 to refer to Condition 2.3.9 and 2.3.10 respectively.

### Reasons and Effects

- 3.179 We propose to remove, in all four gas high-pressure licences, the word “*premises*” from the end of the condition title. This is to reflect that this condition does not only relate to arrangements to provide relief from the obligation to make and maintain premises (including meter) connections, but also from the obligation to make and maintain connections of Pipe-Line Systems, Storage Facilities and LNG Facilities. The word “*premises*” is hence too narrow.
- 3.180 The proposed update to the cross-references pointing to *Condition 2.3.9: Requests for Connection of premises – Obligation to Connect* and *Condition 2.3.10: Connection of other systems and facilities (excluding Gas Delivery Facilities) – Obligation to Connect* are consequential changes to the proposed restructuring of Condition 2.3.
- 3.181 We consider that the proposed modifications enhance clarity and consistency of licence drafting but have no practical implications otherwise.

## **Proposed Modifications to Aligned Licence Conditions**

### **General**

- 3.182 The proposed modifications, as described below, are set out in detail in Annexes A to G.

### **Condition 2.3 [Evolve, FEDL, BGTL, PTL, WT, GNI (UK)]/Condition 2.4 [PE]: Connection Charges and Obligation to Connect – Restructure**

#### Licence Drafting Proposal

- 3.183 We propose to restructure *Condition 2.3 [Evolve, FEDL, BGTL, PTL, WT, GNI (UK)]/Condition 2.4 [PE]: Connection Charges and Obligation to Connect* by rearranging the order of the licence sub-conditions, renumbering them accordingly and inserting section sub-headings as shown in Annexes A to G.
- 3.184 An overview over these proposed changes is also provided in Table 3 (page 44) above.
- 3.185 We furthermore propose to replace, in the condition title of the consolidated version of the GNI (UK) licence, the words “*permit a Connection*” with “*Connect*”.

### Reasons and Effects

- 3.186 *Condition 2.3 [Evolve, FEDL, BGTL, PTL, WT, GNI (UK)]/Condition 2.4 [PE]: Connection Charges and Obligation to Connect* is a long licence condition, and the proposed addition of further sub-conditions to cover provisions associated with the connection of; and the introduction into the Network of gas from Gas Delivery Facilities further exacerbates this.
- 3.187 We are conscious that the readability of this condition can be negatively impacted by its length. Some licence conditions being applicable for specific types of connections with other licence conditions being applicable more generally, across different types of connections adds to the complexity of the condition.
- 3.188 We propose the rearrangement of the order of the licence sub-conditions combined with the insertion of section sub-headings to address this.
- 3.189 We consider that the proposed structural changes will provide better visibility of:
- Which key aspects the different sets of licence sub-conditions refer to.
  - Which licence sub-conditions only refer to specific types of connections.
- 3.190 We consider that the proposed structural changes have no impact on the meaning or effect of any of the licence sub-conditions.
- 3.191 In particular, in line with *Condition 1.1.3: Interpretation and Construction, Headings* of the gas conveyance licences, headings or title of any condition or paragraph shall not affect its construction.
- 3.192 We consider that the proposed structural changes improve readability of *Condition 2.3 [Evolve, FEDL, BGTL, PTL, WT, GNI (UK)]/Condition 2.4 [PE]: Connection Charges and Obligation to Connect*, as well as clarity and transparency of licence drafting.
- 3.193 The replacement, in the condition title of the consolidated version of the GNI (UK) licence, of the words “*permit a Connection*” with “*Connect*” is to correct a licence consolidation error.

**Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]: Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network**

Licence Drafting Proposal



3.194 We propose to replace the existing licence condition in the Evolve and FEDL licences with the following wording:

*“2.3.3 Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network*

- (a) Condition 2.3.3(b) applies where the Authority has, pursuant to this Condition 2.3.3(a), issued to the Licensee a direction describing or specifying a particular category or type of Gas Delivery Facility, which category or type may be described or specified by reference to the type or blend of gas which may be introduced into the Network from such a Gas Delivery Facility.*
- (b) Where this paragraph applies, the Licensee shall, in accordance with the requirements specified in the direction (which requirements may, without limitation, relate to timings), prepare and submit to the Authority for approval as to form and content, a statement showing, so far as reasonably practicable, the methods by, and the principles on, which charges are to be determined by the Licensee for making, maintaining, repairing or modifying a connection to the Network of that category or type of Gas Delivery Facility (a **GDF Connection Charging Methodology Statement**).”*

3.195 We furthermore propose to replace the existing licence condition in the other gas conveyance licences with the same text, with the only difference being that licence condition reference numbers are updated accordingly, i.e.:

- In the PE licence, the condition number is 2.4.3 and the cross-references in paragraph (a) point to Condition 2.4.3(b) and Condition 2.4.3(a) respectively.
- In the BGTL, PTL, WTL and GNI (UK) licences, the condition number is 2.3.2 and the cross-references in paragraph (a) point to Condition 2.3.2(b) and Condition 2.3.2(a) respectively.

Reasons and Effects

3.196 The suggested new wording for this condition contains a proposal for the introduction of a new term, “*GDF Connection Charging Methodology Statement*”, to refer to the statement of connection charges and terms in relation to Gas Delivery Facilities.

3.197 We consider that the introduction of this term allows for inclusion of meaningful references to this statement throughout *Condition 2.3*

[Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)/Condition 2.4 [PE]: *Connection Charges and Obligation to Connect*.

- 3.198 The provisions for this statement differ from those for the Connection Charging Methodology Statement (in relation to other types of connection), and differentiation between the two types of statement facilitates clarity with this respect.
- 3.199 We are open to the obligations in relation to both the Connection Charging Methodology Statement and the GDF Connection Charging Methodology Statement to be discharged through separate documents, or through one document combining the two. However, in case of the latter, it would need to be clear which section of the document is covering which statement. Also, when the document is submitted for approval, it would need to be clear from the approval request under which licence conditions approval for the different sections is sought.
- 3.200 The reason for the proposed changes to the condition title is to indicate more clearly which type of connections and what statement this condition relates to. The proposed wording is, to the extent reasonable, aligned with that of the other conditions of *Part A – Connection Charges – Charging Methodology Statements*. We consider that this will improve transparency and readability of the licences.
- 3.201 The condition in its current form requires the Licensee to provide a charging methodology statement in relation to connections for the purposes of introducing gas to the Network, subject to direction from the Authority to do so. In the proposed new drafting, the licence arrangements with respect to this direction are refined. In particular, it is proposed that the direction needs to describe or specify a particular category or type of Gas Delivery Facility to which it applies. The proposed licence drafting also clarifies that such category or type may be described or specified with reference to the type or blend of gas to be introduced from the Gas Delivery Facility into the Network.
- 3.202 These provisions are designed to protect the licence holders from an obligation to cover hydrogen (blend) connections in the GDF Connection Charging Methodology Statement whilst readiness for facilitating hydrogen (blends) on the Network has not (yet) been achieved.
- 3.203 If and when we consider it timely for the GDF Connection Charging Methodology Statement to be extended to cover additional categories or types of Gas Delivery Facilities, beyond those set out in the original direction under Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)], a further direction could be issued to that effect under the same condition.

- 3.204 We thus consider that the proposed wording provides for the flexibility required to:
- Avoid limiting the licence provisions to something narrower than required to comply with our statutory duties, and at the same time
  - Avoid placing obligations onto the licence holders that they cannot reasonably be expected to fulfil at this point in time.
- 3.205 Should interest develop in the introduction of gas from other categories or types of Gas Delivery Facilities than those covered by the GDF Connection Charging Methodology Statement at any time, we will, in line with our statutory duties, consider such developments and where appropriate engage with the licence holders on achieving readiness for this.
- 3.206 We anticipate that the process for developing and implementing any regulatory framework changes required to support the introduction of gas from such other categories or types of Gas Delivery Facilities will be similar to the one we have gone through, in co-operation with the GNOs, in developing the arrangements for facilitating biomethane on the Network. We consider that, as has been the case for biomethane, the development of the regulatory framework could run in parallel to the development of any new category or type of Gas Delivery Facilities. This would allow for understanding of what exactly will be required and ensure that any regulatory framework changes will be fit for purpose.
- 3.207 The proposed licence drafting also contains a provision for the direction to include timings for preparation and submission for approval of the GDF Connection Charging Methodology Statement. We consider that setting out such timing requirements in the direction rather than directly in the licence allows for greater flexibility to ensure that such requirements will be appropriate and realistic.
- 3.208 In the proposed licence drafting, we have also updated the provisions relating to the content of the proposed statement.
- 3.209 We note that high-level content requirements are set out in *Condition 2.3.3 [Evolve/FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]: Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network* which is supplemented by *Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)]: Other provisions to be included in a GDF Connection Charging Methodology Statement* with more detailed requirements.
- 3.210 In particular, Condition 2.3.3 [Evolve/FEDL]/Condition 2.4.3 [PE]/Condition

2.3.2 [BGTL, PTL, WTL, GNI (UK)] requires the licence holder to show (in so far as reasonably practicable) in the GDF Connection Charging Methodology Statement the methods by, and principles on which charges will be determined for making, maintaining, repairing or modifying a connection of a Gas Delivery Facility to the Network.

- 3.211 These aspects (in particular in so far as they relate to maintenance, repair and modification of a connection) go beyond the sheer making of the connection but are of relevance in relation to the connection. We consider that clarity on the related charging methods and principles will be important for any party considering or having a connection of a Gas Delivery Facility. We therefore consider it appropriate for all of these aspects to be covered in the GDF Connection Charging Methodology Statement.
- 3.212 There also is precedent for such aspects, in relation to other types of connections, to be covered in the Connection Charging Methodology Statement, as set out in Condition 2.3.1 [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]/Condition 2.4.1 [PE].
- 3.213 We note furthermore that Condition 2.3.1 [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]/Condition 2.4.1 [PE] also contains a requirement to include in the Connection Charging Methodology Statement the methods by and principles on which charges are to be determined for the disconnection from the Network. This aspect is not explicitly reflected in the proposed drafting of Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)], but addressed in Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] instead. We consider that this allows for the required detail to be set out more transparently.
- 3.214 We are conscious that requirements in relation to Gas Delivery Facility connections may depend on the circumstances of a specific case and may only become clear gradually. Also, with just one such connection completed in NI to date, the GNO's experience with such connections is limited. We recognise that for these reasons, covering comprehensively the content requirements set out in relation to the GDF Connection Charging Methodology Statement in paragraph (b) of Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)] can be challenging. We have included in the proposed licence drafting the disclaimer "*so far as reasonably practicable*" to address this. We consider that this disclaimer also provides flexibility for the comprehensiveness in which the content requirements are addressed in the GDF Connection Charging Methodology Statement to be adjusted over time. As GNO experience with Gas Delivery Facility connections

grows it may become reasonably practicable to address the content requirements in relation to the GDF Connection Charging Methodology Statement more fully (than what might be the case initially) as part of revisions of such statement from time to time.

- 3.215 We are aware of the ongoing policy development work by DfE which covers, amongst other things, treatment of connection-related costs for biomethane production sites.<sup>16</sup> This may have implications for the methods by and principles on which charges will be determined for making, maintaining, repairing or modifying a connection of a Gas Delivery Facility to the Network. We consider that the proposed licence drafting provides for flexibility with this respect. For example, should a potential future policy change lead to a situation where certain connection-related cost that currently needs to be borne by the Delivery Facility Operator will be treated differently, the GDF Connection Charging Methodology Statement can be updated accordingly, without a need for further licence modifications. It is noted, however, that additional licence modifications might be required to facilitate the different treatment of such cost, e.g. if it is to be spread across different Networks. If and to what extent such further licence modifications may be required will depend on any potential future policy change and will need to be assessed at the time.
- 3.216 A key difference between the current drafting and the proposed new drafting of Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)] is that the latter no longer contains a requirement for likely costs and other terms to be included in the GDF Connection Charging Methodology Statement.
- 3.217 We understand that connection-related cost in relation to Gas Delivery Facilities is largely site-specific, dependent on the specific circumstances of each site. We recognise that it can therefore not practically be included in the GDF Connection Charging Methodology Statement.
- 3.218 Similarly, due to the site-specific nature of Gas Delivery Facility connections, the associated terms for making and maintaining the connection, and for permitting the introduction of gas from such a facility into the Network, may – at least in parts – be site-specific as well. However, we are also mindful of the need for transparency on such terms for any

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<sup>16</sup> See e.g.:

- [DfE: Call for Evidence, Developing Biomethane Production in Northern Ireland, May 2024.](#)
- [DfE: Developing Biomethane Production in Northern Ireland – Call for Evidence response report, 16 April 2025..](#)
- [DfE: Energy Strategy – The Path Th Net Zero, Action Plan 2025](#), Action6.

party considering a connection of a Gas Delivery Facility to the Network. Associated requirements are covered in the proposed new *Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)]: Gas Delivery Facility Connections – Requirement to offer terms*.

- 3.219 Whilst, for the reasons set out in paragraph 3.218, we do not require terms for making and maintaining the connection of a Gas Delivery Facility and for permitting the introduction of gas from such a facility into the Network to be included in the GDF Connection Charging Methodology Statement, we expect this statement to transparently set out the process and procedures to be followed, and the information likely to be required, for the offering of such terms. This requirement is covered in the proposed new *Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)]: Other provisions to be included in a GDF Connection Charging Methodology Statement*.
- 3.220 We are conscious that some of the matters proposed to be included in the GDF Connection Charging Methodology Statement may also be addressed in other documents. For example, Network Codes as well as contractual arrangements between the GNOs and a Gas Delivery Facility Operator may also contain arrangements reflecting the methods by, and principles on which charges will be determined for making, maintaining, repairing or modifying a connection of a Gas Delivery Facility to the Network. We do not consider this to be unusual, as such other documents may form part of the implementation of the methods and principles to be set out in the GDF Connection Charging Methodology Statement.
- 3.221 We also consider that a requirement for such information to be contained in the GDF Connection Charging Methodology Statement is justified for the following reasons:
- The GDF Connection Charging Methodology Statement will be an important source of information for any party considering getting a Gas Delivery Facility connected to the Network, all the more as such a party cannot necessarily be expected to read a technical document such as the Network Code and may only enter into contractual arrangements at a more advanced stage of the connection process.
  - Explicit inclusion of content requirements in relation to the GDF Connection Charging Methodology Statement in the licences allows for stronger regulatory oversight and improved enforceability if needed.
- 3.222 Given the importance of connection arrangements for the furthering of our statutory duties, we consider this to be appropriate.

- 3.223 Under the proposed wording the licence holders will, once directed to do so, need to prepare and submit for approval a GDF Connection Charging Methodology Statement. Doing so will entail associated administrative effort. However, the requirement for such a statement to be prepared, and thus for the associated administrative burden to be incurred, is not new and already contained, in different words, in the current licence drafting. Also, given the importance of the GDF Connection Charging Methodology Statement, as set out in Condition 3.221, we consider this administrative burden to be necessary and appropriate, and not unduly onerous.
- 3.224 We consider the proposed new drafting has the effect of ensuring that the requirements in relation to the content of the GDF Connection Charging Methodology Statement are more relevant and better aligned to the information that can realistically be expected to be provided in practice (compared to existing licence drafting). This both protects licence holders and enhances clarity to both licence holders and wider industry of what can be expected.
- 3.225 We also consider that the amended provisions in relation to the direction provide protection for licence holders from obligations to cover in their GDF Connection Charging Methodology Statements arrangements for types of Gas Delivery Facility connections for which interest may emerge, and which may be relevant from a decarbonisation perspective, but which cannot yet be supported in practice. This may also assist with management of expectations of related Gas Delivery Facility Operators. The proposed licence arrangements will also provide protection to industry that mechanisms are in place (e.g. option for Authority direction on the categories or types of Gas Delivery Facility connections to be covered in the GDF Connection Charging Methodology Statement) to prevent such connections – if and when it might become relevant – being unduly delayed.
- 3.226 In our view the proposed modifications will provide a sound basis for the development of GDF Connection Charging Methodology Statements by the licence holders. We anticipate that we will, once this sound basis is in place, direct the licence holders in a timely manner to prepare and submit for approval such statements. We are mindful of the administrative effort involved in preparing a GDF Connection Charging Methodology Statement for the first time and envisage that any timeline included in the direction for the submission of the first GDF Connection Charging Methodology Statements by the licence holders will be reflective of this. We are open to considering views and comments on what a realistic timeline for inclusion in the direction might be.



- 3.227 We are of the view that *Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]: Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network* as proposed will be relevant and important for the furthering of our statutory duties, including our principal objective. The proposed modifications will thus better facilitate fulfilment of these duties.

**Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)]: Other provisions to be included in a GDF Connection Charging Methodology Statement**

Licence Drafting Proposal

- 3.228 We propose to include in the gas conveyance licences of Evolve and FEDL a new condition as follows:

"2.3.14 Other provisions to be included in a GDF Connection Charging Methodology Statement

- (a) A GDF Connection Charging Methodology Statement prepared pursuant to Condition 2.3.3 shall, subject to Condition 2.3.16, clearly distinguish between persons and classes of person for whom the Licensee proposes different methods by, or principles on which charges are to be determined for:
  - (i) making, maintaining, repairing or modifying a connection of a Gas Delivery Facility of the category or type described or specified in any direction given by the Authority under Condition 2.3.3; and
  - (ii) accepting the introduction of gas into the Network from a Gas Delivery Facility.
- (b) A GDF Connection Charging Methodology Statement prepared pursuant to paragraph (a) shall, without limitation, include:
  - (i) the process and procedures to be followed, and the information likely to be required, by the Licensee for the purposes of offering terms for:
    - (A) the making and maintaining of the connection; of each particular category or type of Gas Delivery Facility described or specified in any direction given by the Authority under Condition 2.3.3; and



- (B) *accepting the introduction of gas into the Network from such a Gas Delivery Facility.*
- (ii) *the methods by, and principles on, which charges will be determined for:*
  - (A) *any extension or reinforcement of any part of the Network, which is necessary or appropriate by virtue of the required connection to the Network of such a Gas Delivery Facility;*
  - (B) *the maintenance and repair required of any gas plant or apparatus provided and installed for the purposes of making a connection of such a Gas Delivery Facility;*
  - (C) *disconnection from the Network of such a Gas Delivery Facility and the removal of gas plant and apparatus at a Gas Delivery Point following disconnection;*
  - (D) *the Licensee's operational costs in respect of the maintenance and use of the Gas Delivery Point established by virtue of the connection of such a Gas Delivery Facility; and*
  - (E) *such other matters as may be specified in any direction issued to the Licensee under this Condition 2.3.14(b) for the purposes of this Condition 2.3."*

3.229 We furthermore propose to include this condition in the other gas conveyance licences with the same text, with the only difference being that licence condition reference numbers are updated accordingly, i.e.:

- In the PE licence:
  - ♦ The condition number is 2.4.14.
  - ♦ The cross-references to Condition 2.3.3 in the introductory sentence of paragraph (a), in paragraph (a)(i) and in paragraph (b)(i)(A) point to Condition 2.4.3 instead.
  - ♦ The cross-reference to Condition 2.3.16 in the introductory sentence of paragraph (a) points to 2.4.16 instead.
  - ♦ The cross-reference in paragraph (b)(ii)(E) to Condition

2.3.14(b) points to 2.4.14(b) instead.

- ◆ The cross-reference in paragraph (b)(iii)(E) to Condition 2.3 points to Condition 2.4 instead.
- In the BGTL, PTL, WTL and GNI (UK) licences:
  - ◆ The condition number is 2.3.12.
  - ◆ The cross-references to Condition 2.3.3 in the introductory sentence of paragraph (a), in paragraph (a)(i) and in paragraph (b)(i)(A) point to Condition 2.3.2 instead.
  - ◆ The cross-reference to Condition 2.3.16 in the introductory sentence of paragraph (a) points to 2.3.14 instead.
  - ◆ The cross-reference in paragraph (b)(iii)(E) to Condition 2.3.14(b) points to 2.3.12(b) instead.

#### Reasons and Effects

- 3.230 The proposed new *Condition 2.3.14* [Evolve, FEDL]/*Condition 2.4.14* [PE]/*Condition 2.3.12* [BGTL, PTL, WTL, GNI (UK)]: *Other provisions to be included in a GDF Connection Charging Methodology Statement* sets out matters to be covered in the GDF Connection Charging Methodology Statement beyond those contained in *Condition 2.3.3* [Evolve, FEDL]/*Condition 2.4.3* [PE]/*Condition 2.3.2* [BGTL, PTL, WTL, GNI (UK)]: *Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network*.
- 3.231 The reason for setting out the provisions with respect to the content of the GDF Connection Charging Methodology Statement in two licence conditions rather than one is to enhance readability of the licences. With this approach, *Condition 2.3.3* [Evolve, FEDL]/*Condition 2.4.3* [PE]/*Condition 2.3.2* [BGTL, PTL, WTL, GNI (UK)] provides a clear overview over key matters to be covered by the GDF Connection Charging Methodology Statement, in a similar way to what *Condition 2.3.1* [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]/*Condition 2.4.1* [PE] does in relation to the Connection Charging Methodology Statement. We consider that this enables the reader to grasp more easily what these statements are about, and in how far their content requirements differ, than what would have been the case if all of the provisions were contained in one condition. *Condition 2.3.14* [Evolve, FEDL]/*Condition 2.4.14* [PE]/*Condition 2.3.12* [BGTL, PTL, WTL, GNI (UK)] provides additional, more detailed clarity on specific provisions to be addressed by the GDF Connection Charging Methodology Statement.

- 3.232 Setting the more specific requirements out in a separate condition also mirrors the precedent with respect to the Connection Charging Methodology Statement, for which the more specific requirements are covered in *Condition 2.3.4 [Evolve, FEDL]/Condition 2.4.4 [PE]/Condition 2.3.3 [BGTL, PTL, WTL, GNI (UK)]: Other provisions to be included in the Connection Charging Methodology Statement*.
- 3.233 Similar to paragraph (a) of that condition, paragraph (a) of Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] sets out a requirement for the GDF Connection Charging Methodology Statement to clearly distinguish between different persons, and classes of person for which different charging methods and principles are proposed to be applied. This does not imply a requirement for charging methods and principles to be differentiated. Rather, it is a requirement – where the licence holder chooses to apply differentiation – to clearly distinguish the different persons, and classes of person for which different arrangements apply.
- 3.234 With respect to Gas Delivery Facilities, the relevant methods by, and principles on which charges are to be applied cover both, those in relation to:
- The making, maintaining, repairing or modifying of a Gas Delivery Facility connection; and
  - The acceptance of the introduction of gas from such a Gas Delivery Facility.
- 3.235 The matters listed under the first of these bullet points tie-in with those referred to in *Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]: Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network*. Charging methods and principles in relation to the acceptance of the introduction of gas from a Gas Delivery Facility are not covered in that condition, but form part of “*use of the Gas Delivery Point established by virtue of such a Gas Delivery Facility*” referred to under paragraph (b)(ii)(D) of Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)].
- 3.236 We consider that both aspects are of relevance in the context of addressing the requirements under Article 10A(3)(d) of the Gas Order relating to non-discrimination with respect to use, or intended use, of the Network. This is what paragraph (a) of proposed Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] is designed to do.

3.237 Paragraph (b)(i) of proposed Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] sets out a requirement for the GDF Connection Charging Methodology Statement to include the processes and procedures, and the information likely to be required, for offering the relevant terms in relation to a Gas Delivery Facility connection to any party interested in such a connection.

3.238 The relevant terms, as set out in this paragraph (b)(i), are those for:

- Making and maintaining a Gas Delivery Facility connection; and
- Accepting the introduction of gas into the Network from such a facility.

3.239 Such terms are also referred to in proposed Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)]: *Gas Delivery Facility Connections – Requirement to offer terms*. We are of the view that both:

- Paragraph (b)(i) of proposed Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)]; and
- Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)]

are relevant and complement each other.

3.240 Under Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)] the terms are to be offered “*as soon as reasonably practicable following receipt of the information reasonably required from the person making the request*”. We are mindful that due to the site-specific nature of Gas Delivery Facility connections, the associated terms for making and maintaining the connection, and for accepting the introduction of gas from such a facility into the Network, may – at least in parts – be site-specific as well. It may only be possible for the terms to be sufficiently refined for them to be offered once certain preparatory steps towards the connection have been completed. This may take time.

3.241 We are also mindful that an early and thorough understanding of the terms for making and maintaining a Gas Delivery Facility connection, and for accepting the introduction of gas from such a facility into the Network, may be important to inform the decision of a party interested in a Gas Delivery Facility connection on whether or not to proceed with such a connection.

- 3.242 We consider that inclusion in the GDF Connection Charging Methodology Statement of the processes and procedures, and the information likely to be required, for offering the terms a to a party interested in a Gas Delivery Facility connection provides transparency to the interested party on what steps may need to be undertaken for the terms to be offered. It should, in so far as practicable, also allow for associated indicative timelines to be understood. Through the proposed inclusion of the processes and procedures in the GDF Connection Charging Methodology Statement – which under the provisions in proposed *Part D – Approval and publication of statements prepared under this Condition 2.3* is subject regulatory approval – they become subject to regulatory oversight. This could be of relevance in finding a balance between the needs for Gas Delivery Facility Operators on one side and GNOs on the other with respect to the preparation and offering of the terms, should it become necessary.
- 3.243 Paragraph (b)(ii) of proposed Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] identifies a number of matters for which charging methods and principles will need to be included in the GDF Connection Charging Methodology Statement. These are drafted to complement the “*the methods by, and the principles on, which charges are to be determined by the Licensee for making, maintaining, repairing or modifying a connection to the Network of that category or type of Gas Delivery Facility*” already to be included in the GDF Connection Methodology Statement pursuant to Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)].
- 3.244 In particular, charges for making a connection could be seen as those covering the cost for the connection up to and including the inter-section between the connecting pipe-line with the Network. Pursuant to the proposed drafting for paragraph (b)(ii)(A) of Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] the scope shall be wider and also cover extensions or reinforcement on any part of the Network due to the Gas Delivery Facility connection.
- 3.245 Such extension or reinforcement may e.g. be required in circumstances where the demand downstream of the Gas Delivery Point is anticipated to be insufficient to absorb the anticipated injection quantities and where additional infrastructure is required to enable the gas to be conveyed to areas of more demand or back into a higher-tier distribution or the high-pressure Network. The cost for such extension or reinforcement can be substantial. Also, the extension or reinforcement could potentially provide benefits to other parties than the one interested in the connection. We therefore consider it important that there is clarity on the methods by,

and principles on which related charges are determined, and we consider the GDF Connection Charging Methodology Statement to be the appropriate place for such clarity to be provided.

- 3.246 Under the producer-pays principle currently applicable in NI, the Gas Delivery Facility Operator has to bear the connection and ongoing cost associated with the Gas Delivery Facility, including the cost for extension and reinforcement. We are conscious that this could be subject to change in the future, e.g. as a result of the ongoing policy development work by DfE which covers, amongst other things, treatment of connection-related costs for biomethane production sites.<sup>17</sup> We consider that the proposed drafting provides flexibility with this respect. For example, should this become relevant, the GDF Charging Methodology Statement could clarify that certain cost associated with network extension and reinforcement to facilitate Gas Delivery Facility connections is recovered through price control allowances with the remainder to be covered by Gas Delivery Facility Operators.
- 3.247 We note that the existing Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)] contains a requirement to set out the charging methods and principles, in the context of making a connection for introducing gas into the Network, for:
- *“modifying apparatus and works associated with a pipe-line so as to increase the capacity of the pipe-line;”* or
  - *“supplying and installing any pipe-line or works.”*
- 3.248 We consider that these matters are similar in nature to those now proposed to be included in the GDF Connection Charging Methodology Statement under paragraph (b)(ii)(A) of Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)]. We hence consider that the associated licence obligation, whilst worded differently, is not fundamentally new.
- 3.249 We consider that, similar to what is set out in paragraph 3.244 in relation to charging methods and principles for making a Gas Delivery Facility connection, those for associated maintenance and repair should also form part of the scope of the GDF Connection Charging Methodology Statement. We consider that this should cover those with respect to

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<sup>17</sup> See e.g.:

- [DfE: Call for Evidence, Developing Biomethane Production in Northern Ireland, May 2024.](#)
- [DfE: Developing Biomethane Production in Northern Ireland – Call for Evidence response report, 16 April 2025.](#)
- [DfE: Energy Strategy – The Path Th Net Zero, Action Plan 2025](#), Action6.

maintenance and repair for any gas plant or apparatus installed for the purposes for making the Gas Delivery Facility connection, including where applicable that for extension or reinforcement of the network. Paragraph (b)(ii)(B) of Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] has been drafted to clarify this.

- 3.250 Gas Delivery Facility disconnection and associated removal of gas plant and apparatus are not specifically referred to in Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]. However, we consider clarity on the methods by, and principles on which associated charges will be determined to be important. It is something a party interested in a Gas Delivery Facility connection may wish to be aware of prior to committing to the connection. We consider that the GDF Connection Methodology Statement is an appropriate document for this information to be set out, as – even if not strictly being connection-charges – such charges are related to the connection in the wider sense. Paragraph (b)(ii)(C) of Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] has been drafted to bring this into the scope of the GDF Connection Charging Methodology Statement.
- 3.251 We are conscious that treatment of charges for the disconnection of a Gas Delivery Facility from the Network and the removal of the associated gas plant and apparatus may depend on the circumstances, including e.g. who requires the disconnection. We consider that the proposed licence drafting provides flexibility with this respect. The GDF Connection Charging Methodology Statement could, for example, cover different relevant scenarios and their implications.
- 3.252 When considering the connection of a Gas Delivery Facility to the Network, it will also be important to have clarity on the treatment of any charges associated with the ongoing use and maintenance of the associated Gas Delivery Point. This could e.g. include charges for services required to ensure gas from such a point can continue to be accepted onto the Network. Paragraph (b)(ii)(D) of Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] has been drafted to bring this into the scope of the GDF Connection Charging Methodology Statement.
- 3.253 We are conscious that the methods by, and principles on which such charges are determined may change over time, e.g. as a result of policy developments or due to arrangements implemented by the GNOs that attract relevant cost (e.g. sub-contracting versus in-house provision of relevant services and associated systems). We consider the proposed



drafting provides flexibility with this respect.

- 3.254 We note that paragraph (b)(ii)(D) of Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] is not intended to cover conveyance changes in so far as they may be applicable to the introduction of gas from a Gas Delivery Point into the Network. Such conveyance charges are covered under the conveyance charging arrangements (see chapter 5 for more details).
- 3.255 We are conscious that the biomethane industry in NI is still under development. Whilst we are aware of growing interest in Gas Delivery Facility connections to the Network, only one such connection has been completed to date. We anticipate that as the biomethane industry continues to develop, lessons may be learned. This may include lessons with respect to matters for which charging methods and principles ought to be included in the GDF Connection Charging Methodology Statement, but which have not yet been identified at this stage. Such matters might also arise for other reasons, e.g. as a result of policy developments. Paragraph (b)(ii)(E) of Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] has been drafted to address this. We consider that the facility for the Authority to issue related directions provides for a suitable level of flexibility and robustness with this respect.
- 3.256 We note that the provisions of Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] only apply in relation to Gas Delivery Facilities that are of the category or type described or specified in a direction by the Authority under *Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]: Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network*. In line with the comments detailed in paragraph 3.201 onwards, this is designed to protect the licence holders from an obligation to cover hydrogen (blend) connections in the GDF Connection Charging Methodology Statement whilst readiness for facilitating hydrogen (blends) on the Network has not (yet) been achieved.
- 3.257 As set out in paragraph 3.203, if and when we consider it timely for the GDF Connection Charging Methodology Statement to be extended to cover additional categories or types of Gas Delivery Facilities, beyond those set out in the original direction under *Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]: Statement of connection charges and terms for connection of Gas Delivery Facilities*, a further direction could be issued to that effect under the same condition. The – pursuant to such subsequent direction(s) –



enlarged scope of Gas Delivery Facility connections to be covered by GDF Connection Charging Methodology Statement would then also apply to the provisions set out in *Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)]: Other provisions to be included in a GDF Connection Charging Methodology Statement*, including in particular paragraphs (a)(i) and (b)(i) thereof.

- 3.258 We consider that proposed Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)] has the effect of facilitating transparency on matters important for a party considering or having a connection of a Gas Delivery Facility to the Network, for other users (or potential users) of the Network and for the development and maintenance of an efficient, economic and co-ordinated gas industry in NI.
- 3.259 We are of the view that the proposed new condition will thus further the fulfilment of our statutory duties, whilst at the same time addressing obligations under the Gas Order in relation to requirements to be included in the licences.
- 3.260 We recognise that preparing a GDF Connection Charging Methodology Statement that addresses the requirements detailed in the proposed new condition will entail administrative burden. However, whilst some of the specific requirements may not have previously been included explicitly in the licence, the need to prepare and submit for approval a GDF Connection Charging Methodology Statement is not new. Also, some of the requirements contained in the current licence drafting (e.g. under current Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)] with respect to indication, where practicable, of likely costs for making a connection) are proposed to be removed. On balance, we consider the administrative burden to be necessary and appropriate, and not unduly onerous.

**Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)]: Gas Delivery Facility Connections – Requirement to offer terms**

Licence Drafting Proposal

- 3.261 We propose to include in the gas conveyance licences of Evolve and FEDL a new condition as follows:

"2.3.15 Gas Delivery Facility Connections – Requirement to offer terms"

*Where the Licensee receives a request for a connection to be made to the Network of a Gas Delivery Facility, it shall:*

- (a) *as soon as reasonably practicable, following receipt of the information reasonably required from the person making the request (the '**applicant**'):*
  - (i) *offer terms and conditions for the making and maintaining of the requested connection; and*
  - (ii) *offer terms and conditions for the introduction of the gas from the Gas Delivery Facility into the Network; and*
- (b) *ensure that any terms and conditions offered by it pursuant to the requirements of paragraph (a) provide that where:*
  - (i) *the terms and conditions are accepted by the applicant, neither the Licensee nor the applicant shall take any action under or pursuant to the agreement (as resulting from the applicant's acceptance of the offered terms and conditions) prior to the date on which the accepted terms and conditions are approved by the Authority;*
  - (ii) *there is a dispute between the Licensee and the applicant in respect of the terms and conditions offered by the Licensee, either the applicant or the Licensee may make an application to the Authority for determination of the dispute."*

3.262 We furthermore propose to include this condition in the other gas conveyance licences with the same text, with the only difference being that:

- In the PE licence, the condition number is 2.4.15.
- In the BGTL, PTL, WTL and GNI (UK) licences, the condition number is 2.3.13.

#### Reasons and Effects

3.263 Similar to:

- *Condition 2.3.7 [Evolve, FEDL]/Condition 2.4.7 [PE]: Quotation Requests; and*
- *Condition 2.3.5 [BGTL, PTL, WTL, GNI (UK)]: Connection and Quotation Requests*

in relation to other types of connection, this condition sets out an

obligation on the licence holder to offer, in response to the receipt of a request for connection of a Gas Delivery Facility, terms and conditions for (the making and maintaining of) such a connection. In addition, the proposed licence condition also sets out an obligation to offer terms and conditions for the introduction of gas from the Gas Delivery Facility into the Network.

3.264 The conditions listed in paragraph 3.263 refer to the “*terms of connection*”, whereas the proposed new Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)] is more specific and refers to “*the terms and conditions for the making and maintaining of the requested connection*”. We note that “*terms of connection*” may also include maintenance-related aspects. However, we are mindful that an understanding of the terms and conditions not just for making but also for maintaining a Gas Delivery Facility connection, and for introducing gas into the Network from it, may be important to inform the decision of a party considering a Gas Delivery Facility connection on whether or not to proceed with such a connection. We therefore consider it appropriate for these aspects to be set out explicitly in the drafting.

3.265 In particular, we consider that both, the terms and conditions:

- for the making and maintaining of the requested connection; and
- for the introduction of gas from the Gas Delivery Facility into the Network

are important. The making and maintenance of the connection to a Gas Delivery Facility would be of limited use if the introduction of gas from it into the Network was not permitted. Conversely, being permitted to introduce gas from a Gas Delivery Facility into the Network without terms and conditions for getting that Gas Delivery Facility connected is of limited benefit, too.

3.266 Both, the offer of terms and conditions for the making and maintaining of the requested connection and the offer of terms and conditions for the introduction of gas from a Gas Delivery Facility into the Network, shall be made “*as soon as reasonably practicable following receipt of the information reasonably required*” for this. We are conscious that these timescales are less specific than those referred to in corresponding conditions for other types of connections (Condition 2.3.7 [Evolve, FEDL]/Condition 2.4.7 [PE]; Condition 2.3.5 [BGTL, PTL, WTL, GNI (UK)]) in so far as they do not refer to a set number of days. We consider this to be appropriate in the case of Gas Delivery Facility connections, given that timelines within which the making of these offers can reasonably be expected may vary on a case-by-case basis. Influencing factors on the

timelines could e.g. include the complexity of the case and novelty of requirements associated with the connection. For instance, if solutions are required for the connection which have not been implemented in NI before, GNOs may need to undertake research into such solutions and/or develop and implement processes and systems to support them. This may take time. As experience with such solutions grows, one might expect the lead time for the provision of the offers, *ceteris paribus*, to reduce. We consider that the proposed drafting allows for an appropriate level of flexibility with this respect.

3.267 As detailed in paragraphs 3.237 onwards, paragraph (b)(ii) of proposed *Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)]: Other provisions to be included in a GDF Connection Charging Methodology Statement* has been drafted to ensure transparency is provided – through the GDF Connection Charging Methodology Statement – to a party interested in a Gas Delivery Facility connection, on the processes and procedures, and information likely to be required, for the relevant terms in relation to a Gas Delivery Facility connection to be offered. The GDF Connection Charging Methodology Statement should, in so far as practicable, also allow for associated indicative timelines to be understood.

3.268 In difference to the requirement to provide a GDF Connection Charging Methodology Statement (Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI UK])), the requirements under proposed Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)] are not subject to Authority direction. I.e. the requirement to offer terms and conditions for:

- the making and maintaining of the requested connection, and
- the introduction of gas from the Gas Delivery Facility into the Network

relates to any requests for connection to the Network of a Gas Delivery Facility. The gas that the requestor might want to introduce into the Network from the Gas Delivery Point associated with such a Gas Delivery Facility could be any gas that falls under the definition of gas in Article 3(2) of the Gas Order, even if more preparatory work is required by the GNOs before connections for such gas could be facilitated.

3.269 We consider that the words “*as soon as possible*” in the introductory paragraph of the proposed condition have the effect of protecting GNOs from an obligation to offer terms and conditions for the making and maintaining of the requested connection to a Gas Delivery Facility, and for the introduction of gas from the Gas Delivery Facility into the Network,

before the relevant preparatory work for the making of such an offer has been undertaken. However, they also oblige the GNOs, subject to there not being any applicable exceptions to the requirement to offer terms under Condition 2.3.18 [Evolve, FEDL]/Condition 2.4.18 [PE]/Condition 2.3.16 [BGTL, PTL, WTL, GNI (UK)], to undertake the necessary preparatory work in as timely a manner as possible, so that the offers required under the proposed condition can be made as soon as possible.

3.270 We consider the proposed licence provisions, and their implications with this respect, to be relevant and appropriate: they are aligned with our own statutory duties with respect to the types of gases covered. They also tie-in with our designated regulatory gas objectives in so far as they oblige the GNOs to (undertake the work required and remove any potential related barriers so that they can) offer terms and conditions for the making and maintaining of the requested connection to a Gas Delivery Facility, and for the introduction of gas from the Gas Delivery Facility into the Network.

3.271 We understand that in practice, the agreement permitting gas to be introduced into the Network from a Gas Delivery Facility may be entered into at a later point in time than the acceptance of the terms and conditions for the making of the connection. In particular, certain information may be required for the agreement permitting gas to be introduced into the Network from a Gas Delivery Facility, with such information only becoming known closer to the anticipated time of operational commencement. We consider that the proposed drafting accounts for this. The offer of terms and conditions for the making and maintaining of a Gas Delivery Facility connection and for the introduction of gas from the Gas Delivery Facility into the Network both need to be made as soon as reasonably practicable following receipt of the reasonably required information. However, the point in time when the relevant information is received, and hence when the offer is to be made, can vary.

3.272 In difference to:

- *Condition 2.3.7 [Evolve, FEDL]/Condition 2.4.7 [PE]: Quotation Requests;*
- *Condition 2.3.5 [BGTL, PTL, WTL, GNI (UK)]: Connection and Quotation Requests;*

in relation to other types of connection, Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)] is explicit that no action shall be taken pursuant to the terms and conditions offered for:

- the making and maintaining of the requested connection, and
- the introduction of gas from the Gas Delivery Facility into the Network

prior to the approval of the accepted terms and conditions by the Authority.

3.273 It may seem counter-intuitive to require Authority approval of terms and conditions relating to Gas Delivery Facility connections once they have been agreed by the party requesting the connection and the licence holder. However, we are of the view that this is required to ensure compliance with Article 10A(5) of the Gas Order which includes a requirement for gas conveyance licences to:

*“provide for the Authority to approve, in advance of their coming into operation, any terms and conditions—*

*(i) for the connection and access to any pipe-line, facility or associated apparatus operated by the holder for the purposes of the licence [...]”.*

3.274 The approval requirement relates to terms and conditions for both, connection and access to any pipe-line, facility or associated apparatus, i.e. it covers the terms and conditions for:

- the making and maintaining of the requested connection; and
- the introduction of gas from the Gas Delivery Facility into the Network.

3.275 The reaching of agreement on these terms and conditions is, in principle, a matter for the party interested in the connection and the licence holder. There should not be a need for the Utility Regulator to be involved prior to the agreed terms and conditions being submitted for approval, unless there is a dispute between the licence holder and the party requesting the connection in respect to the terms and conditions offered.

3.276 In case of a dispute between the licence holder and the party requesting the Gas Delivery Facility connection, the provisions set out in *Condition 2.3.24 [Evolve, FEDL]/Condition 2.4.24 [PE]/Condition 2.3.22 [BGTL, PTL, WTL, GNI (UK)]: Resolution of disputes by the Authority* apply. These provisions set out a dispute settlement role for the Authority.

3.277 We consider that proposed Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)] is also relevant in the context of addressing the requirements under Article 10A(3)(e) of the Gas Order relating to provision, to parties intending to use the Network, with

the information they need for efficient access to and use of the system. We furthermore consider the proposed conditions to be relevant and appropriate for the facilitation of access for Gas Delivery Facilities to the Network, the integration of renewable gas from such facilities onto the Network, as well as for the furthering of our statutory duties (including our principal objective) more generally.

- 3.278 In our view, the proposed condition will further the fulfilment of our statutory duties, whilst at the same time addressing obligations under the Gas Order on requirements to be included in the licences.

**Condition 2.3.16 [Evolve, FEDL]/Condition 2.4.16 [PE]/Condition 2.3.14 [BGTL, PTL, WTL, GNI (UK)]: Prohibition on undue discrimination in relation to Gas Delivery Facility Operators**

Licence Drafting Proposal

- 3.279 We propose to include in the gas conveyance licences of Evolve and FEDL a new condition as follows:

*“2.3.16 Prohibition on undue discrimination in relation to Gas Delivery Facility Operators*

*The Licensee shall not show any undue preference towards or undue discrimination against any person or classes of person (including any other business of the Licensee) requesting, or having, a connection to the Network of a Gas Delivery Facility.”*

- 3.280 We furthermore propose to include this condition in the other gas conveyance licences with the same text, with the only difference being that licence condition reference numbers are updated accordingly, i.e.:
- In the PE licence, the condition number is 2.4.16.
  - In the BGTL, PTL, WTL and GNI (UK) licences, the condition number is 2.3.14.

Reasons and Effects

- 3.281 Similar to *Condition 2.3.10 [Evolve, FEDL]/Condition 2.4.10 [PE]/Condition 2.3.7 [BGTL, PTL, WTL, GNI (UK)]: Prohibition on undue discrimination in relation to connections* for persons (or classes of person) interested in connections other than those of a Gas Delivery Facility, this condition sets out provisions on prohibition of undue discrimination in relation to Delivery Facility Operators.
- 3.282 In difference to the provisions under *Condition 2.3.10 [Evolve,*

FEDL]/Condition 2.4.10 [PE]/Condition 2.3.7 [BGTL, PTL, WTL, GNI (UK)]: *Prohibition on undue discrimination in relation to connections*, the proposed requirements under Condition 2.3.16 [Evolve, FEDL]/Condition 2.4.16 [PE]/Condition 2.3.14 [BGL, PTL, WTL, GNI (UK)] are not limited to persons (or classes of person) seeking or requesting a connection; they also cover those having a connection. We consider this to be relevant in the case of Gas Delivery Facility Operators, who will likely wish to avail of their connection (once made) on an ongoing basis to introduce gas to the Network. There should therefore not be any undue preference towards or undue discrimination against Gas Delivery Facility Operators (or classes thereof) with respect to the ongoing arrangements for the delivery, and acceptance of the delivery, of gas from the Gas Delivery Facility at the associated Gas Delivery Point either. We consider that the proposed licence wording covers this.

- 3.283 We note that the proposed condition wording requires the Licensee not to show any *undue* preference or *undue* discrimination against any person (or classes of person) requesting, or having, a connection to the Network of a Gas Delivery Facility. This does not mean that there cannot be any preference or discrimination. Indeed, proposed *Condition 2.3.14* [Evolve, FEDL]/*Condition 2.4.14* [PE]/*Condition 2.3.12* [BGTL, PT, WTL, GNI (UK)]: *Other provisions to be included in a GDF Connection Charging Methodology Statement* even requires the licence holder to clearly distinguish between different persons and classes of person for whom different charging methods and principles are proposed. Differentiation might also be relevant e.g. with respect to technical or operational requirements for:
- Different types of Gas Delivery Facility connections (e.g. single injection, connection of hub, connection involving reverse compression); and/or
  - Different types or blends of gas that may be introduced into the Network from the Gas Delivery Facilities (subject to Authority direction under *Condition 2.3.3* [Evolve, FEDL]/*Condition 2.4.3* [PE]/*Condition 2.3.2* [BGTL, PTL, WTL, GNI (UK)]: *Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network* on such types or blends of gas).
- 3.284 The proposed licence requirement under Condition 2.3.16 [Evolve, FEDL]/Condition 2.4.16 [PE]/Condition 2.3.14 [BGL, PTL, WTL, GNI (UK)] means that any preference or discrimination in relation to persons, or classes of person requesting, or having a Gas Delivery Facility connection, where it does occur, may not be undue.
- 3.285 Where preference or discrimination in relation to persons, or classes of



person requesting, or having a Gas Delivery Facility connection does occur, we expect the licence holder to be in a position to justify why this is not undue. We also expect the Licensee to communicate the justification clearly and transparently to the impacted parties.

- 3.286 We consider that the provisions proposed under Condition 2.3.16 [Evolve, FEDL]/Condition 2.4.16 [PE]/Condition 2.3.14 [BGL, PTL, WTL GNI (UK)] are of relevance in the context of addressing the requirements under Article 10A(3)(d) of the Gas Order in relation to refraining, by the licence holder, *“from discriminating between persons or classes of person using or intending to use any pipe-line, facility or associated apparatus operated for the purposes of the licence”*.
- 3.287 We also consider that the proposed condition is of relevance in the context of our statutory duties. We consider that it has the effect of preventing undue preference for, or discrimination against certain Gas Delivery Facility Operators (or classes thereof), which might otherwise occur and undermine confidence in the regulatory regime.
- 3.288 We therefore are of the view that the proposed condition will further the fulfilment of our statutory duties, whilst at the same time addressing obligations under the Gas Order on requirements to be included in the licences.

### **Condition 2.3.17 [Evolve, FEDL]/Condition 2.4.17 [PE]/Condition 2.3.15 [BGTL, PTL, WTL, GNI (UK)]: Obligation to Connect a Gas Delivery Facility**

#### Licence Drafting Proposal

- 3.289 We propose to include in the gas conveyance licences of Evolve and FEDL a new condition as follows:

#### “2.3.17 *Obligation to Connect a Gas Delivery Facility*

*Where the Licensee has, upon request by any person, offered terms for connection pursuant to Condition 2.3.15 and the person requesting the connection accepts the connection terms offered, the Licensee shall make and maintain the requested connection on the basis of the accepted terms.”*

- 3.290 We furthermore propose to include this condition in the other gas conveyance licences with the same text, with the only difference being that licence condition reference numbers are updated accordingly, i.e.:

- In the PE licence:

- ◆ The condition number is 2.4.17.
- ◆ The cross-references to Condition 2.3.15 points to Condition 2.4.15 instead.
- In the BGTL, PTL, WTL and GNI (UK) licences:
  - ◆ The condition number is 2.3.15.
  - ◆ The cross-references to Condition 2.3.15 points to Condition 2.3.13 instead.

#### Reasons and Effects

- 3.291 As set out in paragraph 1.2 our designated regulatory gas objectives contain a requirement to:
- “[help] to achieve, in the most cost-effective way, [...] the integration of large and small scale production of gas from renewable energy sources and distributed production in both transmission and distribution Networks”; and
  - “[facilitate] access to the Network for new production capacity, in particular removing barriers that could prevent access for new market entrants and of gas from renewable energy sources”.
- 3.292 We consider that the proposed obligation to connect a Gas Delivery Facility is an effective way for addressing these requirements.
- 3.293 We note that the proposed obligation onto the Licensees to make and maintain a connection with respect to a Gas Delivery Facility is subject to acceptance, by the requestor, of the terms offered for this connection, pursuant to *Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)]: Gas Delivery Facility Connections – Requirement to offer terms*.
- 3.294 As set out in from paragraph 3.266 onwards, licence holders are required under that condition to offer terms for the making and maintaining of a connection of a Gas Delivery Facility to the Network as soon as reasonably practicable following receipt of the information reasonably required for this. GNOs are hence protected from an obligation to offer terms to make and maintain the requested connection of a Gas Delivery Facility before any preparatory work that may be required for the making of the offer has been undertaken. However, GNOs are also obliged to undertake the necessary preparatory work in as timely a manner as possible, so that they can offer the terms to make and maintain the requested connection as soon as possible.

- 3.295 Consequently, making the obligation to connect under proposed Condition 2.3.17 [Evolve, FEDL]/Condition 2.4.17 [PE]/Condition 2.3.15 [BGTL, PTL, WTL, GNI (UK)] subject to the provision, and acceptance, of the related terms, has the effect of protecting the GNOs from an obligation to make and maintain the connection of a Gas Delivery Facility to the Network until any preparatory work that may be required for the making of the connection offer has been undertaken, whilst also requiring the GNOs to undertake this preparatory work in as timely a manner as possible.
- 3.296 We consider the proposed licence provisions, and their implications with this respect, to be relevant and appropriate: They are, through the reference to Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)], aligned with our own statutory duties with respect to the types of gases covered (see paragraphs 3.268 onwards). They also tie-in with our designated regulatory gas objectives in so far as they oblige the GNOs to (undertake the work required and remove any potential related barriers so that they can) make and maintain the requested connection to a Gas Delivery Facility once the terms for the connection have been accepted.

**Condition 2.3.18 [Evolve, FEDL]/Condition 2.4.18 [PE]/Condition 2.3.16 [BGTL, PTL, WTL, GNI (UK)]: Exceptions to requirement to offer terms for a Gas Delivery Facility**

Licence Drafting Proposal

- 3.297 We propose to include in the gas conveyance licences of Evolve and FEDL a new condition as follows:

*“2.3.18 Exceptions to requirement to offer connection terms for a Gas Delivery Facility*

*Nothing in Condition 2.3.15 shall require the Licensee to offer terms to make and maintain a connection to the Network of a Gas Delivery Facility, if:*

- (a) to make and maintain the requested connection would involve a danger to the public and/or or a risk to the safety of the Network, provided that the Licensee has taken all reasonable steps to prevent such danger from occurring and/or to mitigate the risk to the safety of the Network;*
- (b) there is insufficient capacity in the Network to accept the delivery of the gas from the Gas Delivery Facility; or*

(c) *the Licensee has reasonable grounds to believe that making and maintaining the requested connection would be in conflict with:*

(i) *the relevant objectives set out in Condition 2.4.1; or*

(ii) *any public service obligation (where applicable),*

*and in any such case the Licensee shall give duly substantiated reasons for believing such circumstances apply.”*

3.298 We furthermore propose to include this condition in the other gas conveyance licences with the same text, with the only difference being that licence condition reference numbers are updated accordingly, i.e.:

- In the PE licence:
  - ◆ The condition number is 2.4.18.
  - ◆ The cross-reference to Condition 2.3.15 in the introductory sentence points to Condition 2.4.15 instead.
  - ◆ The cross-reference to Condition 2.4.1 in paragraph (c)(i) points to Condition 2.5.1 instead.
- In the BGTL, PTL, WTL and GNI (UK) licences:
  - ◆ The condition number is 2.3.16.
  - ◆ The cross-reference to Condition 2.3.15 in the introductory sentence points to Condition 2.3.13 instead.
  - ◆ The cross-reference to Condition 2.4.1 in paragraph (c)(i) points to Condition 2.4D.2 instead.

#### Reasons and Effects

3.299 As set out in paragraph 3.277, we consider that the requirement to offer terms:

- for the making and maintaining of a connection of a Gas Delivery Facility to the Network; and
- the introduction of gas from the Gas Delivery Facility into the Network

to be relevant for the furthering of our statutory duties.

3.300 However, we recognise that there may be certain circumstances in which

the making or maintaining of a Gas Delivery Facility connection may not be desirable or may potentially even conflict with legislative requirements. We consider that in these circumstances, the licence holder should be relieved from the obligation to offer terms to make and maintain a connection of a Gas Delivery Facility to the Network. We propose the introduction of Condition 2.3.18 [Evolve, FEDL]/Condition 2.4.18 [PE]/Condition 2.3.16 [BGTL, PTL, WTL, GNI (UK)] to address this.

3.301 The proposed condition sets out exceptions from the obligation to offer terms to make and maintain a connection of a Gas Delivery Facility to the Network. It does not explicitly set out provisions for relief from the obligation to offer terms and conditions for the introduction of gas from a Gas Delivery Facility into the Network (Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)], paragraph (a)(ii)) or from the obligation to connect a Gas Delivery Facility to the Network (Condition 2.3.17 [Evolve, FEDL]/Condition 2.4.17 [PE]/Condition 2.3.14 [BGTL, PTL, WTL, GNI (UK)]). However, we consider that the proposed wording implicitly provides for such relief, given that:

- The obligation to connect a Gas Delivery Facility to the Network is subject to the acceptance of the terms to make and maintain the connection (with the requirement to provide such terms being subject to the specified exceptions).
- In the absence of a connection, there is no need for terms and conditions for the introduction of gas from the Gas Delivery Facility.

3.302 The proposed condition is largely aligned with *Condition 2.3.13* [Evolve, FEDL]/*Condition 2.4.13* [PE]: *No obligation to connect premises*/*Condition 2.3.11* [BGTL, PTL, WTL, GNI (UK)]: *No obligation to connect* as regards the reasons for exception.

3.303 One of the proposed reasons for relief from the obligation to offer terms is that the requested connection would involve danger to the public and/or risk to the safety of the Network, provided the Licensee has taken all reasonable steps to prevent such danger from occurring and/or to mitigate the risk to the safety of the Network. We consider this to be a relevant exception as otherwise a conflict of interest could ensue between the obligation to offer terms and legislative safety requirements to which the GNOs are subject.

3.304 A further proposed reason for relief from the obligation to offer terms is insufficient capacity in the Network to accept the delivery of gas from the Gas Delivery Facility. We are conscious that solutions may be available to overcome such capacity constraints, e.g. reinforcement of the Network or reverse compression. However, we are also mindful that under the

currently applicable producer-pays principle, the Gas Delivery Facility Operator needs to bear the associated cost. If he/she refused to do so, and the capacity constraint is not overcome as a result, there would be no benefit in progressing the connection, as it could not be used practically (to the extent envisaged). Preparing and making an offer for making and maintaining such a connection would hence be a waste of resources and inefficient.

- 3.305 We are mindful of the ongoing policy development work by DfE in relation to biomethane.<sup>18</sup> This might impact on the appropriateness of insufficient capacity in the Network to accept the delivery of gas from the Gas Delivery Facility being a reason for relief from the obligation to offer terms.
- 3.306 We are for example conscious of other jurisdictions where an obligation on network operators to facilitate the connection of biomethane plants to the network, and to overcome associated network constraints if needed (combined with socialisation of cost for the overcoming of such network constraints) has been seen as an important driver of biomethane market development. Conversely, such an approach could entail situations where network operators are obliged to invest in measures to overcome network constraints even if the associated costs outweigh the benefits. A relief from the obligation to offer terms or facilitate a connection on the grounds of insufficient capacity could help to avoid such uneconomic investment.
- 3.307 We remain open to reviewing the appropriateness of insufficient capacity in the Network to accept the delivery of gas from the Gas Delivery Facility being a reason for relief from the obligation to offer terms in the future, depending on policy developments, together with any other licence implications that may arise from such policy developments.
- 3.308 Other proposed reasons for relief from the obligation to offer terms include a conflict between the making and maintaining of the requested connection and the relevant objectives or any public service obligation. We consider these to be a relevant exception as otherwise a conflict of interest could ensue for the GNO between these requirements and the obligation to offer terms.

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<sup>18</sup> See e.g.:

- [DfE: Call for Evidence, Developing Biomethane Production in Northern Ireland, May 2024.](#)
- [DfE: Developing Biomethane Production in Northern Ireland – Call for Evidence response report, 16 April 2025..](#)
- [DfE: Energy Strategy – The Path To Net Zero, Action Plan 2025](#), Action 6.

- 3.309 The provisions proposed under Condition 2.3.18 [Evolve, FEDL]/Condition 2.4.18 [PE]/Condition 2.3.16 [BGTL, PTL, WTL, GNI (UK)] provide for relief from maintaining a connection if the circumstances giving rise to the exception only arise after the connection has been made. We anticipate that any circumstances under which a connection does not need to be maintained will be set out in the terms to be offered pursuant to paragraph (a) of Condition 2.3.15 [Evolve, FEDL]/Condition 2.4.15 [PE]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)].
- 3.310 Similar to *Condition 2.3.13* [Evolve, FEDL]/*Condition 2.4.13* [PE]: *No obligation to connect premises*/Condition 2.3.11 [BGTL, PTL, WTL, GNI (UK)]: *No obligation to connect*, the proposed new condition foresees that where a licence holder considers grounds for exception from the obligation to offer terms to make and maintain a connection of a Gas Delivery Facility to the Network to be applicable, they would need give duly substantiated reasons for this. We consider that transparency with this respect is important to:
- Prevent the risk of perception by the impacted party interested in the Gas Delivery Facility connection of being disadvantaged.
  - Prevent the risk of licence holders not offering terms for Gas Delivery Facility connections for reasons other than exceptions allowed for in the licence; this could impact negatively on fulfilment of our statutory duties (including the principal objective).
- 3.311 We consider that the proposed condition has the effect of enhancing the robustness and consistency of the regulatory framework with respect to Gas Delivery Facility connections in so far as it prevents conflicts between the licence obligation to offer terms to make and maintain a connection of a Gas Delivery Facility to the Network, and other licence and/or legislative requirements. These conflicts could otherwise give rise to unrealistic expectations e.g. from Gas Delivery Facility Operators as regards to offering of terms, as well as to challenges with respect to licence compliance and enforcement. The resulting reputational damage could undermine the fulfilment of our statutory gas objectives.

**Condition 2.3.19 Evolve, FEDL]/Condition 2.4.19 [PE]/Condition 2.3.17 [BGTL, PTL, WTL, GNI (UK)]: Calorific Value Management Statement**

Licence Drafting Proposal

- 3.312 We propose to include in the gas conveyance licences of Evolve and FEDL a new condition as follows:

"2.3.19 Calorific Value Management Statement"

*The Licensee shall comply with any direction given by the Authority to prepare and submit to the Authority for approval a statement (the **Calorific Value Management Statement**), setting out:*

- (a) the methods by, and the principles on, which the Licensee will manage the Calorific Value in the Network; and*
- (b) such information as is required by Gas Delivery Facility Operators and gas suppliers for the purposes of carrying out their respective activities, including (without limitation) information relating to:*
  - (i) the measurement and/or the methodology for establishing the energy content of gas;*
  - (ii) monitoring the accuracy of the measurement and/or the methodology for establishing the energy content of gas;*
  - (iii) the Calorific Value information required by gas suppliers for the purposes of customer billing; and*
  - (iv) such other matters as may be specified in the Authority's direction."*

3.313 We furthermore propose to include this condition in the other gas conveyance licences with the same text, with the only difference being that licence condition reference numbers are updated accordingly, i.e.:

- In the PE licence, the condition number is 2.4.19.
- In the BGTL, PTL, WTL and GNI (UK) licences, the condition number is 2.3.17.

Reasons and Effects

3.314 Calorific Value (CV) is a measure for the heating power of a gas. Measuring CV is important as depending on gas composition and any impurities contained, the CV of natural gas can vary. For example, gas from UK North Sea gas fields may have a different CV to that from Norway. We understand that the CV of gas from anaerobic digestion that may be introduced into the NI Network at Gas Delivery Points may vary depending on the feedstock used in its production, but will typically be lower than that of the prevailing gas on the Network, the majority of which comes into NI via interconnectors.



- 3.315 As gas meters measure volume, not energy, the CV of the gas entering the NI Network needs to be continually tracked to determine the amount of energy transported by gas shippers and gas suppliers, which in turn is used to accurately charge gas consumers.
- 3.316 Special measuring equipment is required to establish the CV of gas. For practical and cost reasons, this is not installed at each individual offtake point, but at system entry points.
- 3.317 If gas from Gas Delivery Facilities with a lower CV than that of the prevailing gas is introduced into the Network, the CV of the gas downstream of the Gas Delivery Point will be lower than that of the gas upstream of it. As a result, gas consumers downstream of the Gas Delivery Point will need to burn more gas to get the same energy and are at risk of being overcharged if the CV differential is not accounted for as part of the billing process.
- 3.318 The “zone of influence” of the injected renewable gas, i.e. which customers will be affected by its lower CV, varies over time, depending on demand. There currently is no infrastructure in place that would allow for accurate measurement, on an ongoing basis, of the CV each of the downstream consumers, or even zones of downstream consumers, that might potentially be affected, will get at a given time.
- 3.319 Therefore, arrangements in NI are currently based on the target-CV approach. In essence, the Gas Delivery Facility Operator will be provided with information on the CV of the prevailing gas on the Network and will need to make sure that the CV of any gas introduced from the Gas Delivery Facility at the related Gas Delivery Point is within a pre-defined acceptable range of this CV. If the gas to be delivered via the Gas Delivery Facility has a lower CV than allowed for by the range, the Gas Delivery Facility Operator will need to ensure the CV of the gas is increased, e.g. through addition of propane, before the gas can be introduced into the Network.
- 3.320 We are aware that these arrangements might not be seen as ideal. Propane does emit carbon dioxide when combusted, and its addition to the gas to be injected into the Network from a Gas Delivery Facility entails ongoing cost for the Gas Delivery Facility Operator. Also, in a scenario where large quantities of low CV gas are injected onto the Network, the target-CV method arguably keeps the prevailing CV on the Network artificially high.
- 3.321 However, the target-CV approach has deemed to be a pragmatic solution to facilitate biomethane injection onto the Network while ensuring the interests of downstream consumers are protected. Whilst alternative

solutions could be conceived, these would also attract a cost which would need to be assessed against the associated benefits. An implementation lead time would be required as well, the length of which might depend on the solution chosen.

- 3.322 We are conscious that GNOs plan to undertake a Billing Methodology project to assess such alternative solutions. There is potential that this might, over time, result in a change to (or away from) the current target-CV approach. Policy development may be of relevance in this context as well, as the levels of low CV renewable gas anticipated to be introduced onto the Network may impact on the cost-benefit analysis for the different solutions.
- 3.323 In this context, we consider it important that:
- Robust arrangements are in place for managing CV differentials between gas prevailing on the Network and gas envisaged to be introduced into the Network from a Gas Delivery Facility at the associated Gas Delivery Point, to avoid potential detrimental downstream consumer impact.
  - There is transparency on what these arrangements are, to ensure consumer confidence is maintained and any parties considering a connection of a Gas Delivery Facility to the Network can account for the associated implications as part of their planning.
  - Mechanisms are in place that ensure review from time to time, and update as appropriate, of the arrangements for managing CV differentials between gas envisaged to be introduced into the Network from a Gas Delivery Facility at the associated Gas Delivery Point and the prevailing gas on the Network.
- 3.324 Condition 2.3.19 [Evolve, FEDL]/Condition 2.4.19 [PE]/Condition 2.3.17 [BGTL, PTL, WTL, GNI (UK)] is proposed to be introduced into the gas conveyance licences to address these matters. It is complemented by a proposed definition of the term “*Calorific Value*” in *Condition 2.3.25* [Evolve, FEDL]/*Condition 2.4.25* [PE]/*Condition 2.3.23* [BGTL, PTL, WTL, GNI (UK)]: *Interpretation and construction*.
- 3.325 The proposed new condition sets out an obligation on the licence holders to prepare and submit to the Authority for approval a Calorific Value Management Statement setting out the methods by, and principles on which the Licensee will manage the Calorific Value on the Network. Through the Authority’s approval role in relation to this statement, in combination with the proposed powers for the Authority to direct review and revision of this statement (*Condition 2.3.22* [Evolve, FEDL]/*Condition*

2.4.22 [PE]/Condition 2.3.20 [BGTL, PTL, WTL, GNI (UK)]: *Review and Revision of Statements – Direction by the Authority*), we can ensure that any arrangements set out in the Calorific Value Charging Methodology Statement are robust and appropriate, including with respect to the interests of consumers downstream from Gas Delivery Points. We consider that the proposed powers for the Authority to direct review and revision of the Calorific Value Charging Methodology Statement will also enable us to ensure that the arrangements set out therein remain appropriate, including e.g. in the context of policy developments.

- 3.326 We consider that the proposed obligation under paragraph (b) of Condition 2.3.21 [Evolve, FEDL]/Condition 2.4.21 [PE]/Condition 2.3.19 [BGTL, PTL, WTL, GNI (UK)] to implement and comply with the Calorific Value Management Statement will ensure that the robust arrangements are not only set out therein, but also in place.
- 3.327 We consider furthermore that the proposed provisions under Condition 2.3.19 [Evolve, FEDL]/Condition 2.4.19 [PE]/Condition 2.3.17 [BGTL, PTL, WTL, GNI (UK)], in combination with the proposed obligation under Condition 2.3.21 [Evolve, FEDL]/Condition 2.4.21 [PE]/Condition 2.3.19 [BGTL, PTL, WTL, GNI (UK)] to publish the Calorific Value Management Statement will provide for adequate transparency.
- 3.328 We are conscious that arrangements with respect to CV Management may also be contained in other documents, such as e.g. Network Codes and/or contractual arrangements between the relevant GNO and the Gas Delivery Facility Operator. However, we consider that this on its own will not be sufficient to address the needs set out in paragraph 3.323. In particular:
- Contractual arrangements between the relevant GNO and the Gas Delivery Facility Operator are not typically accessible to gas consumers.
  - Network Codes, whilst publicly available, are complex technical documents and consumers could not be reasonably expected to refer to these if they seek assurance that they are not disadvantaged from a billing perspective as a result of upstream Gas Delivery Facilities.
  - Authority oversight over:
    - ◆ Terms and conditions agreed between the Gas Delivery Facility Operator and the relevant GNO in relation to Gas Delivery Facility connections; and

◆ Network Codes

is more restricted in so far as we have an approval role, and can suggest changes to the Network Codes (under the related code modification rules), but have no powers to direct changes; this could impact negatively on our ability to ensure that any policy changes are reflected.

- 3.329 We note that the requirement to prepare and submit to the Authority for approval the Calorific Value Management Statement is subject to Authority direction. We are conscious that the regulatory framework to facilitate introduction of gas from Gas Delivery Facilities into the high-pressure Network is still under development and that further work will be required before provision of a meaningful Calorific Value Management Statement can reasonably be expected. We also consider that there would be benefit in the Calorific Value Management Statements to be aligned across licence holders, to the extent reasonably possible. This will only be realistic once the considerations of all the licence holders have sufficiently progressed. We consider that the proposed provision for Authority direction facilitates the required flexibility with respect to timing. We are open to considering views and comments on when it might be suitable to make the direction, and what realistic timelines to be set out in the direction for the provision of the Calorific Value Management Statement might be. We will also be mindful in this context of the anticipated timelines for the Billing Methodology Project (the findings of which might be of relevance for the Calorific Value Management Statement).
- 3.330 We consider that the provisions for information to be included in the Calorific Value Management Statement, as proposed under paragraph (b) of Condition 2.3.19 [Evolve, FEDL]/Condition 2.4.19 [PE]/Condition 2.3.17 [BGTL, PTL, WTL, GNI (UK)], are relevant for the management of the potential billing impact from Gas Delivery Facility connections on downstream consumers. We are conscious that DNOs (Distribution Network Operators) may not take CV measurements themselves but rely on related information to be provided from the TSOs. We consider that the proposed wording accounts for such a possibility. We are also conscious that there could be other relevant information as well, including depending on the findings of the Billing Methodology project or policy development. We consider that the provision for the Authority under *Condition 2.3.22 [Evolve, FEDL]/Condition 2.4.22 [PE]/Condition 2.3.20 [BGTL, PTL, WTL, GNI (UK)]: Review and Revision of Statements – Direction by the Authority* to direct any other matters to be specified in the Calorific Value Management Statement, addresses this.

- 3.331 We are conscious that there will be administrative effort from the GNOs involved in the preparation, submission and review from time to time of the Calorific Value Management Statement. There will also be administrative burden involved for the Authority for the governance process with respect to this statement (including making of related directions and consideration of approval requests). We consider that this administrative burden is justified given the benefits associated with the Calorific Value Management Statement.
- 3.332 We consider that the proposed licence provisions will further the fulfilment of our legislative duty to ensure a high level of protection of the interests of consumers of gas. We consider furthermore that the added transparency with respect to Calorific Value management may help to prevent concerns regarding perceived negative side effects of Gas Delivery Facilities on downstream consumers, and associated potential market development barriers, from arising. It will this also further the fulfilment of our other statutory gas objectives, including the principal one.

**Condition 2.3.20 [Evolve, FEDL]/Condition 2.4.20 [PE]/Condition 2.3.18 [BGTL, PTL, WTL, GNI (UK)]: Authority's approval of connection charging methodology statements**

Licence Drafting Proposal

- 3.333 This condition corresponds to the existing *Condition 2.3.7 [Evolve, FEDL]/Condition 2.4.7 [PE]/Condition 2.3.5 [BGTL, PTL, WTL, GNI (UK)]: Authority's approval*, after its proposed move into the proposed *Part D – Approval and publication of statements prepared under this Condition 2.3 [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]/ Part D – Approval and publication of statements prepared under this Condition 2.3 [PE]*.
- 3.334 We propose to add, in all the gas conveyance licences, in the Condition title after “*Authority's approval*” the words “*of connection charging methodology statements*”.
- 3.335 We furthermore propose to:
- Replace, in the Evolve and FEDL licences, after “*The Authority shall, in approving the Licensee's basis for charging for connection as set out in the*” the word “*statement*” with “*Connection Charging Methodology Statement*”.
  - Add after the words “*submitted to it by the Licensee under Condition 2.3.1*”, the words “*or the GDF Connection Charging Methodology Statement submitted to it by the Licensee under*”

*Condition 2.3.3".*

- 3.336 We propose to replicate these changes in the other gas conveyance licences, with the only difference being that licence condition reference numbers are updated accordingly, i.e.:
- In the PE licence, the cross-references to Condition 2.3.1 and Condition 2.3.3 point to Condition 2.4.1 and Condition 2.4.3 respectively.
  - In the BGTL, PTL, WTL and GNI (UK) licences, the cross-reference to Condition 2.3.3 points to Condition 2.3.2 instead.

Reasons and Effects

- 3.337 In 2018, we undertook a review, across all the gas conveyance licences, of the licence condition in relation to connection charges and obligation to connect. In paragraph 3.7.8 of our consultation<sup>19</sup> at the time we noted some differences between charging methodology arrangements for exit connections and those for introducing gas into the Network. One of the highlighted differences was that there was no provision for the Authority to have regard to financeability when approving the latter. We indicated at the time the intention to review the related arrangements once biogas injection becomes a reality in NI.
- 3.338 The addition of a reference to the GDF Connection Charging Methodology Statement to Condition 2.3.20 [Evolve, FEDL]/Condition 2.4.20 [PE]/Condition 2.3.18 [BGTL, PTL, WTL, GNI (UK)] is proposed to address this. It extends the requirements on the Authority to have regard to Licensee financeability matters to approvals of GDF Connection Charging Methodology Statements.
- 3.339 We consider that this furthers fulfilment of our statutory duties, including in particular the requirement under Article 14(2)(b) of the Energy Order, *"to secure that licence holders are able to finance the activities which are the subject of obligations imposed by or under Part II of the Gas Order or [the Energy] Order"*.
- 3.340 The proposed replacement of the word *"statement"* with *"Connection Charging Methodology Statement"* is a consequential change to the proposed introduction of this defined term in Condition 2.3.1 (see paragraph 3.91). It indicates more clearly which statement is being

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<sup>19</sup> [Utility Regulator: Notice and Consultation on Proposed Standardisation of Licence Condition - 'Connection Charges and Obligation to Permit a Connection' and Consequential Licence Changes, 30 January 2018.](#)

referred to in the condition.

- 3.341 The addition of the reference to connection charging methodology statements in the condition title is proposed to indicate more clearly which type of approvals the condition refers to. We consider that this will enable the reader to more easily assess whether this condition might be relevant for a given subject matter.
- 3.342 We consider that the proposed modifications referred to in paragraphs 3.340 and 3.341 enhance clarity, transparency and accuracy of licence drafting but have no practical implications otherwise.

**Condition 2.3.21: Publication of and compliance with statements prepared under this Condition 2.3 [Evolve, FEDL]/Condition 2.4.21: Publication of and compliance with statements prepared under this Condition 2.4 [PE]/Condition 2.3.19 [BGTL, PTL, WTL, GNI (UK)]: Publication of and compliance with statements prepared under this Condition 2.3**

#### Licence Drafting Proposal

- 3.343 This condition corresponds to the existing *Condition 2.3.8 [Evolve, FEDL]/Condition 2.4.8 [PE]/Condition 2.3.6 [BGTL, PTL, WTL, GNI (UK)]: Publication of and compliance with statement*, after its proposed move into the proposed *Part D – Approval and publication of statements prepared under this Condition 2.3 [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]/ Part D – Approval and publication of statements prepared under this Condition 2.3 [PE]*.
- 3.344 We propose, for the gas conveyance licences of Evolve, FEDL, BGTL, PTL, WTL and GNI (UK), to amend the condition title by adding:
- At the end of the word “*statement*” a plural “s”.
  - At the end the words “*prepared under this Condition 2.3*”.
- 3.345 We propose furthermore to replace, in the gas conveyance licences of Evolve, FEDL, BGTL, PTL, WTL and GNI (UK), the existing paragraph (a) with two new paragraphs as follows, and to renumber the remaining paragraphs accordingly:
- “(a) *implement and comply with the Connection Charging Methodology Statement and the GDF Connection Charging Methodology Statement, in each case as approved by the Authority under and in accordance with any provision of this Condition 2.3;*



(b) *implement and comply with the Calorific Value Management Statement, as approved by the Authority under and in accordance with any provision of this Condition 2.3;"*

3.346 We furthermore propose to include the changes set out in paragraphs 3.344 and 3.345 in the PE gas conveyance licence as well, with the only difference being that licence condition reference numbers are updated accordingly, i.e. the cross-references to Condition 2.3 in the title as well as in paragraphs (a) and (b) point to Condition 2.4 instead.

#### Reasons and Effects

- 3.347 In 2018, we undertook a review, across all the gas conveyance licences, of the licence condition in relation to connection charges and obligation to connect. In paragraph 3.7.8 of our consultation<sup>20</sup> at the time we noted some differences between charging methodology arrangements for exit connections and those for introducing gas into the Network. One of the highlighted differences was that the licence contained no obligations on the licence holder to put in place and comply with connection charging methodology statements in relation to introduction of gas into the Network, to publish such statements and to send a copy to anyone requesting them. We indicated at the time the intention to review the related arrangements once biogas injection becomes a reality in NI.
- 3.348 The amendments to Condition 2.3.21 [Evolve, FEDL]/Condition 2.4.21 [PE]/Condition 2.3.19 [BGTL, PTL, WTL, GNI (UK)] are proposed to address this. They extend the related licence obligations that are applicable under current licence drafting in relation to Connection Charging Methodology Statements to cover GDF Connection Charging Methodology Statements and Calorific Value Management Statements as well.
- 3.349 We consider this to be relevant and appropriate as these statements are intended to provide transparency and ensure robustness of regulatory arrangements in relation to connections. An obligation on the licence holders to implement and comply with these statements, to publish them in a manner that will secure adequate publicity for them and to provide a copy of them upon request underpins this. We see transparency and robustness of regulatory arrangements in relation to connections as a pre-requisite for the fulfilment of our statutory gas objectives, including the principal one.
- 3.350 We consider the proposed provisions under this condition, and their extension to cover GDF Connection Charging Methodology Statements

<sup>20</sup> [Utility Regulator: Notice and Consultation on Proposed Standardisation of Licence Condition - 'Connection Charges and Obligation to Permit a Connection' and Consequential Licence Changes, 30 January 2018.](#)



and Calorific Value Management Statements as well, to also be relevant in the context of addressing the requirements under Article 10A(3)(e) of the Gas Order. This article sets out an obligation for gas conveyance licence conditions to require the licence holder to provide information for efficient access to and use of the system to those using the Network or intending to do so.

- 3.351 We consider furthermore that the proposed licence arrangements further the fulfilment of our statutory duties.

**Condition 2.3.22 [Evolve, FEDL]/Condition 2.4.22 [PE]/Condition 2.3.20 [BGTL, PTL, WTL, GNI (UK)]: Review and Revision of Statements – Direction by the Authority**

Licence Drafting Proposal

- 3.352 We propose to replace the existing two licence conditions:

- *Condition 2.3.9 [Evolve, FEDL]/Condition 2.4.9 [PE]/Condition 2.3.7 [BGTL, PTL, WTL, GNI (UK)]: Direction by the Authority; and*
- *Condition 2.3.11 [Evolve, FEDL]/Condition 2.4.11 [PE]/Condition 2.3.9 [BGTL, PTL, WTL, GNI (UK)]: Compliance with a Direction*

with proposed new wording.

- 3.353 The proposed new wording for the Evolve and FEDL licences is:

“2.3.22 Review and Revision of Statements – Direction by the Authority

- (a) *The Authority may, where it determines it necessary for the purposes of the Licensee ensuring that any Statement in effect pursuant to the requirements of this Condition 2.3 is, and/or continues to be, proportionate and applied in a non-discriminatory manner, direct the Licensee to review and revise the Statement in accordance with the requirements specified in the direction and to submit the revisions to the Authority for approval.*
- (b) *The Licensee shall comply with any direction given by the Authority under Condition 2.3.22(a) above.”*

- 3.354 We propose to include the same wording in the other gas conveyance licences as well, with the only difference being that licence condition reference numbers are updated accordingly, i.e.:

- In the PE licence:

- ◆ The condition number is 2.4.22.
- ◆ The cross-reference, in paragraph (a), to Condition 2.3 points to Condition 2.4 instead.
- ◆ The cross-reference, in paragraph (b), to Condition 2.3.22(a) points to Condition 2.4.22(a) instead.
- In the BGTL, PTL, WTL and GNI (UK) licences:
  - ◆ The condition number is 2.3.20.
  - ◆ The cross-reference, in paragraph (b), to Condition 2.3.22(a) points to Condition 2.3.20(a) instead.

#### Reasons and Effects

3.355 The proposed licence condition merges the provisions of the two existing licence conditions

- *Condition 2.3.9 [Evolve, FEDL]/Condition 2.4.9 [PE]/Condition 2.3.7 [BGTL, PTL, WTL, GNI (UK)]: Direction by the Authority; and*
- *Condition 2.3.11 [Evolve, FEDL]/Condition 2.4.11 [PE]/Condition 2.3.9 [BGTL, PTL, WTL, GNI (UK)]: Compliance with a Direction*

into one and extends them to cover not just the Connection Charging Methodology Statement, but also the GDF Connection Charging Methodology Statement and the Calorific Value Methodology Statement.

3.356 An amendment to the condition title is also proposed to reflect this and indicate more clearly what the condition refers to. We consider that this proposed modification to the condition title enhances clarity and transparency of licence drafting but has no practical implications otherwise.

3.357 The Connection Charging Methodology Statement, GDF Connection Charging Methodology Statement and Calorific Value Management Statement are intended to provide transparency and ensure robustness of regulatory arrangements in relation to connections, including in particular Gas Delivery Facility connections.

3.358 As interest in Gas Delivery Facility connections continues to develop, and policy development in support of the transition to a net zero economy is ongoing, there may be a need for the regulatory arrangements to evolve. To ensure the regulatory framework in relation to connections remains appropriate and aligned with policy intent, we consider that there is a need for us to be able to require licence holders to make relevant

revisions to these statements. The proposed arrangements for Authority direction provide a means to do this.

- 3.359 The proposed arrangements for Authority direction thus constitute a way of embedding into the licence flexibility to amend the obligations on licence holders as may be appropriate from time to time, without having to set out all the detail in the licences and undergo a licence modification process on each occasion. This would be both lengthy and entail substantial administrative burden.
- 3.360 We recognise that setting out regulatory arrangements in (what may become a series of) directions may be less user-friendly (for anybody wishing to look up the details of specific arrangements) than having them all in a consolidated licence. We note, however, that directions are publicly accessible, so that transparency will be ensured.
- 3.361 We consider that on balance, the benefits associated with the proposed arrangements in relation to directions outweigh the disadvantages. We consider that the proposed arrangements are both more efficient and allow for more timely adjustments to regulatory arrangements than what would be the case if more detail was to be embedded directly in the licences.
- 3.362 We consider furthermore that the proposed licence arrangements enable us to better fulfil our statutory gas objectives in changing circumstances.

### **Condition 2.3.23 [Evolve, FEDL]/Condition 2.4.23 [PE] Condition 2.3.21 [BGTL, PTL, WTL, GNI (UK)]: Review and Revision of Statements –General**

#### Licence Drafting Proposal

- 3.363 This condition corresponds to the existing *Condition 2.3.10* [Evolve, FEDL]/*Condition 2.4.10* [PE]/*Condition 2.3.8* [BGTL, PTL, WTL, GNI (UK)]: *Reviewing connection charges* after its proposed move into the proposed *Part D – Approval and publication of statements prepared under this Condition 2.3* [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]/ *Part D – Approval and publication of statements prepared under this Condition 2.3* [PE].
- 3.364 We propose to update, in the Evolve and FEDL gas conveyance licences, the existing wording of the condition to read as follows:

#### “2.3.23 *Review and Revision of Statements – General*

*The Licensee shall:*

- (a) *periodically, and on each occasion this Condition 2.3 is*

*modified, review each Statement prepared by the Licensee, and approved by the Authority, pursuant to this Condition 2.3, for the purposes of ensuring that the Statement continues to meet the requirements of this Condition 2.3 and following such review prepare and submit to the Authority for approval, any changes proposed by the Licensee in light of the review;*

- (b) *not revise the basis of its charges for a connection of any premises, gas meter (including a non standard gas meter, or a gas meter not owned by the Licensee), or the other terms for connection, without first submitting to the Authority a revised Connection Charging Methodology Statement that meets the requirements of Conditions 2.3.1 and 2.3.4 and, where any such revision is other than an increase in the Consumer Prices Index including owner occupiers' housing costs (CPIH), or applicable indexation base as approved by the Authority, obtaining the Authority's approval to such a revision;*
- (c) *not revise a GDF Connection Charging Methodology Statement applying in respect of connections of a Gas Delivery Facility of a category or type described or specified in a direction given by the Authority under Condition 2.3.3, without first submitting to the Authority a revised GDF Connection Charging Methodology Statement, as applicable to that category or type of Gas Delivery Facility, that meets the requirements of Conditions 2.3.3 and 2.3.14 and obtaining the Authority's approval to such a revision; and*
- (d) *not revise the methods by, and the principles on, which the Licensee will manage Calorific Value in the Network without first submitting to the Authority a revised Calorific Value Management Statement that meets the requirements of Condition 2.3.19 and obtaining the Authority's approval to such a revision."*

3.365 We furthermore propose to update the other gas conveyance licences with the same wording, with the only difference being that:

- In the PE licence:
  - ◆ The condition number is 2.4.23.
  - ◆ The cross-references, in paragraph (a), to Condition 2.3 point

to Condition 2.4 instead.

- ◆ The cross-references, in paragraph (b), to Condition 2.3.1 and Condition 2.3.4 point to Condition 2.4.1 and Condition 2.4.4 instead.
- ◆ The cross-references, in paragraph (c), to Condition 2.3.3 and Condition 2.3.14 point to Condition 2.4.3 and Condition 2.4.14 instead.
- ◆ The cross-reference, in paragraph (d), to Condition 2.3.19 points to Condition 2.4.19 instead.
- In the BGTL, PTL, WTL and GNI (UK) licences:
  - ◆ The condition number is 2.3.21.
  - ◆ In paragraph (b) the words "*Pipe-Line System, Storage Facility or LNG Facility,*" are inserted after "*not revise the basis of its charges for a connection of any premises, gas meter (including a non standard gas meter, or a gas meter not owned by the Licensee),*".
  - ◆ In paragraph (b), instead of the words "*Consumer Prices Index including owner occupiers' housing costs (CPIH)*", the "*Consumer Prices Index (CPI)*" is being referred to.
  - ◆ The cross-references, in paragraph (b), to Condition 2.3.4 points to 2.3.3 instead.
  - ◆ The cross-references, in paragraph (c), to Condition 2.3.3 and Condition 2.3.14 point to Condition 2.3.2 and Condition 2.3.12 instead.
  - ◆ The cross-reference, in paragraph (d), to Condition 2.3.19 points to Condition 2.3.17 instead.

#### Reasons and Effects

- 3.366 The proposed licence condition extends the provisions of the existing Condition 2.3.10 [Evolve, FEDL]/Condition 2.4.10 [PE]/Condition 2.3.8 [BGTL, PTL, WTL and GNI (UK)] to cover not just the Connection Charging Methodology Statement, but also the GDF Connection Charging Methodology Statement and the Calorific Value Methodology Statement.
- 3.367 In particular, the proposed amendment to paragraph (a) requires each of the three statements (in so far as it has previously been prepared by the Licensee and approved by the Authority) to be reviewed every time

*Condition 2.3 [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]/Condition 2.4 [PE]: Connection Charges and Obligation to Connect* is modified. We consider that this will contribute positively to ensuring ongoing consistency between this condition and the statements.

3.368 The proposed amendments with respect to paragraphs (b) to (d) require the licence holder not to revise:

- the basis for connection charging or other terms for connection in relation to those connections for which these matters are to be covered in the Connection Charging Methodology Statement;
- the GDF Connection Charging Methodology Statement applying in relation to Gas Delivery Facility connections; and
- the methods and principles for Calorific Value Management

without first obtaining the Authority's approval of the related revised statement. This is so that regulatory oversight over these arrangements is maintained and their appropriateness, including with respect to regulatory principles, policy developments and our own statutory requirements, can be ensured.

3.369 Paragraph (b) contains a provision for an exception to this rule in so far as Authority approval is not required for the revised Connection Charging Methodology Statement if the only revisions thereto are to reflect an increase in the relevant price index. This is:

- For the Evolve, FEDL and PE licences, the Consumer Prices Index including owner occupiers' housing costs (CPIH), or applicable indexation base as approved by the Authority.
- For the BGTL, PTL, WTL and GNI (UK) licences, the Consumer Prices Index (CPI), or applicable indexation base as approved by the Authority.

3.370 The current gas high-pressure licences do not currently contain this exception. Traditionally, Conveyance Charging Methodology Statements for gas high-pressure licences have not contained price index-linked rates schedules to the same extent as those for gas distribution licences. There has hence been less drive for review of such statements only to reflect a price index increase. However, we do not want to discount the possibility of such reviews being undertaken in the future and consider that should they happen, a similar exception should apply. The reason for our proposal to introduce this exception consistently in all the licences is to avoid the administrative burden involved in an approval process for changes that are completely outside the GNOs' control.

- 3.371 We are conscious of suggestions that the exception should be extended to other cost elements which arguably are outside the GNOs' control as well. We do not consider this to be appropriate as we have identified no other cost elements or criteria for which it could be clearly established a priori that associated charges are always fully outside the GNOs' control, rather than e.g. potentially being subject to limited control.
- 3.372 We do not propose inclusion of a similar provision in paragraph (c) in relation to the GDF Connection Charging Methodology Statement as, whilst there is a requirement to reflect in this statement charging methods and principles, there is not requirement to include costs. We hence consider the exception not to be relevant in this context.
- 3.373 Also, under paragraph (b), with respect to the requirements to be met by a revised Connection Charging Methodology Statement, the existing reference to Condition 2.3.1 [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]/Condition 2.4.1 [PE] is proposed to be complemented by a reference to Condition 2.3.4 [Evolve, FEDL]/Condition 2.4.4 [PE]/Condition 2.3.3 [BGTL, PTL, WTL, GNI (UK)] in all gas conveyance licences. This is because this latter condition also sets out provisions to be included in the Charging Methodology Statement. Similarly, in paragraph (c), the proposed reference points to Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)] and Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)], both of which set out provisions to be included in the GDF Connection Charging Methodology Statement.
- 3.374 The proposed reference, in paragraph (b) of the gas high-pressure licences only, to the words "*Pipe-Line System, Storage Facility or LNG Facility*," is due to the fact that under Condition 2.3.1 of the gas-high pressure licences, the related charging methods and principles are to be covered in the Connection Charging Methodology Statement. As set out on paragraph 2.40, the terms "*Storage Facility*" and "*Gas Delivery Facility*" are not used in the gas distribution licences. Also, with respect to Pipe-Line Systems, the gas distribution licences only require the licence holders, under Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE], to include in the Connection Charging Methodology Statement the principle that the terms for Pipe-Line System connections will be those agreed between the Licensee and the requestor on a case-by-case basis. Under the gas distribution licences, there is no requirement for the charging basis or the terms for Pipe-Line System connections to be included in the Connection Charging Methodology Statement. The additional references proposed for paragraph (b) of the gas high-pressure licences are hence not relevant for the distribution licences.

- 3.375 We consider that the proposed modifications to *Condition 2.3.23 [Evolve, FEDL]/Condition 2.4.23 [PE] Condition 2.3.21 [BGTL, PTL, WTL, GNI (UK)]: Review and Revision of Statements –General*, as discussed above, contribute positively to relevance, transparency and integrity of the regulatory arrangements. They also further efficiency of such arrangements in so far as they avoid unnecessary approval processes and associated administrative burden in cases where they would be of limited benefit.
- 3.376 We consider that the proposed licence arrangements thus contribute positively to the fulfilment of our statutory duties.

**Condition 2.3.24 [Evolve, FEDL]/Condition 2.4.24 [PE]/Condition 2.3.22 [BGTL, PTL, WTL, GNI (UK)]: Resolution of disputes by the Authority**

Licence Drafting Proposal

- 3.377 We propose to amend the existing licence condition in the Evolve and FEDL licences so that it reads as follows:

*“2.3.24 Resolution of disputes by the Authority*

- (a) Where there is a dispute between the Licensee and any person entitled, or claiming to be entitled, to a connection under and in accordance with any provision of this Condition 2.3:*
  - (i) where the person is not a Gas Delivery Facility Operator, in respect of connection terms offered by the Licensee to that person for such a connection to the Network,*
  - (ii) where the person is a Gas Delivery Facility Operator, in respect of the terms offered by the Licensee for:*
    - (aa) making and maintaining the connection of the Gas Delivery Facility to the Network; and/or*
    - (bb) permitting gas to be introduced into the Network from that operator's Gas Delivery Facility,*

*any party to the dispute may make an application to the Authority for determination of the dispute.*



(b) *Any dispute referred to the Authority pursuant to Condition 2.3.24(a) which relates to a connection to the Network of any premises (and any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises) which:*

- (i) has not previously been referred by either party to the General Consumer Council for investigation; or*
- (ii) has previously been referred by one of the parties to the General Consumer Council but the General Consumer Council advises the Authority that it has not concluded its investigation of the dispute,*

*may be referred by the Authority to the General Consumer Council for the purposes of enabling the General Consumer Council to investigate and/or conclude its investigation of the dispute; and*

- (iii) notification of any such referral will be given by the Authority to both parties; and*
- (iv) where the General Consumer Council has not been able to assist the parties in the resolution of the dispute within 3 months of the Authority's referral (the 'applicable timescale'), either party to the dispute may then refer the dispute to the Authority for determination.*

(c) *Condition 2.3.24(d) applies:*

- (i) in respect of a dispute referred to the Authority under Condition 2.3.24(a)(i) which is not referred to the General Consumer Council under Condition 2.3.24(b);*
- (ii) in respect of a dispute referred to the Authority under Condition 2.3.24(b)(iv); and*
- (iii) in respect of any other dispute referred to the Authority under Condition 2.3.24(a).*

(d) *Where this Condition applies:*

- (i) the Authority may, having given both parties not less than one month in which to make any further*

*representations, settle the dispute in such manner as appears to the Authority to be reasonable having regard (insofar as is relevant and appropriate) to the obligations that would otherwise have applied to the Licensee under this Condition 2.3; and*

*(ii) where the person entitled or claiming to be entitled to a connection to the Network wishes to proceed on the basis of the terms settled by the Authority, the Licensee shall enter into the required agreement on the basis of such terms.”*

3.378 We furthermore propose to amend the existing condition in the other gas conveyance licences accordingly, using the same text, with the only difference being that licence condition reference numbers are updated accordingly, i.e.:

- In the PE licence:
  - ◆ The condition number is 2.4.24.
  - ◆ The cross-reference, in paragraphs (a) and (d)(i), to Condition 2.3 point to Condition 2.4 instead.
  - ◆ Any cross-references to specific paragraphs in Condition 2.3.24 point to the same paragraphs in Condition 2.4.24 instead.
- In the BGTL, PTL, WTL and GNI (UK) licences:
  - ◆ The condition number is 2.3.22.
  - ◆ Any cross-references to specific paragraphs in Condition 2.3.24 point to the same paragraphs in Condition 2.3.22 instead.
  - ◆ Any references to “General Consumer Council” are to “Consumer Council for Northern Ireland” instead.

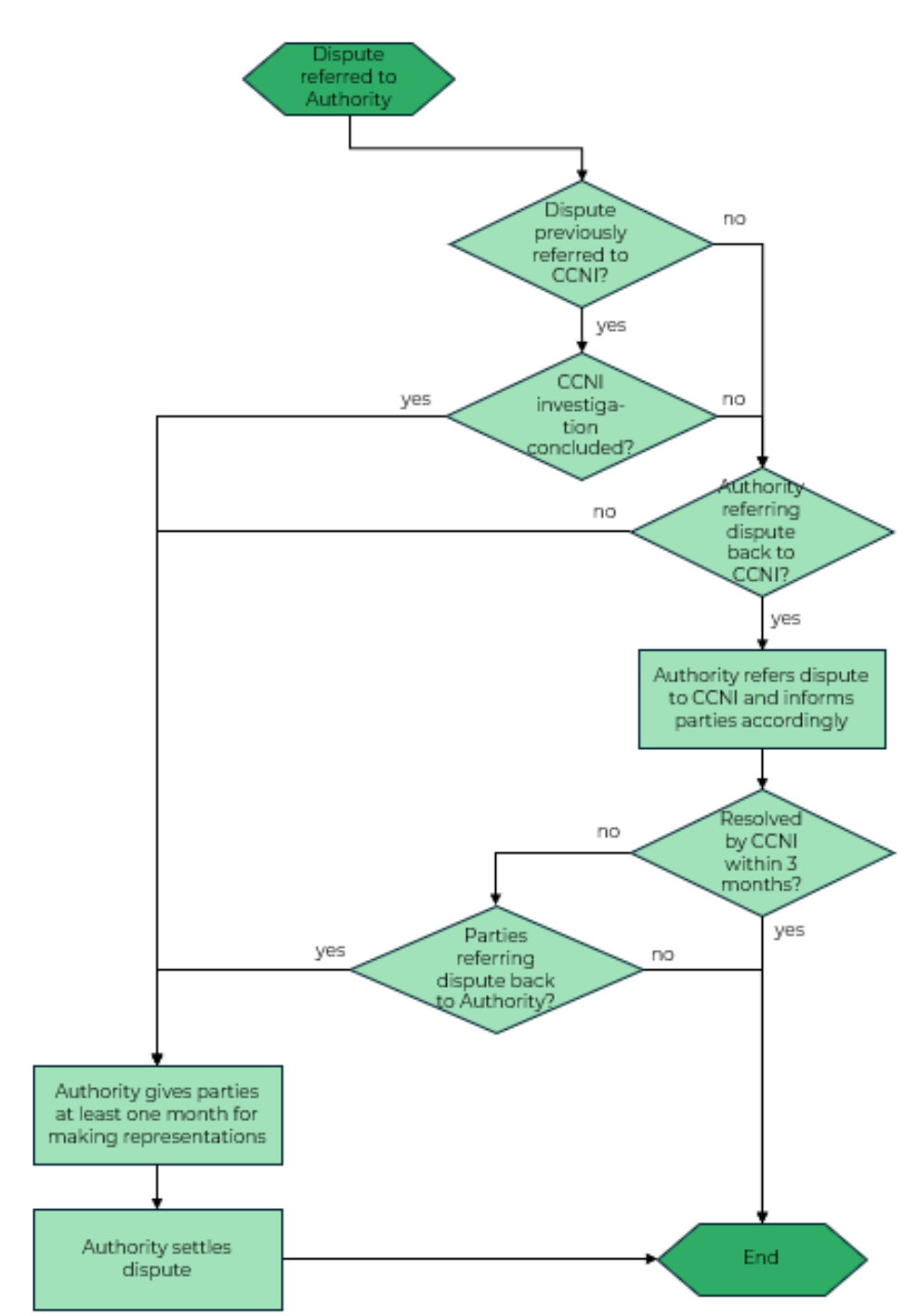
#### Reasons and Effects

3.379 *Condition 2.3.24 [Evolve, FEDL]/Condition 2.4.24 [PE]/Condition 2.3.22 [BGTL, PTL, WTL, GNI (UK)]: Resolution of disputes by the Authority* sets out the process for dealing with connection-related disputes between the licence holder and any party entitled (or claiming to be so) in a connection. The proposed modifications to this condition are driven by the need to ensure disputes that might arise in the context of Gas

Delivery Facility connections are also covered by the dispute resolution provisions, in so far as appropriate.

- 3.380 Figure 1 shows the key steps of the dispute resolution process based on current licence drafting.

**Figure 1: Dispute resolution process (based on current licence drafting)**



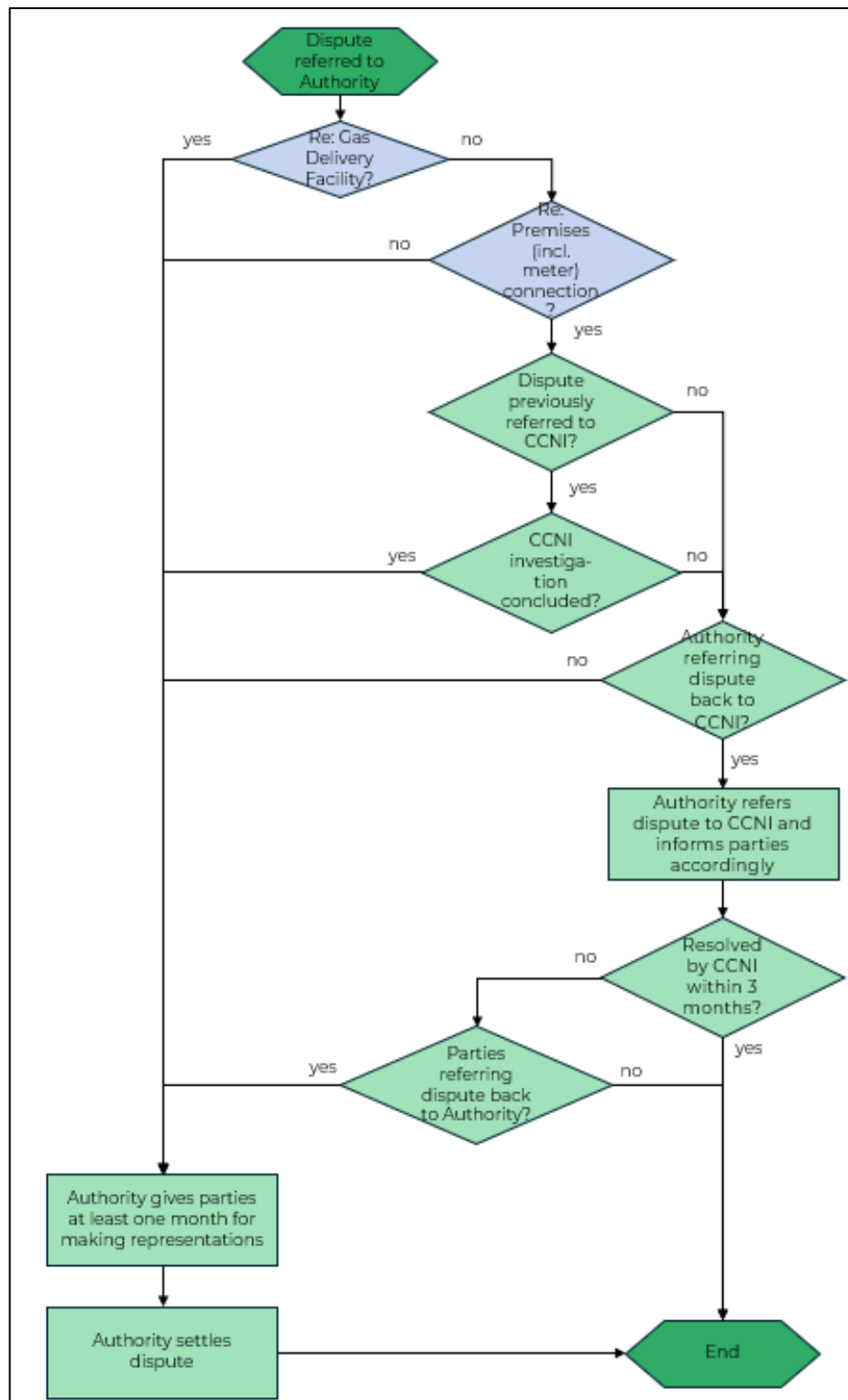
- 3.381 Based on current licence arrangements, any dispute:

- that is received by the Authority and has not previously been referred to the Consumer Council (CCNI, Consumer Council for Northern Ireland); or
- has previously been referred to CCNI but for which CCNI has not concluded its investigation

can be referred to CCNI (no matter what type of connection the dispute refers to) before the Authority proceeds to settling it (if it is not resolved within three months of the Authority's referral and the dispute is then referred back to the Authority).

- 3.382 Upon reflection as part of the preparation of this consultation, we have reached the view that CCNI referral may not be appropriate for disputes in relation to those connections that do not involve end users, i.e. connections of Gas Delivery Facilities, Pipe-Line Systems, Storage Facilities (currently only relevant for high-pressure licences) and LNG Facilities (currently only relevant for high-pressure licences). The proposed licence arrangements hence reflect the intent that if a dispute relating to these connections is referred to the Authority, the Authority will directly proceed with settling it.
- 3.383 We also consider that for disputes relating to connections of premises (and any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premise) CCNI referral may be appropriate. The proposed drafting reflects this as well.
- 3.384 Figure 2 shows the key steps of the dispute resolution process based on the proposed licence amendments. Essentially, the majority of the process steps (highlighted in green) are the same as those based on the current licence drafting; only the two decision boxes highlighted in blue are new.

**Figure 2: Dispute resolution process (based on proposed new licence drafting)**



- 3.385 The proposed arrangements have the effect that, in difference from current arrangements, disputes referred to the Authority in relation to connections other than premises and meter connections can no longer

be referred to CCNI by the Authority. We consider that this to be appropriate, given the role of CCNI as the statutory consumer representative body in NI.

- 3.386 We are mindful that under both current and proposed new drafting, where referral to CCNI of a dispute by the Authority is applicable, such a referral is an option, not a mandatory step. I.e. the Authority could also opt not to refer certain disputes to CCNI, including e.g. on the grounds of the dispute not relating to consumers. However, we consider that being explicit in the licence drafting on the types of disputes that can or cannot be referred by the Authority to CCNI adds clarity and transparency to the licence drafting. It might be relevant to a party considering whether to bring a dispute to the Authority or not.
- 3.387 Both, in the current and the proposed new licence drafting Consumer Council is referred to as:
- “General Consumer Council” in the gas distribution licences;
  - “Consumer Council for Northern Ireland” in the gas high-pressure licences.

This is due to historic reasons<sup>21</sup>; both terms refer to the same entity, the Consumer Council for Northern Ireland.

- 3.388 We also propose a number of wording tweaks designed to enhance precision of drafting and readability.
- 3.389 We consider that these additional modifications enhance accuracy and clarity of licence drafting.
- 3.390 We furthermore consider that the proposed modifications to *Condition 2.3.24 [Evolve, FEDL]/Condition 2.4.24 [PE]/Condition 2.3.22 [BGTL, PTL, WTL, GNI (UK)]: Resolution of disputes by the Authority* overall enhance transparency on and robustness of the regulatory arrangements in

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<sup>21</sup> [In 2018, we standardised Condition 2.3](#) [Evolve, FEDL, BGTL, PTL, WT, GNI (UK)]/*Condition 2.4 [PE]: Connection Charges and Obligation to Connect*. across all the gas conveyance licences. In this context, we also aligned the references to the Consumer Council in the licences to refer to “Consumer Council for Northern Ireland”. As part of a [further licence review undertaken in 2024](#) the references to Consumer Council in the gas distribution licences were again amended, this time to align with those in the gas supply licences and point to “General Consumer Council”. At that time, gas high-pressure licences had been considered to be out of scope of the licence review, which has resulted in the current mis-alignment in use of terminology between gas distribution and high-pressure licences. Whilst in the interest of consistency it might be desirable for the terminology to be aligned across all the licences, we consider this to be out of scope of the current consultation. Also, with the terminology for Consumer Council reference being used consistently within each licence, we consider the as-is wording to be clear.

relation to connections by extending the dispute resolution provisions to cover, in so far as appropriate, disputes in the context of Gas Delivery Facility connections as well. This is in our view important to enable confidence in the regulatory regime. It can also be relevant to the addressing connection-related barriers which might otherwise impact negatively on network development. We also consider that the proposed licence arrangements thus contribute positively to the fulfilment of our statutory duties.

### **Condition 2.3.25 [Evolve/FEDL]/Condition 2.4.25 [PE]/Condition 2.3.23 [BGTL, PTL, WTL, GNI (UK)]: Interpretation and construction**

#### Licence Drafting Proposal

3.391 We propose to amend:

- *Condition 2.3.25: Interpretation* of the Evolve and FEDL licences; and
- *Condition 2.4.25: Interpretation* of the PE licence

by:

- Inserting in paragraph (b) after “In this Condition:” two new definitions as follows:

“ *Calorific Value*” has the meaning given to it in the Network Code.

“*premises*” includes any land, building or structure:

- (i) *supplied, or to be supplied, with gas from the Network; and*
- (ii) *does not include any Pipe-Line System or Gas Delivery Facility.”*

- Removing the paragraph numbers (i) and (ii) that precede the definition of “*Standards of Performance Regulations*” and “*Relevant Person*”, and swapping the order of these definitions round so that the terms to be defined are listed in alphabetical order.

3.392 We also propose to adjust the formatting of the definitions for “*Standards of Performance Regulations*” and *Relevant Person*”, so that they are displayed in table format, with the term to be defined in the left-hand column and the definition in the right-hand one.

3.393 We propose furthermore to amend *Condition 2.3.23: Interpretation* and construction of the BGTL, PTL, WTL and GNI (UK) pressure licences by:

- Moving the paragraph number “(a)” to the start of the existing paragraph (i.e. the start of the introductory sentence) and removing the colon between “*References in this Condition 2.3. to*” and “*charges*.”
- Inserting, after paragraph number (b) the words “*In this Condition:*”
- Inserting, after “*In this Condition:*” and ahead of “*premises*” a new definition as follows:

“ *Calorific Value*” has the meaning given to it in the Network Code.

- Inserting, after “ *premises*” includes any land, building or structure” a colon, followed by the words
  - “(i)       supplied, or to be supplied, with gas from the Network;  
            and
  - (ii)   does not include any Pipe-Line System, Storage Facility, LNG Facility or Gas Delivery Facility”.

#### Reasons and Effects

3.394 The licence conditions listed under *Part A – Connection Charges – Charging Methodology Statements* in the gas conveyance licences differentiate between different types of connections, including connection of:

- Premises (and any non standard gas meter and any gas meter that is not owned by the Licensee (or any affiliate or related undertaking of the Licensee) and is located in any premises).
- A Pipe-Line System.
- An LNG Facility (currently applicable for gas high-pressure licences only).
- A Storage Facility (currently applicable for gas high-pressure licences only).
- A Gas Delivery Facility.

3.395 This differentiation is important in so far as depending on the type of connection, different connection-related arrangements may apply.



3.396 Experience has shown that the current licence drafting would benefit from better differentiation between the different connection types, so that it can be clearly established, for a given connection or connection-related enquiry, into which category it falls.

3.397 We propose the:

- Introduction to the definition for the term “*premises*” in the gas distribution licences;
- Update of the definition for the term “*premises*” in the gas high-pressure licences

to address this.

3.398 The proposed definitions are based on the definition of the term “*premises*” in Article 2 of the Gas Order:

“*premises*” includes any land, building or structure”.

3.399 Based on this definition alone, Pipe-Line Systems, LNG Facilities, Storage Facilities and Gas Delivery Facilities could arguably be interpreted as being part of premises. This is, however, not in keeping with the intent of the existing licence drafting, which sets out specific provisions for the connection of Pipe-Line Systems and (in the gas high-pressure licences) LNG Facilities and Storage Facilities which are different from those for premises.

3.400 We therefore propose to define the term “*premises*” more narrowly in the context of Condition 2.3 [Evolve, FEDL, BGTL, PTL, WTL, GNI (UK)]/Condition 2.4 [PE]. The definition proposed is more restrictive than that in the Gas Order in that it requires two additional criteria to be fulfilled: The land, building or structure:

- Is supplied, or to be supplied, with gas from the Network.
- Does not include:
  - ◆ In the gas distribution licences: Any Pipe-Line System or Gas Delivery Facility.
  - ◆ In the gas high-pressure licences: Any Pipe-Line System, Storage Facility, LNG Facility or Gas Delivery Facility

3.401 The first of these two criteria clarifies that connections of premises are connections where gas is anticipated to be exiting the Network. This criterion on its own is not sufficient to clearly differentiate between premises and other facilities or structures at the interfaces with which gas

might also exit the Network, e.g. Pipe-Line Systems and Storage Facilities. However, we consider the addition useful for enhancing the understanding of what premises are and what the purpose of premises connections is.

3.402 The second of the two criteria set out in paragraph 3.400 differentiates premises connections from any other types of connections as listed in paragraph 3.394. This differentiation is achieved by negative delimitation. It arguably only works effectively if none of the definitions for the terms “*Pipe-Line System*”, “*Storage Facility*”, “*LNG Facility*” or “*Gas Delivery Facility*” contain inconsistencies or circular references to the term “*premises*” itself. We do not see an issue with this respect. Whilst the definitions for these key terms build on each other, we do not consider them to be circular.

- The terms “*LNG Facility*” and “*Storage Facility*” are both currently only used in the gas high-pressure licences; their definitions in Condition 1.1.6 [BGTL, PTL, WLT, GN I(UK)] are self-contained in so far as they do not refer to any of the terms “*Pipe-Line System*”, “*Gas Delivery Facility*” or “*Premises*”.
- The definition for the term “*Gas Delivery Facility*” in Condition 1.1.6 [BGTL, PTL, WTL, GNI (UK)] is – in the gas high-pressure licences – proposed to refer to the terms “*LNG Facility*” and “*Storage Facility*”. It is also proposed to refer to “*any pipe-line or pipe-line system from which gas is or may be conveyed by any person holding a licence granted (or treated as granted) under Article 8(1)(a) of the Order*”. We note that in this instance, the term “*pipe-line system*” is not capitalised, i.e. the term is to be interpreted as a system of pipe-lines as defined in the Gas Order.
- Under Condition 2.3.2 [Evolve, FEDL]/Condition 2.4.2 [PE]: *Terms for connection of a Pipe-Line System to the Network/Condition 2.3.1: Statement of connection charges and terms for connections (other than of Gas Delivery Facilities) to the Network* [BGTL, PTL, WTL, GNI UK]) a more specific definition for the capitalised term “*Pipe-Line System*” is set out. It does not contain any references to *premises*. As set out in paragraphs 3.27 and 3.98 onwards, we consider that the proposed definition of the term “*Pipe-Line System*” differentiates it from the terms “*Storage Facility*”, “*LNG Facility*” and “*Gas Delivery Facility*”.

3.403 We recognise that arguably there is some overlap between the two criteria set out in paragraph 3.400 in so far as e.g. Gas Delivery Facilities are excluded from being premises by virtue of both strands (i) and (ii). We

do not consider this to be an issue in principle, and are of the view that:

- The additional clarity provided by criterion (i) (see also paragraph 3.401); as well as
- The additional clarity resulting from an explicit differentiation against all other types of facilities, structures and systems for which a connection to the Network could be sought/made (see also paragraph 3.402), justifies this.

- 3.404 The definition of the term “*premises*” proposed to be included in *Condition 2.3.25* [Evolve, FEDL]/*Condition 2.4.24* [PE]/*Condition 2.3.23* [BGTL, PTL, WTL, GNI (UK)]: *Interpretation and construction* only applies to the licence condition in relation to *Condition 2.3* Evolve, FEDL, BGTL, PTL, WTL and GNI (UK)/*Condition 2.4* [PE]: *Connection Charges and Obligation to Connect* within which it is contained, and not to any other conditions or parts of the licences. For any other occurrences of the term “*premises*” in the licences the definition of this term under the Gas Order applies, unless specifically stated otherwise, in line with current licence drafting and its intent. This follows from paragraph (c) of *Condition 1.1.1: Interpretation and Construction, Interpretation Act (Northern Ireland) 1954 and Gas (Northern Ireland) Order 1996* of the gas conveyance licences.
- 3.405 We consider that the proposed definition of the term “*premises*” has the effect of enhancing clarity and transparency of the licence drafting but has no material practical implications beyond that.
- 3.406 The proposed introduction of the new definition for the term “*Calorific Value*” is consequential to the proposed new *Condition 2.3.19* [Evolve, FEDL]/*Condition 2.4.19* [PE]/*Condition 2.3.17* [BGTL, PTL, WTL, GNI (UK)]: *Calorific Value Management Statement*.
- 3.407 As regards the proposed restructuring of *Condition 2.3.25* [Evolve, FEDL]/*Condition 2.4.24* [PE]: *Interpretation and construction* in the gas distribution licences, we considered that sorting definitions in alphabetical order is more intuitive and might assist anybody looking for a specific definition in the licence.
- 3.408 We also consider that presenting the definitions in table format rather than as numbered paragraphs is better in keeping with the presentation of definitions elsewhere in the licences, even if we recognise that such practice might not be applied fully consistently throughout the licences.
- 3.409 We consider that the proposed restructuring of *Condition 2.3.25* [Evolve, FEDL]/*Condition 2.4.24* [PE]: *Interpretation and construction* in the gas

distribution licences has the effect of enhancing consistency and clarity of licence drafting but has no practical implications otherwise.

## 4. PLANNING AND OPERATIONAL ARRANGEMENTS

### Background

- 4.1 As part of the review of existing licence arrangements in relation to planning and operational matters for suitability, as appropriate, to reflect and extend to matters relating to the entry of gas onto the Network from Gas Delivery Points, we have identified three areas where we consider modifications should be made:
- Network Code (with respect to balancing arrangements).
  - Network Forecasts.
  - Maintenance of Records.
- 4.2 As part of the work to facilitate biomethane onto the Network, the GNOs implemented, with effect from 1 December 2022, changes to the balancing arrangements. These are reflected in the Network Codes. The responsibility for balancing the Network and charging for imbalances continues to be with the Transporter (i.e. BGTL, PTL, WTL and GNI (UK) acting together pursuant to the contractual joint venture agreement and system operator agreement between them). However, there is a requirement for information provision from the DNOs to GMO NI to support this.
- 4.3 The proposed amendments to the licence provisions with respect to balancing arrangements in the Network Code condition are only relevant to gas distribution licences. They are not aimed at changing the balancing arrangements as such. Rather, they clarify that the requirement for certain information, including with respect to balancing, to be included in the Network Codes only applies where the Licensee undertakes such activities.
- 4.4 The proposed amendments to the Network forecasting arrangements – to ensure the annual Network forecast statement will be designed to also assist parties interested in a connection through which gas may be entered onto the Network – relate to the high-pressure licences only. Whilst the gas distribution licences contain similar Network forecasting arrangements to those in the gas high-pressure licences, the applicability of these arrangements in the gas distribution licences is subject to an Authority direction. As no such direction has been given to date, and the need to comply with the Network forecasts conditions has hence not

been triggered, we see no need to amend the Network forecasts arrangements in the licences of Evolve, FEDL and PE at this stage.

4.5 The proposed amendments to the maintenance of records arrangements seek to ensure the records kept by the licence holders also extend to Gas Delivery Points. We consider this to be relevant for all gas conveyance licences.

4.6 Key reasons for the proposed modifications to the licence conditions covered in this chapter include:

- Extension of licence requirements in relation to the annual Network forecast statement for the next 10 years to ensure it also covers information of interest for parties considering Gas Delivery Facility, LNG Facility and Storage Facility connections, which may become increasingly relevant in the context of the decarbonisation of the gas Network, and the transition to a net zero economy.
- Extension of the maintenance of records licence obligations to also cover information on Gas Delivery Points, suppliers registered against such points and parties who have arranged for gas to be conveyed at such points, as such information is considered fundamental to the development and maintenance of an efficient, economic and co-ordinated gas industry.
- Follow-up on a licence drafting inconsistency that had been identified by the DNOs in relation to balancing provisions the Distribution Network Codes.

4.7 We consider that the proposed modifications will have the following key effects:

- Requiring TSOs to include information relevant to the identification and evaluation of opportunities for making a connection of a Pipe-Line System, LNG Facility, Storage Facility or Delivery Facility in their annual Network forecast statement; the practical implications of this for the TSOs are anticipated to be limited.
- Requiring the licence holders to keep records of specific details in relation to Gas Delivery Points, suppliers registered against such points and parties who have arranged for gas to be conveyed at such points; as in our view such information should be kept by a reasonable and prudent operator in any case, we anticipate the practical implications to be limited.
- Enhancing the robustness of the regulatory framework through licence drafting being more explicit on specific information

management and provision requirements.

- Enhancing consistency and clarity of licence drafting.
- Better facilitating the achievement of our statutory duties in relation to gas.

## Proposed Modifications to Distribution Licence Conditions

### General

- 4.8 The proposed modifications, as described below, are set out in detail in Annexes B and C.

### Condition 2.4.2: Network Code, The Network Code [FEDL]/Condition 2.5.2: Network Code, Network Code [PE]

#### Licence Drafting Proposal

- 4.9 We propose to amend *Condition 2.4.2: The Network Code [FEDL]/Condition 2.5.2: Network Code [PE]* by inserting in paragraph (c) [FEDL]/(b) [PE], after “ensure that the Distribution Network Code contains provisions that establish” a comma, followed by “where the Licensee undertakes these activities”.

#### Reasons and Effects

- 4.10 As part of the work to facilitate biomethane onto the Network, the GNOs implemented, with effect from 1 December 2022, modifications to their respective Network Codes. As part of these modifications, aggregate balancing arrangements were introduced in NI. Under these arrangements, the activity of balancing the Network and charging for imbalances is to be done under the NI Network Gas Transmission Code. It is informed by – inter alia – information provided by the DNOs to GMO NI.
- 4.11 In particular, the DNOs set out in Section C, paragraph 12 of their respective Network Codes<sup>22</sup> further details on the Aggregate Balancing Arrangements. They also clarified in Section B, paragraph 5.3: “For the

<sup>22</sup> Evolve: [SGN Natural Gas Distribution Network Code, 3 April 2023](#).

FEDL: [Firmus energy Distribution Limited: Network Code, 3<sup>rd</sup> April 2023](#).

PE: [Phoenix Natural Gas: Phoenix Natural Gas Limited Distribution Network Code, 3<sup>rd</sup> April 2023](#).

Note: SGN Natural Gas Limited changed its name to SGN Evolve Network Ltd on 4 September 2023. Phoenix Natural Gas Limited changed its name to Phoenix Energy Group Ltd on 13 October 2023. As the Network Codes have not been updated since, these name changes are not yet reflected in the branding of the Network Codes.

*avoidance of doubt, pursuant to the Operator Licence Condition 2.4.1(b) the Operator does not undertake physical balancing of the Network and no charges are incurred under this Code in relation to balancing. Notwithstanding this, the Operator has put in place Aggregate Balancing Arrangements which enable a User's Aggregate NI Imbalance (and associated charges) to be accounted for under the NI Network Gas Transmission Code."* In the PE Network Code, the cross-reference to the relevant licence condition points to 2.5.1(b) rather than 2.4.1(b).

4.12 In this context, DNOs highlighted an inconsistency in current licence drafting in so far as:

- *Condition 2.4.1 [Evolve, FEDL]/Condition 2.5.1 [PE]: The relevant objective contains in paragraph (b) a disclaimer stating that "the balancing of the Network pursuant to rules for that purpose which are objective, transparent and non-discriminatory (including the rules for the charging of system users for energy imbalances)" forms part of the relevant objective "where the Licensee is responsible for the balancing of the Network".*
- *Condition 2.4.2: The Network Code [FEDL]/Condition 2.5.2: Network Code [PE] contains in paragraph (c) [FEDL]/paragraph (b) [PE] an obligation to:*

*"ensure that the Distribution Network Code contains provisions that establish:*

- (i) the measures that the Licensee will put in place for the balancing of the Network;*
- (ii) the methodology used by the Licensee to procure the gas required for balancing the Network;*
- (iii) the methodology by which the charges to be levied on gas suppliers for the balancing of the Network are to be determined".*

However – in contrast to the Evolve licence which contains in paragraph (b) of *Condition 2.4.2: The Network Code* a similar obligation with the disclaimer "*where the Licensee undertakes these activities*" – no such disclaimer is contained in the FEDL and PE licences.

4.13 We propose inserting the disclaimer "*where the Licensee undertakes these activities*" in Condition 2.4.2(c) [FEDL]/Condition 2.5.2(b) [PE] to address this.



- 4.14 The effect of the proposed modifications will be enhanced consistency within the FEDL and PE licences respectively. To the extent that:
- A licence holder is not responsible for the balancing of the Network (as is currently the case for the DNOs), and balancing consequently does not form part of the relevant objective, it does not make sense that the licence holder should have to include in its Network Code provisions that establish balancing-related methods and methodologies.
  - A licence holder undertakes activities in relation to the operation of the Network (as is currently the case), the obligation to ensure that the technical safety criteria applicable to this are included in the Network Code continues to apply.
- 4.15 We consider that the proposed modifications will hence improve clarity and accuracy of the licence drafting.
- 4.16 The proposed modifications will also improve consistency between the licenses of Evolve, FEDL and PE, in so far as these licences will then contain corresponding disclaimers and obligations with respect to balancing of the Network.

## Proposed Modifications to High-Pressure Licence Conditions

### General

- 4.17 The proposed modifications, as described below, are set out in detail in Annexes D to G.

### Condition 2.13 [BGTL, PTL]/Condition 2.11 [WTL]/Condition 2.10 [GNI (UK)]: Network Forecasts: Network Forecasts

#### Licence Drafting Proposal

- 4.18 We propose to amend *Condition 2.13.1 [BGTL, PTL]/Condition 2.11.1 [WTL]/Condition 2.10.1 [GNI (UK)]: Network Forecasts* by:
- Removing, in paragraph (c) after “a person seeking” the words “to connect a pipe-line of his”.
  - Inserting, in paragraph (c):
    - ◆ After “a person seeking” the words “a connection”.
    - ◆ After “to the Network” the words “of a Pipe-Line System, LNG

*Facility, Storage Facility or Gas Delivery Facility”.*

- ◆ Between “or” and “enter” the word “to”.

- 4.19 We furthermore propose to capitalise the word “licensee” at the start of *Condition 2.13.1* [BGTL, PTL]/*Condition 2.10.1* [GNI (UK)]: *Network Forecasts*.
- 4.20 We also propose to remove, in *Condition 2.13.7* [BGTL, PTL]/*Condition 2.10.7* [GNI (UK)]: *Definition* the square brackets around the term “*Condition 2A.1*”.

#### Reasons and Effects

- 4.21 *Condition 2.13* [BGTL, PTL]/*Condition 2.11* [WTL]/*Condition 2.10* [GNI (UK)]: *Network Forecasts* puts an obligation onto the TSOs to provide an annual statement setting out the anticipated use of, and likely developments to the Network in respect of the next 10 years. They discharge this obligation through the annual publication of the NI Gas Capacity Statement<sup>23</sup>, envisaged to be replaced by the Gas Adequacy Statement in due course.
- 4.22 This statement includes information on historic and anticipated demand on the Network and analysis on whether there is – under the modelling assumptions made – sufficient capacity on the Network to meet this demand.
- 4.23 This statement informs security of supply considerations but may also be relevant to any party considering a connection to the Network to convey gas through and/or enter gas onto it.
- 4.24 The current drafting of the *Network Forecasts* licence condition reflects this. It sets out in the first sub-condition (also entitled *Network Forecasts*) in paragraphs (c) and (d) the requirement for the statement to assist:
- “a person seeking to connect a pipe-line of his to the Network or enter into arrangements for the conveyance of gas in identifying and evaluating the opportunities for so doing”; and
  - “the Authority to monitor issues relating to the security of supply”.
- 4.25 However, the current licence drafting does not cover the relevance of the statement for parties considering connections through which gas may be entered onto the Network (including connection of Gas Delivery Facilities, LNG Facilities and Storage Facilities), and the need for the statement to inform such considerations.
- 4.26 Such connections may become increasingly relevant in the context of the

<sup>23</sup> [GMO NI: Gas Capacity Statement](#).

decarbonisation of the gas Network, and the transition to a net zero economy.

- 4.27 We therefore propose the modifications to paragraph (c) of *Condition 2.13.1 [BGTL, PTL]/Condition 2.11.1 [WTL]/Condition 2.10.1 [GNI (UK)]: Network Forecasts* to address the shortcoming described in paragraph 4.25.
- 4.28 The effect of the proposed modifications is that they formally require the TSOs to include information relevant to the identification and evaluation of opportunities for making a connection of a Pipe-Line System (this aspect is already covered in the existing licence drafting), LNG Facility, Storage Facility or Gas Delivery Facility. The proposed modifications thus enhance robustness of the licence arrangements through being more explicit on specific information provision requirements.
- 4.29 We consider that the proposed modifications also better facilitate the achievement of our statutory duties in relation to gas through requiring provision of information relevant for the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland, the integration of gas from renewable energy sources onto the Network and the facilitation of Network access for new production capacity.
- 4.30 We note in paragraph 1.36 that we consider licence modifications to underpin entry of gas from LNG Facilities or Storage Facilities to be out of scope of the present consultation. We nonetheless consider that inclusion of such facilities in the proposed amendment to *Condition 2.13.1 [BGTL, PTL]/Condition 2.11.1 [WTL]/Condition 2.10.1 [GNI (UK)]: Network Forecasts* at this stage is prudent, given the lead time typically associated with considering and planning for related connections. This process starts long before gas could realistically be entered from such facilities onto the Network and hence before any further licence modifications to underpin the entry of gas from such facilities might be made.
- 4.31 We consider that the information needs to comply with the existing licence requirements in paragraphs (c) and (d) of *Condition 2.13.1 [BGTL, PTL]/Condition 2.11.1 [WTL]/Condition 2.10.1 [GNI (UK)]: Network Forecasts*, and those to comply with the proposed new requirements under paragraph (c), largely overlap. We therefore anticipate the practical implications of the proposed modifications to be limited.
- 4.32 The spelling of the word “licensee” at the start of *Condition 2.13.1 [BGTL, PTL]/Condition 2.10.1 [GNI (UK)]: Network Forecasts* is a drafting inaccuracy. The term “Licensee” (with a capital L) is a defined term under the licence and should thus be spelt consistently throughout the licences. The proposed capitalisation of the term is intended to address this

drafting inaccuracy.

- 4.33 Also, with respect to *Condition 2.13.7 [BGTL, PTL]/Condition 2.10.7 [GNI (UK)]: Definition*, the square brackets around the term “*Condition 2A.1*” are not needed. We have therefore proposed their deletion.
- 4.34 We consider that the proposed modifications to the start of *Condition 2.13.1 [BGTL, PTL]/Condition 2.10.1 [GNI (UK)]: Network Forecasts* and to *Condition 2.13.7 [BGTL, PTL]/Condition 2.10.7 [GNI (UK)]: Definition* will enhance consistency and clarity of licence drafting but have no practical implications otherwise.

## Proposed Modifications to Aligned Licence Conditions

### General

- 4.35 The proposed modifications, as described below, are set out in detail in Annexes A to G.

### Condition 2.9.1 [Evolve, FEDL, BGTL, PTL, WTL]/Condition 2.10.1 [PE]/Condition 2.8.1 [GNI (UK)]: Maintenance of Records, Recorded information

#### Licence Drafting Proposal

- 4.36 We propose to amend *Condition 2.9.1 [Evolve, FEDL, BGTL, PTL, WTL]/Condition 2.10.1 [PE]/Condition 2.8.1 [GNI (UK)]: Recorded information* by:
- Inserting a new paragraph (b) as follows: “*every Gas Delivery Point from which gas has been conveyed by means of the Network during the relevant period;*”.
  - Inserting in the next paragraph after the reference to *Condition 2.9.1(a) [Evolve, FEDL, BGTL, PTL, WTL]/Condition 2.10.1(a) [PE]/Condition 2.8.1(a) [GNI (UK)]* the words “*or (b)*”.
  - Inserting after what will then be the fourth paragraph a new paragraph (e) as follows: “*in respect of each Gas Delivery Point referred to in Condition 2.9.1(b), details of each gas supplier that, during the relevant period, was under and in accordance with the Network Code a registered user for that Gas Delivery Point and the period for which each such gas supplier was a registered user*”; noting that in the PE licence the reference should be to *Condition 2.10.1(b)* and in the GNI (UK) licence to *Condition 2.8.1(b)* instead of *Condition 2.9.1(b)*.

- Renumbering the remaining paragraphs accordingly.

4.37 We furthermore propose to amend the last paragraph of *Condition 2.8.1: Recorded information* of the GNI (UK) gas conveyance licence by replacing the expression “*any other Licensee or exemption holder*” the word “*Licensee*” with “*licence*”.

#### Reasons and Effects

4.38 The *Condition 2.9*. [Evolve, FEDL, BGTL, PTL, WTL]/*Condition 2.10*. [PE]/*Condition 2.8* [GNI (UK)]: *Maintenance of Records* sets out an obligation on the licence holders to keep a record of certain specified information in relation to the relevant reporting period. This covers certain details central to the development and maintenance of an efficient, economic and co-ordinated gas industry, including with respect to:

- Premises and pipe-line systems to which gas has been conveyed.
- Suppliers registered against premises connected to the Network and parties who have arranged for gas to be conveyed through the Network.
- Ownership of meters.

4.39 We consider that information on Gas Delivery Points from which gas has been conveyed, suppliers registered against such points and parties who have arranged for gas to be conveyed at such points is similarly fundamental to the development and maintenance of an efficient, economic and co-ordinated gas industry.

4.40 We propose the modifications to *Condition 2.9.1* [Evolve, FEDL, BGTL, PTL, WTL]/*Condition 2.10.1* [PE]/*Condition 2.8.1* [GNI (UK)]: *Recorded information*, as described in paragraph 4.36, to address this and extend the maintenance of record obligations accordingly.

4.41 The effect of the proposed modifications is that they formally require the licence holders to keep a record of the details set out in the drafting. We consider that it thus enhances the robustness of the licence arrangements and better facilitates the achievement of our statutory duties in relation to gas.

4.42 We consider that the information described in paragraphs 4.38 and 4.39 should be kept by a reasonable and prudent operator in any case as it will be of relevance for operational and reporting purposes. We also understand that, in so far as applicable, the gas conveyance licence holders already keep records of the relevant information. We therefore anticipate the practical implications of the proposed modifications to be

limited.

- 4.43 The reference to the word “*Licensee*” in the expression “*any other Licensee or exemption holder*” in the last paragraph of *Condition 2.8.1: Recorded information* of the GNI (UK) gas conveyance licence is a drafting inaccuracy. The term “*Licensee*” is a defined term under the licence and refers to the holder of that particular licence, i.e. GNI (UK). In the expression “*any other Licensee or exemption holder*” as used in *Condition 2.8.1*, the term is not intended to refer to GNI (UK), but to the holder of any other licence. We propose to replace in this expression the term “*Licensee*” with “*licence*” to address this issue and ensure that the licence drafting is consistent with the underlying intent.
- 4.44 We consider that the proposed modification the last paragraph of *Condition 2.8.1: Recorded information* of the GNI (UK) gas conveyance licence enhances clarity and accuracy of licence drafting but has no practical implications otherwise.

## 5. CONVEYANCE CHARGING ARRANGEMENTS

### Background

- 5.1 Gas networks are cost intensive, long-term investments. The costs for the investment are recovered from Network users over time, together with operational and maintenance/replacement costs associated with the Network.
- 5.2 These costs are recovered from Network users through a combination of commodity charges (levied on actual energy flows), capacity charges (levied on capacity levels booked) and in certain circumstances customer- or site-specific charges (charges – which may be fixed or dependent on certain cost drivers – applicable to specific customers or customer-groups).
- 5.3 In Northern Ireland, costs for the use of the distribution system are recovered at exit, i.e. they are based on the exit capacities and quantities for gas leaving the system.
- 5.4 Costs for the use of the high-pressure Network are recovered at entry and exit:
  - 95% of the costs are recovered through capacity charges, with a 50:50 entry:exit split, i.e. 50% of these charges are based on the entry capacities, and 50% are based on the exit capacities.
  - 5% of the costs are recovered through commodity charges based on exit volumes.
- 5.5 We do not propose to review the principles set out in paragraphs 5.3 and 5.4 as part of this consultation.
- 5.6 The entry of gas from Gas Delivery Points to the gas distribution Networks will not attract entry capacity or commodity charges as there currently are no gas entry charges at distribution. Consequently, we see no need for related modifications to gas distribution licences at this stage. We note that current conveyance charging arrangements at distribution are premised on the gas entered at distribution also being offtaken at distribution. Should a situation arise where significant volumes of gas entered onto the distribution network are offtaken at transmission or

virtually reverse flowed<sup>24</sup> into another jurisdiction, the charging arrangements may need to be reviewed in due course to ensure that the interests of customers on the distribution network are adequately protected.

- 5.7 The entry of gas from Gas Delivery Points to the high-pressure Network should attract entry capacity charges. We consider that some modifications to the high-pressure licences will be required to underpin this. These modifications, and their associated reasons and effects, are further detailed in the section *Proposed Modifications to High-Pressure Licence Conditions* below.
- 5.8 We are conscious of considerations for gas from Gas Delivery Facilities to be virtually reverse flowed from NI into GB and potentially beyond, e.g. to take advantage of support mechanisms or comparatively higher willingness to value green credentials associated with such gas in other jurisdictions. Virtual Reverse Flow (VRF) will attract additional associated charges. Related arrangements are currently being reviewed.<sup>25</sup> Depending on the outcome, associated regulatory framework arrangements may need to be updated. If and to what extent this will be required will be further assessed in due course.
- 5.9 Currently in NI, the producer-pays principle applies for Gas Delivery Facilities. I.e. the Gas Delivery Facility Operator has to bear the connection and ongoing cost associated with the Gas Delivery Facility connection. Such cost does not form part of the cost bases that is to be recovered through conveyance charges from the users of the Network.
- 5.10 We anticipate that connection-related cost is recovered as part of the connection process and that ongoing cost associated with a Gas Delivery Facility connection is recovered through site-specific charges. The associated charging principles and methodologies are to be set out in the GDF Connection Charging Methodology Statement under proposed *Condition 2.3.3 [Evolve, FEDL]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]: Statement of connection charges and terms for connection of Gas Delivery Facilities to the Network* and *Condition 2.3.14 [Evolve, FEDL]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)]: Other provisions to be included in a GDF Connection Charging Methodology Statement*. We anticipate detailed charging arrangements to be set out in the terms and conditions relating to the Gas Delivery

<sup>24</sup> The physical gas flow at Interconnection Points between NI and adjacent jurisdictions is from the adjacent jurisdictions into NI. In case of virtual reverse flow, the gas molecules stay physically in NI. However, the gas is commercially flowed in the reverse direction of the physical gas flow.

<sup>25</sup> [GMO NI: Update to the Virtual Reverse Flow Product and Tariff Methodology Consultation, Business Rules, 20 November 2024.](#)



Facility connection and the introduction into the Network of gas from the Gas Delivery Facility.

- 5.11 The producer-pays principle is being applied to facilitate progression of the development of the biomethane regulatory framework on a least-regrets basis whilst biomethane policy development is still ongoing. We note in this context the ongoing policy development work by DfE:<sup>26</sup> Depending on the outcome of the policy development process, the producer-pays principle could be subject to change on the future. As set out in paragraph 3.215, whilst we consider that the proposed licence drafting provides flexibility with this respect, there is a potential that additional licence modifications might be required to facilitate a different cost treatment in the future, if relevant. If and to what extent such further licence modifications may be required will depend on any potential future policy changes and will need to be assessed at the time.
- 5.12 The key reason for the proposed modifications to the licence conditions covered in this chapter is to ensure the conveyance charging arrangements in the gas high-pressure licences in relation to gas entry also cover the entry of gas from Gas Delivery Points; this includes the arrangements with respect to entry capacity forecasts, actuals and capacity charging.
- 5.13 We consider that the proposed modifications will have the following key effects:
- Extension of applicability of entry charging in the gas transmission system to the entry of gas from Gas Delivery Points. We anticipate this to have no significant bearing on the overall level of costs to be recovered for the use of the high-pressure Network. There may however be an impact on the allocation of such costs between shippers availing of Gas Delivery Points to bring gas physically into the system and those availing of Interconnection Points to do so.
  - Ensuring that the calculations of the monthly shipper invoices and Capacity Reconciliation Payments also account for the fact that there may be Capacity Products that are not auctioned; including those relating to Entry Capacity Charges at Gas Deliver Points.

## Proposed Modifications to High-Pressure Licence

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<sup>26</sup> See e.g.:

- [DfE: Call for Evidence, Developing Biomethane Production in Northern Ireland, May 2024.](#)
- [DfE: Developing Biomethane Production in Northern Ireland – Call for Evidence response report, 16 April 2025.](#)
- [DfE: Energy Strategy – The Path To Net Zero, Action Plan 2025](#), Action 6.

## Conditions

### General

- 5.14 The proposed modifications, as described below, are set out in detail in Annexes D to G.

### Condition 2A.1.1 [BGTL, PTL, WTL, GNI (UK)]: Interpretation and Construction, Definitions

#### Licence Drafting Proposal

- 5.15 We propose to amend in *Condition 2A.1.1: Definitions* of the gas high-pressure licences of BGTL, PTL, WTL and GNI (UK) the definition of the term “Entry Point” by:
- Inserting a colon and paragraph number “(a)” after the word “means”;
  - Inserting, before the words “at which” a new paragraph “(b) a Gas Delivery Point on the Network of a Designated Pipe-line Operator;” and
  - Replacing, before the words “Network Code” at the end of the definition, the word “the” with “that”;

so that the definition reads:

“Entry Point” means:

- (a) a point of interconnection between the Network of a Designated Pipe-line Operator and any other transmission pipe-line (except for any other transmission pipe-line operated by another Designated Pipe-line Operator);
- (b) a Gas Delivery Point on the Network of a Designated Pipe-line Operator,  
  
at which capacity is subject to booking procedures pursuant to the Network Code of that Designated Pipe-line Operator and which constitutes an Entry Point under that Network Code;”

#### Reasons and Effects

- 5.16 The term “Entry Point” is used throughout Part 2A of the gas high-pressure licences (i.e. the part of the licence which sets out arrangements

in relation to the common (or postalised) tariff), including in particular with respect to entry capacity forecasts, actuals and capacity charging. Based on current licence drafting, these arrangements relate to gas entry from Interconnection Points only.

- 5.17 We consider these arrangements should relate to any gas entry into the system, including gas entry from Gas Delivery Points.
- 5.18 We therefore propose inclusion of a reference to the term “*Gas Delivery Point*” in the definition of “*Entry Point*”. The term “*Gas Delivery Point*” in the amended drafting has the meaning given to it in the definition proposed for this term under *Condition 1.1.6 Interpretation and Construction, Definitions* of the relevant licences.
- 5.19 With the proposed inclusion of Gas Delivery Points in the definition of the term “*Entry Point*”, the arrangements that are currently in place in relation to gas entry from Interconnection Points will in the same form apply to gas entry from Gas Delivery Points. This includes the arrangements with respect to entry capacity forecasts, actuals and capacity charging (including overrun charges).
- 5.20 In particular.
- The Capacity Products referred to in the current licence drafting will (with the proposed amendment to the definition of the term “*Entry Point*” in Condition 2A.1.1) also include entry capacity products for Gas Delivery Points.
  - The entry capacity products for Gas Entry Points will then consequently need to be included in the Gas Product Multipliers and Time Factors Table and will be used in the calculation of the Forecast and Year-End Postalised Capacity Charges.
  - Quantities relating to the entry capacity products for Gas Entry Points will need to be accounted for in the quarterly information reports (see Condition 2A.2.3.3 of the gas high-pressure licences).
  - Quantities relating to the entry capacity products for Gas Entry Points will also feed into the calculation of the Forecast Postalised Capacity Charges (see Condition 2A.2.5.3 of the gas high-pressure licences).
  - The Forecast Postalised Capacity Charges and the capacity held for each Capacity Product – including entry capacity products for Gas Delivery Points – will in turn feed into the calculation of the monthly capacity invoices to shippers (see Condition 2A.2.5.4 of the gas high-pressure licences).

- The Year-End and Forecast Postalised Capacity Charges for each Capacity Product – including entry capacity products for Gas Delivery Points – will feed into the Year-End Reconciliation Process.
- 5.21 We note that a number of the arrangements summarised under paragraph 5.20 are in the current licence drafting limited to firm capacity products. Consideration has been given as to whether these may need to be extended, in case interruptible entry capacity products are introduced for Gas Delivery Points. Our understanding from engagement with GOM NI is that there are currently no plans for the introduction of interruptible entry capacity products at Gas Delivery Points. Consequently, we have not included related licence modification proposals in this consultation.
- 5.22 Thus, we are of the view that the proposed changes to the definition of the term “*Entry Point*” serves to implement – with respect to Gas Delivery Points – the high-pressure use of system charging principles set out in paragraph 5.4.
- 5.23 We consider that the proposed modifications also underpin compliance with the requirements of the Tariff Network Code as applicable to NI under *The Electricity and Gas etc. (Amendment etc.) (EU Exit) Regulations 2019*<sup>27</sup>, including with respect to non-discrimination.
- 5.24 We note that consideration has been given to the idea of a discount for entry capacity at Gas Delivery Points, for example in recognition of environmental sustainability or contribution to diversity/self-sufficiency of gas entered from such points onto the system. However, no basis has been identified on which such a discount could be justified at this stage.
- 5.25 The proposed modification to the definition of the term “*Entry Point*” has the effect that entry capacity charges will be applicable for the entry of gas from Gas Delivery Points onto the high-pressure Network. Related charges will be levied onto the shippers registered against such points who may in turn seek to pass them through to others, such as users being supplied with gas from such entry points and/or producers availing of such entry points and the gas Network to bring their gas to the market.
- 5.26 We consider that extending entry capacity charging to Gas Delivery Points has no significant bearing on the overall level of costs to be recovered for use of the high-pressure Network; it impacts on the allocation of such costs between shippers availing of Gas Delivery Points to bring gas physically into the system and those availing of Interconnection Points to do so.

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<sup>27</sup> [The Electricity and Gas etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019](#).

- 5.27 We anticipate any associated impact to be limited in principle: Gas will need to be physically brought onto the NI gas transmission system to satisfy the demand for it. Entry capacity charges apply to both, Gas Delivery Points and Interconnection Points, and to the extent that the gas is brought in through one it does not need to be brought in through the other. We recognise, however, that there is potential for the charges associated with the different points to vary. This could for instance be the case if capacity products for entry capacity at Interconnection Points achieve a positive auction premium, e.g. due to such points becoming congested.
- 5.28 At this stage, there are no Gas Delivery Points falling under the definition proposed in Condition 1.1.6 of the gas high-pressure licences on the high-pressure Network; this may, however, change in the future.
- 5.29 The proposed drafting change from “*the Network Code*” to “*that Network Code*” is aimed at ensuring consistency of wording. We consider it enhances clarity of the licence drafting but has no practical effect beyond that. We note that since the introduction of single system operation arrangements for TSOs in 2017, the Network Code referred to in the licences is no longer an individual Network Code specific for each licence holder, but a single Network Code applicable to all of them (the NI Network Gas Transmission Code).

### **Condition 2A.2.5.3 [BGTL, PTL, WTL, GNI (UK)]: Postalisation Charges, Forecast Postalised Annual Capacity Charge**

#### Licence Drafting Proposal

- 5.30 We propose to amend *Condition 2A.2.5.3: Forecast Postalised Annual Capacity Charge* of the gas high-pressure licences of BGTL, PTL, WTL and GNI (UK) by:
- Inserting, at the start of paragraph (d) the words “*Where a Capacity Product:*”
  - Renaming the existing text of paragraph (d) into sub-paragraph (i).
  - Adding at the start of this (such renamed) sub-paragraph (i) the words “*is subject to an Auction Price,*” and changing the first letter of the subsequent word “*In*” from a capital “*I*” to a small “*i*”.
  - Adding a new sub-paragraph (ii) as follows:
 

“(ii) *is not subject to the provisions of paragraph (i) above, for the purposes of Conditions 2A.2.5.4 and 2A.2.6.4, the value of  $Pre_{apt}$  equals 0 (zero).*”

### Reasons and Effects

- 5.31 Whilst we consider that the existing gas high-pressure licence arrangements with respect to forecasting of and charging for entry capacity charges are largely suited to also cover charges in relation to Gas Delivery Points (see paragraph 5.20 for further details), we have identified one issue with respect to Auction Price and Auction Premium.
- 5.32 Auction Price, as referred to in Condition 2A.2.5.3(d) of the gas high-pressure licences is defined (in Condition 2A.1.1) with respect to Capacity Products that are bundled with capacity products of an interconnected system operator. I.e., the definition of auction price does not cover entry capacity products for Gas Delivery Points.
- 5.33 We consider that this makes sense in so far as based on the Biomethane Non-IP (Interconnection Point) Entry Points Transmission Rules<sup>28</sup>, capacity for such products will be allocated on a “First Come First Served” basis, i.e. it will not be subject to auction.
- 5.34 However, based on current licence drafting, the Auction Price for the different Capacity Products feeds into the calculation of the respective Auction Premiums, and invoices to shippers for Capacity Products. Currently, the licences do not account for the fact that there could be Capacity Products that are not auctioned.
- 5.35 We propose the amendment to Condition 2A.2.5.3(d) of the gas high-pressure licences to address this by:
- Clarifying that the existing licence arrangements for the calculation of the Auction Premium for the different Capacity Products only applies for Capacity Products subject to an Auction Price.
  - Setting the value of the formula term of the Auction Premium to zero for all other Capacity Products.
- 5.36 Whilst having an Auction Premium term defined with respect to a Capacity Product that is not auctioned might appear counter-intuitive, doing so will ensure that the licence formulae for monthly shipper invoices (Condition 2A.2.5.3 of the gas high-pressure licences) and Reconciliation Payments (Condition 2A.2.6.4 of the gas high-pressure licences) continue to work.
- 5.37 More specifically, the proposed modifications to Condition 2A.2.5.3(d) mean that the monetary factors to be used in the calculation of the

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<sup>28</sup> See chapter 7 of [GMO NI: Biomethane Non-IP Entry Points Transmission Business Rules, Version 1.1, August 2023](#).

monthly shipper invoices are:

- The Forecast Postalised Capacity Charge plus the Auction Premium for each Capacity Product that is auctioned.
- The Forecast Postalised Capacity Charge (plus zero) for each Capacity Product that is not auctioned.

- 5.38 As part of the annual reconciliation process, a Reconciliation Unit Charge is established for each Capacity Product as the difference between the respective Year-End Postalised Capacity Charge on one side, and the respective Forecast Postalised Capacity Charge and Auction Premium on the other. For Capacity Products that are not auctioned, and for those that are auctioned but have achieved an Auction Premium of zero during the auction process, this essentially means that the Reconciliation Unit Charge for the Capacity Product is the difference between its Year-End Postalised Capacity Charge and its Forecast Postalised Capacity Charge.
- 5.39 Thus, the proposed amendment to Condition 2A.2.5.3(d) of the gas high-pressure licences ensures in our view consistency of licence drafting. We do not consider it to have significant practical implications beyond that.

## 6. LICENSED AREA ARRANGEMENTS AND CONDITIONS RELEVANT FOR EXCLUSIVITY

### Background

- 6.1 The licences granted to Evolve, FEDL, PE, BGTL, PTL, WTL and GNI (UK) are licences for the conveyance of gas within a specific area. This area, the so-called Licensed Area, is defined in the respective licences.
- 6.2 Only in the FEDL licence, the Licensed Area is further subdivided into:
- The Towns Area for which FEDL has the right to the conveyance of natural gas by means of distribution pipelines.
  - The Remaining Licensed Area, covering all parts of the Licensed Area which do not fall into the Towns Area.
- 6.3 Under current licence arrangements, FEDL is not entitled to convey gas to any premises in the Remaining Licensed Area unless and until those premises fall within an Additional Development Area. For an area within the Remaining Licensed Area to become an Additional Development Area, a related Additional Development Plan needs to be provided and approved by the Authority. With the potential for injection of gas from Gas Delivery Points becoming a reality, we consider that the specific arrangements for the conveyance of gas to premises should be extended to apply to the conveyance of gas from Gas Delivery Points as well.
- 6.4 When the gas distribution licences of Evolve, FEDL and PE were granted, arrangements were included to allow them exclusive rights for the conveyance of gas within the respective Licensed Areas for a defined period of time. The licences also set out certain circumstances under which exclusivity may, in whole or in parts, cease earlier. These include:
- Contravention of specific licence conditions, the so-called relevant conditions.
  - Contravention of specific network development obligations.
- 6.5 We consider that where, because of modifications proposed in this consultation, the licence condition numbers of conditions identified in the licences as relevant conditions change, the list of relevant conditions should be updated where the period of exclusivity is still ongoing. This is only the case for the Evolve licence. Proposed updates to licence



condition cross-references for the relevant conditions in the Evolve licence are discussed in this chapter.

6.6 The key reasons for the proposed modifications to the licence conditions covered in this chapter are:

- Provision of clarity with respect to FEDL's entitlement to convey gas from Gas Delivery Points in the Remaining Licensed Area; the licence in its current form is silent with this respect.
- Ensuring that where the numbering of licence conditions identified as relevant conditions has changed as a result of proposed modification discussed in chapter 3, these changes are reflected in the listing of relevant conditions in the Evolve licence as well.

6.7 We consider that the proposed modifications will have the following key effects:

- Enhancing clarity that, for Gas Delivery Points located in the Remaining Licensed Area but outside of any Additional Development Area, FEDL will need to prepare and get Authority approval for an Additional Development Plan before the introduction of gas from the Gas Delivery Point is facilitated. Whilst this may entail administrative burden for both FEDL and the Utility Regulator, the resulting regulatory oversight over entitlements to convey gas is in our view an important underpinning factor for the fulfilment of our statutory duties.
- Conditions regarding implementation, publication and sharing of, as well as compliance with (Authority directions in relation to) the Connection Charging Methodology Statement remain relevant conditions in the context of exclusivity arrangements for the Evolve licence. The scope of these relevant conditions will furthermore be enhanced to cover the GDF Connection Charging Methodology Statement and Calorific Value Management Statement as well, thus underpinning the promotion of the development and maintenance of an efficient, economic and co-ordinated gas industry in NI.

## **Proposed Modifications to Distribution Licence Conditions**

### **General**

6.8 The proposed modifications, as described below, are set out in detail in Annexes A and B.

### Condition 3.2.11 [FEDL]: Development Plan, Conveyance in the Remaining Licensed Area

#### Licence Drafting Proposal

- 6.9 We propose to amend *Condition 3.2.11: Conveyance in the Remaining Licensed Area* of the FEDL gas conveyance licence by:
- Inserting a colon after *"The Licensee shall not convey gas by means of distribution pipe-lines"*.
  - Inserting a paragraph number (a) ahead of the words *"to any premises in the Remaining Licensed Area"*.
  - Inserting thereafter a new paragraph *"(b) from any Gas Delivery Point in the Remaining Licensed Area"*.
  - Inserting after *"unless and until those premises"* the words *"or the location of the Gas Delivery Point;"*.
  - Amending the subsequent word *"fall"* to *"fall(s)"*, ahead of the wording continuing unchanged with *"within an Additional Development Area as designated under Schedule 1 of this licence."*

#### Reasons and Effects

- 6.10 In line with its current licence:
- FEDL is entitled to convey gas by means of distribution pipe-lines within the Towns Area.
  - FEDL is entitled to convey gas to premises within the Remaining Licensed Area if these premises fall within an Additional Development Area.
  - For any premises within the Remaining Licensed Area but not covered by an existing Additional Development Area, FEDL would need to prepare and get approved an Additional Development Plan covering such premises to become entitled to convey gas to them.
- 6.11 If FEDL wanted to convey gas outside its Licensed Area, including to premises or from Gas Delivery Points located there, FEDL would need to apply for, and get approved, a related Licence Extension, just as any other NI gas conveyance licence holder would need to do if they wanted to convey gas outside their respective Licensed Area.
- 6.12 The FEDL licence in its current form is silent on whether or not FEDL would be entitled to convey gas:

- From any new entry points located in the Remaining Licensed Area within an Additional Development Area.
  - From any new entry points located in the Remaining Licensed Area but not forming part of an Additional Development Area.
- 6.13 We propose the modifications to *Condition 3.2.11: Conveyance in the Remaining Licensed Area* to address this.
- 6.14 We consider that they do so in the spirit of the arrangements set out in paragraphs 6.10 and 6.11:
- In so far as FEDL is entitled to convey gas in an area, this should also include the conveyance of gas from Gas Delivery Points, in addition to the conveyance of gas to premises in that area.
  - In so far as FEDL would need to obtain approval to become entitled to convey gas to premises in an area, the same should be true for the conveyance of gas from Gas Delivery Points in such an area.
- 6.15 The proposed modifications thus have the effect of enhancing clarity of licence drafting with respect to FEDL's entitlement to convey gas from Gas Delivery Points in the Remaining Licensed Area.
- 6.16 The proposed modifications mean that if FEDL wants to facilitate the introduction onto its Network of gas from a Gas Delivery Facilities at the associated Gas Delivery Point, where the Gas Delivery Point is located in the Remaining Licensed Area but outside any of the Additional Development Areas, FEDL will first need to prepare and get approved by the Authority an Additional Development Plan covering the relevant geographical area. The plan will need to comply with the requirements set out for it in *Condition 3.1.1: Definitions of the FEDL gas conveyance licence*, i.e. it will need to:
- “[define] the Additional Development Area to which the Additional Development Plan relates (by reference to the boundaries of the Electoral Wards comprised in such area, or in such detail so as to allow any person consulting such Additional Development Plan to determine whether any particular premises falls within that Additional Development Area)”; and
  - “[set] out Annual Targets to apply to such Additional Development Area”, i.e. the number of premises targeted for each of the relevant Gas Years in respect of that Development area.
- 6.17 We recognise that there may be an associated administrative burden involved in this, both for FEDL in the preparation of the Additional

Development Plan and for the Utility Regulator in reviewing it, engaging with FEDL on it as may be appropriate and deciding on it.

- 6.18 We envisage our approach to the information provision requirements in relation to any new Additional Development Plan, and to the review of any such Additional Development Plan submitted, to be proportionate to the risk for consumers associated with the proposed development. Such risk may depend on the extent to which the cost associated with the Additional Development Plan is anticipated to be socialised across consumers or e.g. borne by the Gas Delivery Facility Operator(s) seeking to have gas injected onto the FEDL Network from (a) Gas Delivery Point(s) under the Additional Development Plan.
- 6.19 Overall, we consider regulatory oversight over entitlements to convey gas, including from Gas Delivery Points, to be an important underpinning factor for the fulfilment of our statutory duties, including our principal objective.

### Condition 3.8 [Evolve]: Relevant Conditions

#### Licence Drafting Proposal

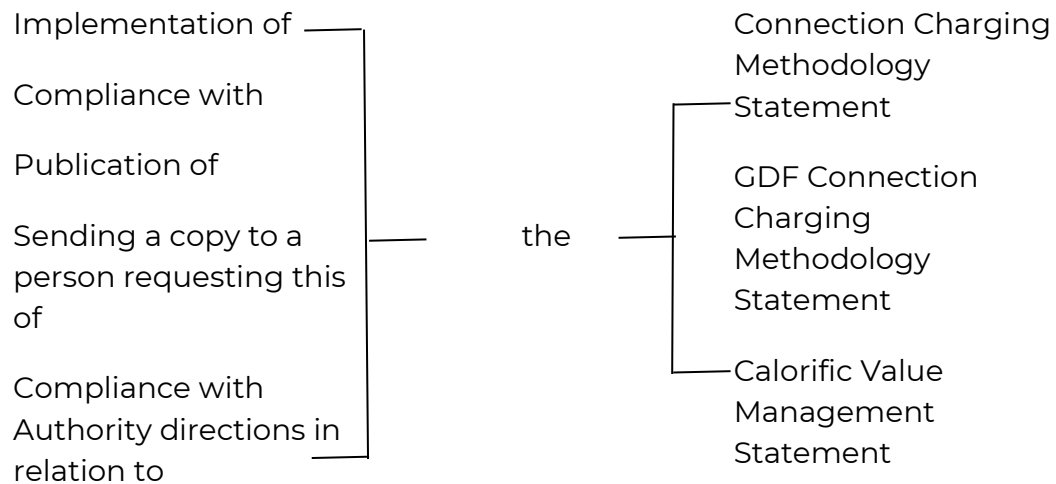
- 6.20 We propose to amend *Condition 3.8: Relevant Conditions* of the Evolve gas conveyance licence by replacing the reference to Condition “2.3.8” with “2.3.21” and the reference to Condition “2.3.11” with Condition “2.3.22”.

#### Reasons and Effects

- 6.21 As explained in paragraph 6.4, relevant conditions are licence conditions of particular significance in the context of exclusivity arrangements. Contravention of these conditions may give rise to exclusivity arrangements ending prematurely.
- 6.22 The proposed modifications are consequential changes to the proposed modifications for *Condition 2.3: Connection Charges and Obligation to Connect* of the Evolve gas conveyance licence (see chapter 3).
- 6.23 In particular, with the proposed move and update of *Condition 2.3.8: Publication of and compliance with statement* and *Condition 2.3.11: Compliance with a Direction* under the proposed *Part D – Approval and publication of statements prepared under this Condition 2.3*, we propose to update the corresponding cross-references in Condition 3.8 of the Evolve gas conveyance licence as well.
- 6.24 As explained from paragraph 3.343 onwards, we propose to embed the requirements currently contained in *Condition 2.3.8: Publication of and compliance with statement* in a new *Condition 2.3.21: Publication of and*

*compliance with statements prepared under this Condition 2.3.* Similar to the existing Condition 2.3.8, this new condition is proposed to set out obligations with respect to implementation of and compliance with statements, publication of approved statements and sending a copy of an approved statement to any person requesting it. However, under the existing Condition 2.3.8 the relevant statement is (what is now proposed to be referred to as) the Connection Charging Methodology Statement. The scope of the proposed new Condition 2.3.21 is wider in so far as it also covers the GDF Connection Charging Methodology Statement and the Calorific Value Management Statement.

- 6.25 Similarly, as detailed from paragraph 3.353 onwards, we propose to embed the requirements currently contained in *Condition 2.3.11: Compliance with a Direction* in a new *Condition 2.3.22: Review and Revision of Statements – Direction by the Authority*. Again, the scope of the proposed new Condition 2.3.22 is wider than that of the current one in so far as it covers not only directions in relation to (what is now proposed to be referred to as) the Connection Charging Methodology Statement, but also the GDF Connection Charging Methodology Statement and the Calorific Value Management Statement.
- 6.26 Consequential to these proposed modifications, we propose to include references to the proposed new *Condition 2.3.21: Publication of and compliance with statements prepared under this Condition 2.3* and *Condition 2.3.22: Review and Revision of Statements – Direction by the Authority* in *Condition 3.8: Relevant Conditions* of the Evolve gas conveyance licence.
- 6.27 We consider that this will ensure that obligations with respect to (what is now proposed to be referred to as) the Connection Charging Methodology Statement, which form part of the relevant conditions in the current Evolve gas conveyance licences, continue to form part of these relevant conditions.
- 6.28 However, as the new proposed licence conditions in which these obligations are contained are wider in scope than the current ones, the proposed modifications to *Condition 3.8: Relevant Conditions* of the Evolve gas conveyance licence will also have the effect of the scope of the relevant conditions being widened accordingly. I.e. the relevant conditions cover, under the proposed new drafting, obligations in relation to:



rather than only the Connection Charging Methodology Statement.

- 6.29 The underlying reason for including the obligations set out in the in the current Condition 2.3.8 and 2.3.11 of the Evolve gas conveyance licence with respect to (what is now proposed to be referred to as) the Connection Charging Methodology Statement in the relevant conditions is that these obligation are considered to be of such fundamental importance for promoting the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland that – if these obligations were not met – continuation of any existing exclusivity arrangements might not be justified.
- 6.30 We consider that the obligations in relation to the GDF Connection Charging Methodology Statement to be of similar fundamental importance, all the more so in the context of the need for decarbonisation of the gas Network and the transition to a net zero economy.
- 6.31 We furthermore consider that the obligations in relation to the CV Management Statement, whilst arguably somewhat less relevant with respect to the facilitation of new connections (be it for entry or exit), are of sufficient relevance for promoting the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland to be incorporated into the relevant conditions.

## 7. NEXT STEPS

- 7.1 This paper represents the Utility Regulator’s proposals on modifications to the gas conveyance licences of Evolve, FEDL, PE, BGTL, PTL, WTL and GNII (UK). Table 4 summarises the next steps and associated indicative timelines for the licence modification process. We note that that timelines are indicative at this stage and may be subject to change.
- 7.2 Once we have considered any responses to this consultation, we will issue our notice of decision. The licence modification effective date will a minimum of 56 days after that notice of decision.

**Table 4: Indicative timelines for next steps**

Next Steps	Indicative Date
Notice of proposal to modify gas conveyance licences published	13 August 2025
Statutory consultation closes	22 October 2025
Notice of decision to modify gas conveyance licences published	January 2025
Licence modification effective date	March 2025

## ANNEXES

Table 5 below provides an overview over the annexes to this consultation document.

Annexes A to G set out, for each licence holder, the proposed modifications tracked against the current licence drafting.

Annex H represents the notice under Article 14(2) of the Gas (Northern Ireland) Order 1996 of our licence modification proposal.

**Table 5: Overview over Annexes**

Annex Number	Annex Name
Annex A	<a href="#">SGN Evolve Network Ltd – Proposed Licence Modifications</a>
Annex B	<a href="#">Firmus Energy (Distribution) Limited – Proposed Licence Modifications</a>
Annex C	<a href="#">Phoenix Energy Group Ltd – Proposed Licence Modifications</a>
Annex D	<a href="#">Belfast Gas Transmission Limited – Proposed Licence Modifications</a>
Annex E	<a href="#">Premier Transmission Limited – Proposed Licence Modifications</a>
Annex F	<a href="#">West Transmission Limited – Proposed Licence Modifications</a>
Annex G	<a href="#">GNI (UK) Limited – Proposed Licence Modifications</a>
Annex H	<a href="#">Notice under Article 14(2) of the Gas (Northern Ireland) Order 1996</a>