

# **DECISION ON BIOMETHANE MODIFICATIONS TO GAS CONVEYANCE LICENCES**

**Decision and Notice under Article 14(8)-(10)  
of the Gas (Northern Ireland) Order 1996**

**31 March 2026**

[www.uregni.gov.uk](http://www.uregni.gov.uk)

**Utility  
Regulator** 

## 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 decision set out modifications to the gas conveyance licences. The 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.

The notice and decision follow-on from our consultation on the licence modifications. We have given due consideration to the six responses received and have made some drafting amendments as a result.

## 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 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 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
CfE	Call for Evidence
DfE	Department for the Economy
DNO	Distribution Network Operator (Evolve, Kinecx and Phoenix)
Energy Order	Energy (Northern Ireland) Order 2003, as amended from time to time
Evolve	SGN Evolve Network Ltd
Gas Order	Gas (Northern Ireland) Order 1996, as amended from time to time
GB	Great Britain
GDF	Gas Delivery Facility
GMO NI	Gas Market Operator Northern Ireland
GNI (UK)	GNI (UK) Limited
GNOs	Gas Network Operators (Evolve, Kinecx, Phoenix, GNI (UK), BGTL, PTL, WTL, GMO NI)
IP	Interconnection Point
Kinecx	Kinecx Energy Limited
LNG	Liquefied Natural Gas
MEL	Mutual Energy Limited
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
Phoenix	Phoenix Energy Group Ltd
PTL	Premier Transmission Limited
ROI	Republic of Ireland
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. )
VRF	Virtual Reverse Flow
WTL	West Transmission Limited

## Executive Summary

On 13 August 2025 we consulted<sup>1</sup> on biomethane modifications to gas conveyance licences.

The licences affected by the modifications are the gas conveyance licences of:

- SGN Evolve Network Ltd (Evolve).
- Kinecx Energy Limited (Kinecx)<sup>2</sup>.
- Phoenix Energy Group Ltd (Phoenix).
- Belfast Gas Transmission Limited (BGTL).
- Premier Transmission Limited (PTL).
- West Transmission Limited (WTL).
- GNI (UK) Limited (GNI (UK)).

Six responses were received: from Evolve, Kinecx, Phoenix, Mutual Energy Limited (MEL)<sup>3</sup>, GNI (UK) and GMO NI (Gas Market Operator Northern Ireland). The responses received and any changes made following these are covered in chapter 2.

Following-on from our consideration of the representations made, we have made some drafting amendments to:

- Minimise duplication of information – and associated risk of inconsistencies – between the newly introduced Calorific Value Management Statement and other documents.
- Enhance the robustness of the provisions for connection and quotation requests in relation to connections of Premises and meters, Pipe-Line Systems, Storage Facilities and LNG Facilities.
- Further enhance clarity and transparency, accuracy as well as consistency

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<sup>1</sup> [Utility Regulator: Biomethane Modifications to Gas Conveyance Licences, Consultation and Notice under Article 14\(2\) of the Gas \(Northern Ireland\) Order 1996, 13 August 2025.](#)

<sup>2</sup> This licence holder was referred to in our consultation as firmus energy (Distribution) Limited. It rebranded to Kinecx Energy Limited on 17 September 2025.

<sup>3</sup> MEL owns three of the four licenced gas Transmission System Operators in Northern Ireland: Premier Transmission Ltd (PTL), Belfast Gas Transmission Ltd (BGTL) and West Transmission Ltd (WTL).

of licence drafting.

We have decided to proceed with the licence modifications as set out in this decision paper and the associated annexes.

The modifications are technical modifications to:

- Embed in the licences the concept of gas entering the NI (Northern Ireland) 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 methodology statements in relation to connections for introducing gas onto the network to address previously identified limitations.
- Enhance clarity on the different types of connections and the applicable arrangements for charging for and making of such connections.
- Introduce into the licences requirements in relation to terms for as well as connection of Gas Delivery Facilities from which gas is or may be introduced into the network.
- Introduce into the licences arrangements to address Calorific Value<sup>4</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 licence modifications are to:

- Underpin access to the network for gas from renewable energy sources

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<sup>4</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.

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:
  - ◆ Charging methodologies and principles in relation to such connections.
  - ◆ The obligation to connect in relation to such connections.
- 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) on 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 terms in relation to connection and access to the network.

We consider that the 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.
- Protection of consumer interests, including with respect to billing implications associated with access for gas from renewable energy sources to the network.
- 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

- 1.1 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).
- 1.2 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.
- 1.3 There already is precedent of biomethane injection onto the NI gas distribution network, with the first injection site having become operational in November 2023.
- 1.4 Significant work has been undertaken together with the Gas Network Operators (GNOs) to facilitate biomethane injection on the gas distribution network. Further changes will be required to also facilitate biomethane at transmission level; this work is underway.
- 1.5 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>5</sup> on developing biomethane production in Northern Ireland. This was followed by the publication of the responses report<sup>6</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.
- 1.6 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.
- 1.7 We consider decarbonisation of the NI network, including through biomethane injection, to be well-aligned with our designated regulatory gas objectives. It is also suited to furthering a diverse, viable and environmentally friendly energy supply, all the more as increasing

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<sup>5</sup> [DfE: Call for Evidence, Developing Biomethane Production in Northern Ireland, May 2024.](#)

<sup>6</sup> [DfE: Developing Biomethane Production in Northern Ireland – Call for Evidence response report, 16 April 2025.](#)

provision of indigenous renewable gas may over time reduce the dependency on gas imports.

- 1.8 We published, on 13 August 2025, a consultation<sup>7</sup> and notice on proposed modifications to the gas conveyance licences to ensure, in pursuance of our statutory objectives, that a robust regulatory framework is in place to underpin the envisaged further injection of renewable gas.
- 1.9 The consultation closed on 22 October 2025. Six responses were received: from Evolve, Kinecx, Phoenix, Mutual Energy Limited (MEL)<sup>8</sup>, GNI (UK) and GMO NI (Gas Market Operator Northern Ireland). They can be found in Annexes I to N of this decision paper. A listing of the points raised by the respondents is included in Annex H to this decision paper, together with our response to these points and/or a reference to the section of this decision document where the matter is addressed in more detail
- 1.10 Following-on from our consideration of the representations duly made, we herewith publish our decision to modify the gas conveyance licences.

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

- 1.11 Table 1 provides an overview over the licence conditions impacted by the licence modifications.

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<sup>7</sup> [Utility Regulator: Biomethane Modifications to Gas Conveyance Licences, Consultation and Notice under Article 14\(2\) of the Gas \(Northern Ireland\) Order 1996, 13 August 2025.](#)

<sup>8</sup> MEL owns three of the four licenced gas Transmission System Operators in Northern Ireland: Premier Transmission Ltd (PTL), Belfast Gas Transmission Ltd (BGTL) and West Transmission Ltd (WTL).

**Table 1: Overview over licence conditions impacted by modifications**

Name	Evolve	Kinecx	Phoenix	BGTL	PTL	WTL	GNI (UK)
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
Connection Charges and Obligation to Connect	2.3	2.3	2.4	2.3	2.3	2.3	2.3
Network Code		2.4.2	2.5.2				
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
Network Forecasts				2.13	2.13	2.11	2.10
Interpretation and Construction, Definitions				2A.1.1	2A.1.1	2A.1.1	2A.1.1
Postalisation Charges, Forecast Postalised Annual Capacity Charge				2A.2.5.3	2A.2.5.3	2A.2.5.3	2A.2.5.3
Development Plan, Conveyance in the Remaining Licensed Area		3.2.11					
Relevant conditions	3.8						

## Document Structure

1.12 This decision document is structured in a number of chapters as follows:

- *Chapter 1 Introduction* provides an overview over the background to this decision, the licence conditions impacted by the modifications and the structure of this document.
- *Chapter 2 Consultation Responses and UR Consideration of Responses* provides an overview over the consultation responses received and over drafting changes compared to the consultation; it also sets out our considerations on selected key points from the consultation responses, including drafting changes compared to the consultation with associated reasons and effects.
- *Chapter 3 Decision* sets out our decision on the licence modifications, together with a summary of the drafting changes from consultation as well as the key reasons for and key effects of the modifications.
- Annexes A to G represent the notices under Article 14(8)-(10) of the Gas (Northern Ireland) Order 1996 of the decision to modify the Evolve, Kinecx, PTL, BGTL, PTL, WTL and GNI (UK) licences, with Schedule 1 in each of these annexes showing the modifications to the respective gas conveyance licence, tracked against the current licence drafting.
- Annex H lists the points raised by the respondents in the consultation responses, together with our response to these points and/or a reference to the section in chapter 2 of this decision document where the matter is addressed in more detail.
- Annexes I to N contain the consultation responses received from Evolve, Kinecx, Phoenix, MEL, GNI (UK) and GMO NI respectively.

## 2. CONSULTATION RESPONSES AND UR CONSIDERATION OF RESPONSES

### Overview over Responses Received

- 2.1 We received six responses to our consultation on Biomethane licence modifications, from the following organisations:
- SGN Evolve Network Ltd (Evolve).
  - Kinecx Energy Limited (Kinecx).
  - Phoenix Energy Group Ltd (Phoenix).
  - Mutual Energy Limited (MEL)<sup>9</sup>.
  - GNI (UK) Limited (GNI (UK)).
  - GMO NI (Gas Market Operator Northern Ireland).
- 2.2 As part of our consideration of the responses received, we have directly engaged with the GNOs on specific matters raised.
- 2.3 Evolve was supportive of the continued development of the regulatory framework to facilitate biomethane injection to the Northern Ireland gas networks and saw the proposed licence modifications as an important step in this process. Evolve supported the principle of licence modifications to enable biomethane connections but considered that refinements were needed to ensure a clear, proportionate and practical framework. Evolve observed that a proportionate, consistent approach should be adopted and suggested that key improvements should include:
- Simplification of definitions and drafting, aligning with existing connection frameworks.
  - Avoidance of duplication with existing arrangements.
  - Proportionate oversight mechanisms that do not introduce delivery risk.
  - Early and ongoing engagement on timelines and interaction with

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<sup>9</sup> MEL owns three of the four licenced gas Transmission System Operators in Northern Ireland: Premier Transmission Ltd (PTL), Belfast Gas Transmission Ltd (BGTL) and West Transmission Ltd (WTL).

wider policy developments.

- 2.4 Kinecx was keen to see the biomethane licence modifications agreed and signed off at the earliest opportunity, but considered that a more flexible, proportionate approach to licence modifications as detailed in its response would better serve the long-term interests of consumers and the industry.
- 2.5 Phoenix noted that it could appreciate the need to ensure a robust regulatory framework is in place to underpin the injection of renewable gas, including biomethane. Phoenix observed that its licence already recognised the requirement to establish terms for the purposes of introducing gas into the gas network on direction from UR.
- 2.6 Phoenix was critical of the level of detail proposed to be included in the licences and noted that interpretation of the text used in some of the licence modifications was challenging even with the reasons and effects provided in the consultation paper. Phoenix also considered that the proposed licence modifications entailed overcomplicated and onerous requirements on licence holders committed to delivering a biomethane economy for NI. Phoenix expressed its disappointment at the Utility Regulator ignoring many of the concerns and queries Phoenix had raised in the lead-up to the consultation on licence modifications.
- 2.7 Phoenix was of the view that it was premature for the licence modifications to be made at this stage when policy making and regulatory frameworks have yet to be established for biomethane injection, or indeed other renewable gases. Phoenix was concerned that by proceeding with the modifications ahead of the GNO report on potential options to alleviate network constraints and DfE policy on treatment of connection-related costs for biomethane production sites, the Utility Regulator would establish principles and develop a complex regulatory framework that will need to be reviewed and potentially changed in due course.
- 2.8 MEL was generally supportive of the proposed modifications and considered them to be an important enabling step to ensure that Northern Ireland's gas conveyance framework is equipped to accommodate renewable gas injection. MEL noted that the practical implications of the proposed licence provisions – particularly those concerning the development of connection charging methodology statements – will require careful coordination between the Authority and other GNOs to ensure compatibility with existing postalised arrangements and mutualised financing structures. MEL also highlighted that it will be essential for any future licence or code changes to be developed promptly if or when government policy and market activity on

biomethane or other renewable gases progress.

- 2.9 GNI (UK) welcomed the proposed licence modifications to underpin access for gas from renewable energy sources to the network. GNI (UK) considered that the modifications will support the GNOs' shared ambition to decarbonise the network and provide transparency to all stakeholders. GNI (UK) noted the ongoing work by DfE with respect to biomethane policy development and recognised that when finalised, further changes to the gas conveyance licences may be required.
- 2.10 GMO NI administers the conveyance charging on behalf of the four TSOs (Transmission System Operators). It has thus limited its comments to the proposed conveyance charging modifications which had been set out in section 5 of the consultation document. GMO NI was supportive of the proposed modifications to the conveyance charging arrangements and saw these as a proportionate and necessary step to ensure that Northern Ireland's gas conveyance framework is equipped to accommodate renewable gas injection from Gas Delivery Points. GMO NI anticipated that additional licence changes will be required as biomethane policy continues to develop and highlighted the importance of implementing any future modifications promptly and effectively to support this evolution.
- 2.11 A listing of the points raised by the respondents is included in Annex H to this decision paper, together with our response to these points and/or a reference to the section of this decision document where the matter is addressed in more detail.
- 2.12 Selected key points from the responses are discussed in this chapter. This includes:
- Feedback (mainly from the gas Distribution Network Operators) questioning the need and appropriateness at this stage for some of the specific requirements in relation to Gas Delivery Facility (GDF) connections, given:
    - ◆ Ongoing biomethane policy and market development; and
    - ◆ The flexibility provided through the provisions for Authority direction.
  - Instances where the responses received to our consultation have prompted us to make drafting amendments.
- 2.13 Where drafting amendments have been made compared to the proposed modifications we had consulted on, we have:

- Included a description of the change (and where applicable any consequential changes to drafting elsewhere in the licences) in this chapter of the decision document, together with the associated reasons and effects.
- Updated the licence drafting in Schedule 1 of Annexes A to G accordingly.

## **Overview over Drafting Changes from Consultation**

- 2.14 An overview over the licence conditions for which drafting has been changed compared to the consultation is provided in Table 2. An indication of the section in which the change, as well as its associated reasons and effects, are discussed in this decision paper is also contained in the table for reference.
- 2.15 Where a drafting change made based on consideration of comments raised with respect to a certain condition has given rise to consequential changes in other conditions, these consequential changes are discussed in the same section of this decision document as the change to the condition to which the comments had related.

**Table 2: Overview over licence drafting changes from consultation**

Name of Condition/Part <sup>10</sup>	Change	Evolve	Kinecx	Phoenix	BGTL, PTL, WTL, GNI (UK)	Relevant Section of Decision Document
Interpretation and Construction, Definitions	Definition of “ <i>Gas Delivery Facility</i> ”	1.1.6	1.1.6	1.1.6	1.1.6	Definition of Gas Delivery Facility (para 2.33 onwards)
Statement of connection charges and terms for connection (other than of Gas Delivery Facilities to the Network)	Capitalisation of “ <i>Premises</i> ” [consequential to amended definition of this term]  Definition of “ <i>Pipe-Line System</i> ” [consequential to amended definition of “ <i>Gas Delivery Facility</i> ”]				2.3.1	Definition of Premises (para 2.129 onwards)  Definition of Gas Delivery Facility (para 2.33 onwards)
Statement of connection charges and terms for connection of Premises to the Network	Capitalisation of “ <i>Premises</i> ” [consequential to amended definition of this term]	2.3.1	2.3.1	2.4.1		Definition of Premises (para 2.129 onwards)
Terms for connection of a Pipe-Line System to the Network	Definition of “ <i>Pipe-Line System</i> ” [consequential to amended definition of “ <i>Gas Delivery Facility</i> ”]	2.3.2	2.3.2	2.4.2		Definition of Gas Delivery Facility (para 2.33 onwards)

<sup>10</sup> Where the condition title has been amended as a result of our consideration of the consultation responses received, the amended title is listed rather than the one from the consultation.

Name of Condition/Part <sup>10</sup>	Change	Evolve	Kinecx	Phoenix	BGTL, PTL, WTL, GNI (UK)	Relevant Section of Decision Document
	<p><i>Facility”]</i></p> <p>Inclusion of new paragraph (b) on prohibition of undue discrimination in relation to Pipe-Line Systems [consequential to amendments to Condition 2.3.10 [Evolve, Kinecx]/Condition 2.4.10 [Phoenix]</p>					<p>Consistency of Licence Section Heading and Content (para 2.72 onwards)</p>
<p>Statement of methodology for connection of Gas Delivery Facilities to the Network</p>	<p>Condition title, title of statement and reference to paragraph (b)</p>	<p>2.3.3</p>	<p>2.3.3</p>	<p>2.4.3</p>	<p>2.3.2</p>	<p>GDF Connection Methodology Statement – Condition Title and Name of Statement (para 2.43 onwards)</p>
<p>The Connection charging Methodology Statement to give likely indication of costs</p>	<p>Capitalisation of “<i>Premises</i>” [consequential to amended definition of this term]</p>	<p>2.3.5</p>	<p>2.3.5</p>	<p>2.4.5</p>	<p>2.3.4</p>	<p>Definition of Premises (para 2.129 onwards)</p>
<p>Connection and Quotation Requests</p>	<p>Timeline requirements, correction of typographical error (paragraph (a))</p>				<p>2.3.5</p>	<p>Timelines for Provision of Specific Statement of Connection Charges (para 2.55 onwards)</p>

Name of Condition/Part <sup>10</sup>	Change	Evolve	Kinecx	Phoenix	BGTL, PTL, WTL, GNI (UK)	Relevant Section of Decision Document
	Capitalisation of “Premises” [consequential to amended definition of this term]					Definition of Premises (para 2.129 onwards)]
Prohibition on undue discrimination in relation to connections	Capitalisation of “Premises” [consequential to amended definition of this term]				2.3.7	Definition of Premises (para 2.129 onwards)
Connection of Premises – Requirement for Authority Approval	Capitalisation of “Premises” [consequential to amended definition of this term]				2.3.8	Definition of Premises (para 2.129 onwards)
Requests for Connection of Premises – Obligation to Connect	Capitalisation of “Premises” [consequential to amended definition of this term]				2.3.9	Definition of Premises (para 2.129 onwards)
Prohibition on undue discrimination in relation to connections	Removal of paragraph (c); provisions on prohibition of undue discrimination in relation to Pipe-Line Systems are instead merged into Condition 2.3.2 [Evolve, Kinecx]/Condition 2.4.2 [Phoenix]  Capitalisation of “Premises” [consequential to amended	2.3.10	2.3.10	2.4.10		Consistency of Licence Section Heading and Content (para 2.72 onwards)  Definition of Premises (para 2.129 onwards)

Name of Condition/Part <sup>10</sup>	Change	Evolve	Kinecx	Phoenix	BGTL, PTL, WTL, GNI (UK)	Relevant Section of Decision Document
	definition of this term]					
Obligation to Connect Premises	Capitalisation of “ <i>Premises</i> ” [consequential to amended definition of this term]	2.3.11	2.3.11	2.4.11		Definition of Premises (para 2.129 onwards)
Connection Requirements (Premises connections)	Reference to “ <i>terms</i> ” [consequential to amended dispute resolution arrangements]  Capitalisation of “ <i>Premises</i> ” [consequential to amended definition of this term]	2.3.12	2.3.12	2.4.12		Disputes with Respect to Terms Offered (para 2.87 onwards)  Definition of Premises (para 2.129 onwards)
No obligation to connect Premises	Capitalisation of “ <i>Premises</i> ” [consequential to amended definition of this term]	2.3.13	2.3.13	2.4.13		Definition of Premises (para 2.129 onwards)
Other provisions to be included in a GDF Connection Methodology Statement	Reference to “ <i>GDF Connection Methodology Statement</i> ” [consequential to amended title of statement]	2.3.14	2.3.14	2.4.14	2.3.12	GDF Connection Methodology Statement – Condition Title and Name of Statement (para 2.43 onwards)
Gas Delivery Facility Connections – Requirement to offer terms	Reference to Authority direction under Condition 2.3.3 [Evolve, Kinecx]/Condition 2.4.3 [Phoenix]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]	2.3.15	2.4.15	2.3.15	2.3.13	Requirement to Offer Terms (para 2.77 onwards)

Name of Condition/Part <sup>10</sup>	Change	Evolve	Kinecx	Phoenix	BGTL, PTL, WTL, GNI (UK)	Relevant Section of Decision Document
	Dispute resolution arrangements and reference to “terms”					Disputes with Respect to Terms Offered (para 2.87 onwards)
Calorific Value Management Statement	Removal of reference to Gas Delivery Facility Operators in paragraph (b)	2.3.19	2.3.19	2.4.19	2.3.17	Calorific Value Management Statement – Duplication with Existing Arrangements and Implementation Timelines (para 2.103 onwards)
Authority's approval of connection charging methodology statements	Reference to “ <i>GDF Connection Methodology Statement</i> ” [consequential to amended title of statement]	2.3.20	2.3.20	2.4.20	2.3.18	GDF Connection Methodology Statement – Condition Title and Name of Statement (para 2.43 onwards)
<p>Publication of and compliance with statements prepared under this Condition 2.3 [Evolve, Kinecx, BGTL, PTL, WTL, GMI (UK)]</p> <p>Publication of and compliance with statements prepared under this Condition</p>	<p>Reference to “<i>GDF Connection Methodology Statement</i>” [consequential to amended title of statement]</p> <p>Merging of paragraph (b) into paragraph (a)</p>	2.3.21	2.3.21	2.4.21	2.3.19	<p>GDF Connection Methodology Statement – Condition Title and Name of Statement (para 2.43 onwards)</p> <p>Condition Structure and Clarity (para 2.118 onwards)</p>

Name of Condition/Part <sup>10</sup>	Change	Evolve	Kinecx	Phoenix	BGTL, PTL, WTL, GNI (UK)	Relevant Section of Decision Document
2.4 [Phoenix]						
Review and Revision of Statements – General	<p>Reference to “<i>GDF Connection Methodology Statement</i>” [consequential to amended title of statement]</p> <p>Capitalisation of “<i>Premises</i>” [consequential to amended definition of this term]</p>	2.3.23	2.3.23	2.4.23	2.3.21	<p>GDF Connection Methodology Statement – Condition Title and Name of Statement (para 2.43 onwards)</p> <p>Definition of Premises (para 2.129 onwards)</p>
Resolution of disputes by the Authority	<p>Dispute resolution arrangements</p> <p>Cross-reference in paragraph (b)</p> <p>Capitalisation of “<i>Premises</i>” [consequential to amended definition of this term]</p>	2.3.24	2.3.24	2.4.24	2.3.22	<p>Disputes with Respect to Terms Offered (para 2.87 onwards))</p> <p>Cross-reference Accuracy (para 2.122 onwards)</p> <p>Definition of Premises (para 2.129 onwards)</p>
Interpretation and construction	<p>Definition of “<i>Premises</i>”</p> <p>Capitalisation of “<i>Premises</i>”</p>	2.3.25	2.3.25	2.4.25	2.3.23	<p>Definition of Premises (para 2.129 onwards)</p> <p>Definition of Premises</p>

Name of Condition/Part <sup>10</sup>	Change	Evolve	Kinecx	Phoenix	BGTL, PTL, WTL, GNI (UK)	Relevant Section of Decision Document
	[consequential to amended definition of this term]					(para 2.129 onwards)

## UR Consideration of Selected Key Points from Consultation Responses

### Level of Detail for Licence Requirements in Relation to Gas Delivery Facility Connections, Authority Direction, Flexibility and Timing of Licence Modifications

#### Summary of Consultation Responses

- 2.16 All respondents commented on timing of the licence modifications and inter-dependencies with wider the biomethane policy and market development:
- Evolve called for early and ongoing engagement on timelines and interaction with wider policy developments.
  - Kinecx was keen to see the licence modifications agreed and signed off at the earliest opportunity. Kinecx urged the UR to ensure that any licence conditions provide for a flexible and supportive approach, allowing industry to develop, whilst maintaining appropriate oversight.
  - Phoenix considered it premature for the licence modifications to be made at this stage when policy making and regulatory frameworks have yet to be established for biomethane injection, or indeed other renewable gases. Phoenix was concerned that by proceeding with the modifications ahead of:
    - ◆ the GNO report on potential options to alleviate network constraints; and
    - ◆ DfE policy on treatment of connection-related costs for biomethane production sites,the Utility Regulator would establish principles and develop a complex regulatory framework that will need to be reviewed and potentially changed in due course.
  - MEL highlighted that it will be essential for any future licence or code changes to be developed promptly if or when government policy and market activity on biomethane or other renewable gases progress.
  - GNI (UK) noted the ongoing work by DfE with respect to biomethane policy development and recognised that when finalised, further changes to the gas conveyance licences may be

required.

- GMO NI anticipated that additional licence changes will be required as biomethane policy continues to develop and highlighted the importance of implementing any future modifications promptly and effectively to support this evolution.

2.17 The DNOs (Distribution Network Operators) also commented on the flexibility provided by provisions for Authority direction with respect to the requirements for Gas Delivery Facility connections. DNOs suggested that such provisions could allow the GDF Connection Methodology Statement to evolve in line with biomethane policy and market development and allow for the prescriptive nature of the licence requirements – seen as premature and unnecessarily burdensome – to be reduced.

2.18 More specifically, with respect to *Condition 2.3.14* [Evolve, Kinecx]/*Condition 2.4.14* [Phoenix]/*Condition 2.3.12* [BGTL, PTL, WTL, GNI (UK)]: *Other provisions to be included in a GDF Connection Methodology Statement*:

- Evolve considered the level of detail incorporated into this condition to be excessive and unnecessary given powers for the Authority under *Condition 2.3.22* [Evolve, Kinecx]/*Condition 2.4.22* [Phoenix]/*Condition 2.3.20* [BGTL, PTL, WTL, GNI (UK)]: *Review and Revision of Statements – Direction by the Authority* to direct the Licensees to review and revise any statement in accordance with the requirements specified in the direction.
- Kinecx considered the prescriptive nature of this clause to be premature and unnecessarily burdensome for network operators. Kinecx urged the Utility Regulator to reconsider this and instead rely on its ability to issue directions, allowing the GDF Connection Methodology Statement to evolve in line with industry development. Kinecx referred to paragraph (b)(ii)(E) of *Condition 2.3.14* [Evolve, Kinecx]/*Condition 2.4.14* [Phoenix]/*Condition 2.3.12* [BGTL, PTL, WTL, GNI (UK)]: *Other provisions to be included in a GDF Connection Methodology Statement* which provides a facility to issue such directions.
- Phoenix considered that the powers for Authority direction under *Condition 2.3.22* [Evolve, Kinecx]/*Condition 2.4.22* [Phoenix]/*Condition 2.3.20* [BGTL, PTL, WTL, GNI (UK)]: *Review and Revision of Statements – Direction by the Authority* ensure strong regulatory oversight. Phoenix also considered that this removes the need for licences to contain unnecessary detail and requirements that may evolve or quickly become redundant as policy

development in support of the transition to a net zero economy continues. Phoenix used this argument, together with those listed in row 17 of *Annex H – Responses to Responses* in relation to duplication with existing arrangements and unrealistic expectations to substantiate its call for removal of paragraph (b) of Condition 2.3.14 [Evolve, Kinecx]/Condition 2.4.14 [Phoenix]/Condition 2.3.12 [BCTL, PTL, WTL, GNI (UK)].

- Phoenix was concerned that in looking to future-proof licences, the Utility Regulator may be stepping on the toes of ongoing policy development by DfE.

### UR Consideration

- 2.19 Gas conveyance licences are a regulatory instruments that entitle the licence holders to convey gas in certain areas, subject to certain conditions. These conditions are designed to ensure the licensed activities are undertaken in line with the legislative framework, and that the licence holders do not abuse of the natural monopoly position associated with the conveyance of gas through the network. As such, requirements onto the licence holders should in principle be set out in the licences.
- 2.20 Authority directions are another regulatory instrument through which the Authority can place requirements onto licence holders. They need to be underpinned by provisions (e.g. in legislation or licences) authorising the Authority to make such directions, and the scope of any direction must align with the scope of the underpinning provision.
- 2.21 The licence modification process is subject to the procedural requirements of Article 14 of the Gas (Northern Ireland) Order 1996, as amended from time to time (Gas Order), including with respect to timelines. As such, it is necessarily a lengthy process, not suited to change licence requirements at short notice.
- 2.22 Directions are not subject to the same legislative timeline requirements as licence modifications. They can be issued in a timely manner to need for them materialising and thus provide flexibility for dealing with uncertainty. For example, they can be a means for:
- Switching on and off certain licence requirements, subject to specific events occurring.
  - Providing (temporary) relief from specific licence obligations in case of exceptional events.
  - Refining licence obligations in a timely manner to account for changed circumstances or lessons learned, without the need to go

through a full licence modification process.

- 2.23 However, directions enhance complexity of the regulatory regime. For example, in order to understand the obligations on a licence holder, it may no longer be sufficient to consult the licence; where directions could apply, there is then also a need to consider the history of any related directions made. This is publicly available. However, having to potentially consult multiple sources of information could increase associated administrative burden and be seen as impacting negatively on transparency.
- 2.24 We thus consider that clearly setting out the obligations on licence holders in licences should be the norm; whilst directions have a role, their use should be minimised in so far as reasonable.
- 2.25 One of the main arguments for calling for requirements in relation to Gas Delivery Facility connections to be specified in Authority directions rather than directly in the licences was the need for flexibility given ongoing biomethane policy and market development.
- 2.26 We see the biomethane licence modifications as an important step to support and underpin these developments. In particular, the modifications:
- 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.
- 2.27 We do not agree that the making of the licence modifications at this stage is premature. With the first biomethane injection site in NI having become operational in November 2023, and GNOs engaging with interested parties on further potential connections, we consider that the

arrangements to facilitate such connections are sufficiently advanced for the present licence modifications to be drafted and made in a meaningful way.

- 2.28 Based on the above considerations we remain of the view that it is appropriate for relevant requirements in relation to Gas Delivery Facility connections which are known today to be included in the licence drafting itself rather than in separate directions., and we see no reason for the level of detail of requirements in relation to Gas Delivery Facility connections to be adjusted.
- 2.29 Flexibility mechanisms have been embedded in the present licence modifications which allow for the obligations on the licence holders to be refined – within the limits set out in the relevant licence conditions – without the need for licence modifications. Examples are the directions under:
- *Condition 2.3.3 [Evolve, Kinecx]/Condition 2.4.3 [Phoenix]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]: Statement of methodology for connection of Gas Delivery Facilities to the Network*, designed to facilitate temporary limitation of the extent to which requirements set out under this condition apply.
  - *Condition 2.3.14 [Evolve, Kinecx]/Condition 2.4.14 [Phoenix]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)]: Other provisions to be included in the GDF Connection Methodology Statement*, designed for the requirements set out under this condition to be refined as may be appropriate from time to time, e.g. to reflect lessons learned and policy developments.
  - *Condition 2.3.19 [Evolve, Kinecx]/Condition 2.4.19 [Phoenix]/Condition 2.3.17 [BGTL, PTL, WTL, GNI (UK)]: Calorific Value Management Statement*, designed to provide flexibility with respect to the timing from which onwards the requirements set out under this provision become applicable.
  - *Condition 2.3.22 [Evolve, Kinecx]/Condition 2.4.22 [Phoenix]/Condition 2.3.20 [BGTL, PTL, WTL, GNI (UK)]: Review and Revision of Statements – Direction by the Authority*, designed to ensure Connection Charging Methodology Statement, GDF Connection Methodology Statement and Calorific Value Management Statement remain appropriate and aligned with policy intent.
- 2.30 As policy and market development with respect to biomethane, or indeed other renewable gases, continue to progress, a need for further licence

modifications may still arise. If so, this will be addressed at the time through a further licence modification process, in line with standard regulatory practice; GNO engagement will form part of this.

- 2.31 We see no need to put the present licence modifications on hold until full clarity on future requirements has been achieved. Indeed, with arrangements being refined and lessons being learned as the market continues to develop, requirements may change over time and there may never be full clarity on future needs.
- 2.32 With the flexibility mechanisms that have been embedded in the licences and future licence modifications remaining a possibility, we do not agree that we "may be stepping on the toes of ongoing policy development by DfE" with the present licence modifications. Rather, we consider the modifications to be complementary to DfE's action<sup>11</sup> to support the sustainability of biomethane being utilised in the gas network.

### Definition of Gas Delivery Facility

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

##### Summary of Consultation Responses

- 2.33 Evolve suggested that, to improve readability of the licence, the definition for the term "Gas Delivery Facility" is simplified to read as follows:
- "means any building, structure, facility or pipeline from which gas is, or may be, introduced into the Network, but excluding any pipeline owned or operated by a licensee"* [highlights added, indicating differences to consultation drafting proposal].
- 2.34 For transparency and readability, Phoenix also suggested alternative wording for the definition as follows:
- "means any building, structure, facility or pipework from which gas is, or may be, introduced into the Network, but excluding any pipe-lines that are owned and / or operated by any licensee."* [highlights indicating differences to consultation drafting proposal].
- 2.35 Phoenix considered that:
- Including the term "*pipework*" in the definition would add clarity on pipes that are part of Gas Delivery Facilities being pipework.

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<sup>11</sup> [DfE: Energy Strategy, The Path to Net Zero Energy, Action Plan 2025, action 6.](#)

- Rewording the exclusion to read “*any pipe-lines that are owned and / or operated by any licensee*” adds clarity to the licence drafting whilst keeping in line with the definition of the term “*Network*” in Condition 1.1.6.

2.36 Phoenix also questioned under which circumstances a licence might be “*treated as granted*”, and the associated reasons and effects.

#### UR Consideration and Licence Drafting Update

2.37 We consider with respect to the definition of the term “*Gas Delivery Facility*” in Condition 1.1.6 that:

- The word “*pipe-line*” in “*means any building, structure, facility or pipe-line*” is necessary to clarify that a pipe-line could be part of Gas Delivery Facility; the word has hence been retained.
- Including the word “*pipework*”:
  - ◆ Could raise questions as to the classification of pipe forming part of a Gas Delivery Facility being classified as “*pipework*” or “*pipe-line*”; this could impact negatively on licence clarity;
  - ◆ Is not needed as “*pipework*” forming part of a Gas Delivery can be seen as being covered by the words “*any building, structure, facility*”.

The word has hence not been included.

- The words “*any pipe-line or pipe-line system from which gas is or may be conveyed by any person holding a licence granted under Article 8(1)(a) of the Order*” are more precise than the alternatives suggested by Evolve and Phoenix; they allow for more explicit alignment with the Gas Order and have hence been retained.
- The words “*(or treated as granted)*” are not needed as all gas conveyance licences in Northern Ireland have been granted under Article 8(1)(a) of the Gas Order; there are no circumstances where a gas conveyance licence is being treated as granted.

2.38 Examples where a licence might be treated as granted include situations where a licence is assigned, or where a new type of licence (different from a gas conveyance under Article 8(1)(a) of the Gas Order) is identified and the licence is split into two licences of different types.

2.39 Given that the gas conveyance licences, as currently drafted, do not consistently (and in case of the gas distribution licences not at all) contain

the insertion “(or treated as granted)” in other licence provisions where this might be relevant, a comprehensive licence review would then need to be undertaken in any case. We consider that for the time being, removing the insertion “(or treated as granted)” reduces drafting complexity and aligns the drafting more closely with that being used in the majority of other licence provisions referring to licence grants.

- 2.40 As highlighted in our consultation paper from paragraph 2.36 onwards, wording similarities in the definitions of *Gas Delivery Facility*” and the definition of the term *“Pipe-Line System”* had been designed to facilitate a clear differentiation between the two terms. We consider that this alignment should be maintained.
- 2.41 Accordingly, the words “(or treated as granted)” have been removed from:
- The definition of “*Gas Delivery Facility*” in Condition 1.1.6 [Evolve, Kinecx, Phoenix, BGTL, PTL, WTL, GNI (UK)]; and
  - The definition of “*Pipe-Line System*” in Condition 2.3.2 [Evolve, Kinecx]/Condition 2.4.2 [Phoenix]/Condition 2.3.1 [BGTL, PTL, WTL, GNI (UK)].
- 2.42 We consider that the drafting changes improve readability, clarity and transparency of licence drafting.

## **GDF Connection Methodology Statement – Condition Title and Name of Statement**

### **Condition 2.3.3 [Evolve, Kinecx]/Condition 2.4.3 [Phoenix]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]: Statement of methodology for connection of Gas Delivery Facilities to the Network**

#### Summary of Consultation Responses

- 2.43 Evolve considered the name of the statement to be provided under this condition to be misleading as the statement will not include connection charges or terms for connection; it will rather set out a methodology for connections. Evolve suggested changing the name for the statement from “*GDF Connection Charging Methodology Statement*” to “*Methodology Statement for Connection of Gas Delivery Facilities*”.
- 2.44 Kinecx considered that the title of the condition should be amended to be more reflective of the condition content. Kinecx noted that the condition does not relate to charges and terms for connection, but to the

methodology and principles upon which charges are to be determined.

- 2.45 Phoenix agreed that there should be no requirement for the statement to be produced under this condition to include charges. As the condition does not refer to connection charges or terms for connection, Phoenix suggested that the condition title is amended to “*Statement of connection methodology for connection of Gas Delivery Facilities to the Network*”. Similarly, the title of the statement to be produced under this condition should be changed to “*GDF Connection Methodology Statement*”.

#### UR Consideration and Licence Drafting Update

- 2.46 Pursuant to:

- Condition 2.3.3 [Evolve, Kinecx]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]; and
- Condition 2.3.14 [Evolve, Kinecx]/Condition 2.4.14 [PE]/Condition 2.3.12 [BGTL, PTL, WTL, GNI (UK)],

the statement to be produced under these conditions shall:

- Show the methods by, and principles on, which relevant charges (as further specified in the aforementioned conditions) are determined.
- Distinguish between different persons and classes of person for whom the Licensee proposes different charging methods and principles.
- Include the processes and procedures to be followed , and the information likely to be required, by the Licensee for the purposes of offering terms for the making and maintaining of a Gas Delivery Facility connection and the introduction of gas from the Gas Delivery Facility into the Network.

- 2.47 As neither terms nor charges for connection are to be covered in the statement, we have replaced, in the title of Condition 2.3.3 [Evolve, Kinecx]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)], the words “*connection charges and terms*” with “*methodology*” to read:

“*Statement of methodology for connection of Gas Delivery Facilities to the Network*, building on the suggestions made by Phoenix and Kinecx.

- 2.48 We note that whilst there is no requirement to include specific charges, charging methods and principles need to be covered in the statement.

Recognising the site-specific nature of Gas Delivery Facility connections, we will take a pragmatic approach to the level of detail to be provided.

- 2.49 Information not related to charging methods and principles needs to be included in the statement as well, such as process, procedures and information requirements for the offering of connection-related terms. On this basis, we have amended the title of the statement in paragraph (b) of Condition 2.3.3 [Evolve, Kinecx]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)] from “*GDF Connection Charging Methodology Statement*” to “*GDF Connection Methodology Statement*”, in line with the suggestion made by Phoenix.
- 2.50 We consider that this amended title also reflects the feedback received from Evolve, even if the wording differs from that which Evolve had proposed.
- 2.51 Consequential to the amendment of the statement title described in paragraph 2.49, we have updated references to the title of this statement elsewhere in Condition 2.3 [Evolve, Kinecx, BGTL, PTL, WTL, GNI (UK)]/Condition 2.4 [Phoenix] from “*GDF Connection Charging Methodology Statement*” to “*GDF Connection Methodology Statement*”, namely in:
- The title as well as paragraphs (a) and (b) of *Condition 2.3.14* [Evolve, Kinecx]/*Condition 2.4.14* [Phoenix]/*Condition 2.3.12* [BGTL, PTL, WTL, GNI (UK)]: *Other provisions to be included in a GDF Connection Methodology Statement*.
  - *Condition 2.3.20* [Evolve, Kinecx]/*Condition 2.4.20* [Phoenix]/*Condition 2.3.18* [BGTL, PTL, WLT, GNI (UK)]: *Authority’s approval of connection charging methodology statements*.
  - Paragraph (a) of *Condition 2.3.21: Publication of and compliance with statements prepared under this Condition 2.3* [Evolve, Kinecx]/*Condition 2.4.21: Publication of and compliance with statements prepared under this Condition 2.4* [Phoenix]/*Condition 2.3.19: Publication of and compliance with statements prepared under this Condition 2.3* [BGTL, PTL, WTL, GNI (UK)].
  - Paragraph (c) of *Condition 2.3.23* [Evolve, Kinecx]/*Condition 2.4.23* [Phoenix]/*Condition 2.3.21* [BGTL, PTL, WTL, GNI (UK)]: *Review and Revision of Statements – General*.
- 2.52 Furthermore, we have, in paragraph (b) of Condition 2.3.3 [Evolve, Kinecx]/Condition 2.4.3 [PE]/Condition 2.3.2 [BGTL, PTL, WTL, GNI (UK)]:
- Replaced the word “*paragraph*”:

- ◆ In the Evolve and Kinecx licences with “*Condition 2.3.3(b)*”.
- ◆ In the Phoenix licence with “*Condition 2.4.3(b)*”.
- ◆ In the BGTL, PTL, WTL and GNI (UK) licences with “*Condition 2.3.2(b)*”.
- Inserted after “*in accordance with the requirements specified in the direction*”:
  - ◆ In the Evolve and Kinecx licences the words “*given by the Authority under Condition 2.3.3(a)*”.
  - ◆ In the Phoenix licence the words “*given by the Authority under Condition 2.4.3(a)*”.
  - ◆ In the BGTL, PTL, WTL and GNI (UK) licences the words “*given by the Authority under Condition 2.3.2(a)*”.

2.53 The updated cross-references are more specific.

2.54 We consider that all the drafting changes discussed in this section improve clarity and accuracy of licence drafting.

## **Timelines for Provision of Specific Statement of Connection Charges**

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

#### Summary of Consultation Responses

- 2.55 MEL welcomed the change from 28 days to 6 months in paragraph (a), for provision of a specific statement of connection charges, and other terms of connection, in relation to a connection of a Pipe-Line System, Storage Facility or LNG (Liquefied Natural Gas) Facility to the network. MEL considered this to be a more realistic timeline.
- 2.56 MEL suggested adding, after “*receiving a request*”, the words “*in accordance with the requirements of the Connection Charging Methodology Statement*”. MEL considered that this would add clarity to the licence drafting; in practice there will usually be informal engagement on potential connections which may not constitute a request for connection or quotation charges under this condition.
- 2.57 MEL also suggested replacing “*28 days*” with “*6 months*” in paragraph (c), for consistency with paragraph (a) and to provide a realistic timeline for provision of a specific statement of connection charges, and other terms

of connection in relation to Premises (including meter) connections. MEL considered that it would be efficient for the Authority's assessment and the Licensee's work to be carried out sequentially, given the requirements for Authority approval of such connections, even if this means that processing of connection requests could take longer in aggregate.

- 2.58 MEL suggested furthermore adding an "*unless otherwise approved by the Authority*" conditional clause to cover scenarios where timings such as those contained in the licence cannot be met for reasons outside of the Licensee's control.
- 2.59 MEL clarified that in the cases covered by Condition 2.3.5, it would anticipate being able to deliver a concept design and feasibility study within 6 months. This would include an indicative cost within a margin of error; however, it cannot be expected to constitute a final firm connection offer cost.
- 2.60 GNI (UK) welcomed the extension from 28 day to 6 months for provision of a specific statement of connection charges, and other terms of connection, in relation to a connection of a Pipe-Line System, Storage Facility or LNG Facility to the network. GNI (UK) noted the complexity of such connections and associated long lead-times for provision of this information.

#### UR Consideration and Licence Drafting Update

- 2.61 We understand from the TSOs that, when contacted by a party interested in a connection of the types covered by Condition 2.3.5, TSOs typically have some preliminary engagement with this party, to make them familiar with the connection approach and methodology. If the party wishes to proceed to feasibility study and concept design, a formal connection request is to be submitted, as detailed in the Connection Charging Methodology Statements.
- 2.62 For the avoidance of doubt, we have, in line with MEL's suggestion, included:
- in paragraph (a) of Condition 2.3.5, after "*within 6 months of receiving a request*"; and
  - in paragraph (b) of Condition 2.3.5, after "*within 10 days of receiving a request for a connection to the Network*"

the words "*in accordance with the requirements of the Connection Charging Methodology Statement*".

- 2.63 This clarifies that the timelines in paragraphs (a) and (b) of Condition 2.3.5

begin when a formal connection request is received, the preliminary engagement on the connection does not fall under these timelines.

- 2.64 We consider that these drafting changes improve clarity and accuracy of licence drafting.
- 2.65 TSOs have indicated that, once the formal connection request has been received and – where required – Authority approval for the connection has been obtained, the next key stage in the connection process will be concept design and feasibility study. On this basis, connection terms and indicative costing can be provided. The indicative costing will have a margin of error; it may be subject to subsequent change and refinement as detailed design is developed and the project delivered.
- 2.66 The “*specific statement of connection charges, and other terms of connection, applicable to the request*” referred to in paragraphs (a) and (c) of Condition 2.3.5 are those that can be provided pursuant to concept design and feasibility study.
- 2.67 From the consultation responses and direct engagement with the TSOs, we understand 6 months from the formal connection request respectively Authority approval to be a realistic timeline for delivery of concept design and feasibility study. In line with MEL’s suggest, we have therefore replaced, in paragraph (c) of Condition 2.3.5, “28 days” with “6 months”.
- 2.68 We consider that this drafting amendment enhances the robustness of the regulatory framework: It removes a licence requirement that 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 amendment to impact negatively on the timelines within which any party raising a connection request can realistically expect this request to be progressed.
- 2.69 We do not see a need to introduce an “*unless otherwise approved by the Authority*” conditional clause with respect to the timelines set out in Condition 2.3.5 as we consider these timelines to be realistic. This is all the more the case as both MEL and GNI (UK) have had experience in recent years with connection requests to the high-pressure system.
- 2.70 We have, however, added, in paragraph (a) of Condition 2.3.5, the word “a” between “*in respect of*” and “*Pipe-Line System, Storage Facility or LNG Facility*”. Its omission from the tracked licence drafting in Annexes D to G to our consultation had been a typographical error.
- 2.71 We consider that this change enhances accuracy of licence drafting.

## **Consistency of Licence Section Heading and Content**

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

### Summary of Consultation Responses

- 2.72 Phoenix noted that the different paragraphs of this condition are designed to mirror the different types of connection identified in:
- *Condition 2.3.1 [Evolve, Kinecx]/Condition 2.4.1 [Phoenix]: Statement of connection charges and terms for connection of Premises to the Network; and*
  - *Condition 2.3.2 [Evolve/Kinecx]/Condition 2.4.2 [Phoenix]: Terms for connection of a Pipe-Line System to the Network.*
- 2.73 Phoenix considered that, with Condition 2.3.10 [Evolve, Kinecx]/Condition 2.4.10 [Phoenix] sitting within *Part B – Premises Connections – Other Requirements*, the inclusion of paragraph (c) in relation to Pipe-Line Systems was confusing and might better be captured in Condition 2.3.2 [Evolve/Kinecx]/Condition 2.4.2 [Phoenix].

### UR Consideration and Licence Drafting Update

- 2.74 In order to address the consultation feedback from Phoenix, we have, in Condition 2.3.10 [Evolve, Kinecx]/Condition 2.4.10 [Phoenix], removed paragraph (c) and replaced the semicolon at the end of paragraph (b) with a full stop.
- 2.75 We have furthermore, in Condition 2.3.2 [Evolve, Kinecx]/Condition 2.4.2 [Phoenix]:
- Renamed the drafting for this condition as proposed in the consultation into paragraph (a);
  - Inserted, in this paragraph (a), between “*the terms of such connection shall*” and “*be those agreed between the Licensee and the person requesting such a connection to the Network*” a comma, followed by:
    - ◆ In the Evolve and Kinecx licences the words “*subject to the requirements of Condition 2.3.2(b)*,”.
    - ◆ In the Phoenix licence the words “*subject to the requirements of Condition 2.4.2(b)*,”.
  - Inserted a new paragraph (b) as follows:

“*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) that own or operate (or proposes to own or operate) a Pipe-Line System and seek a connection of that system to the Network.”*

2.76 We consider that these changes enhance clarity and transparency of licence drafting.

### **Requirement to Offer Terms**

#### **Condition 2.3.15 [Evolve, Kinecx]/Condition 2.4.15 [Phoenix]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)]: Gas Delivery Facilities – Requirement to offer terms**

##### Summary of Consultation Responses

- 2.77 Phoenix had a significant concern that, with the obligations under this condition not being subject to Authority direction, it could be required to offer terms and conditions for connection of a Gas Delivery Facility which introduces into the network any gas that falls under the definition of gas in Article 3(2) of the Gas Order, even if – e.g. in case of a change to this Gas Order article – the preparatory work for developing the supporting regulatory framework may not yet have been undertaken by the Utility Regulator.
- 2.78 Phoenix was also concerned that, in looking to future-proof licences, the Utility Regulator may frustrate Gas Facility Delivery Operators by setting unreasonable expectations. For example, Gas Delivery Facility Operators might expect the terms and conditions referenced in this condition to be made readily available whereas these will largely be site-specific and therefore cannot be provided off-the-shelf.
- 2.79 Phoenix noticed a difference between:
- The proposed licence drafting as shown in Annexes A to G of our consultation on licence modifications, where the introductory sentence of paragraph (a) of this condition contains the disclaimer “*as soon as reasonably practicable*”; and
  - The consultation paper which in the section on reasons and effects of the proposed introduction of this condition refers to the words “*as soon as possible*”.
- 2.80 Phoenix asked for clarification of the reasons and effects of this different terminology for the disclaimer. Phoenix also commented that the disclaimer was needed to protect Phoenix from an obligation to offer terms before the relevant preparatory work for the making of such an

offer has been undertaken, given that the terms and conditions will largely be site-specific.

- 2.81 GNI (UK) was supportive of the approach to Gas Delivery Facility connections set out in this condition and the need to offer terms in an as soon as reasonably practicable way, as the site-specific nature of Gas Delivery Facility connections impacts on finalising the terms.

#### UR Consideration and Licence Drafting Update

- 2.82 Protection from the requirement to offer terms before the relevant preparatory work for the making of such an offer has been undertaken is offered through the words "*as soon as reasonably practicable*". This is also the wording that should have been used in the consultation paper instead of "*as soon as possible*". This protection also continues to apply if the definition of gas in Article 3(2) of the Gas Order changes.
- 2.83 We do not agree that the licence drafting sets unreasonable expectations which might frustrate Gas Delivery Facility Operators. They should not expect the terms in relation to Gas Delivery Facility connections to be made "*readily available*" if the licence obligation is to make them available "*as soon as reasonably practicable, following receipt of the information reasonably required*".
- 2.84 However, to address the concerns raised by Phoenix, we have also included in Condition 2.3.15 [Evolve, Kinecx]/Condition 2.4.15 [Phoenix]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)] a reference to the Authority direction designed to protect the licence holders from an obligation to cover hydrogen (blend) connections whilst readiness for facilitating hydrogen (blends) on the network has not (yet) been achieved: We have added, after "*Where the Licensee receives a request for a connection to be made to the Network of a Gas Delivery Facility*":
- In the Evolve and Kinecx licences the words "*of a category or type described or specified in any direction given by the Authority under Condition 2.3.3*".
  - In the Phoenix the words "*of a category or type described or specified in any direction given by the Authority under Condition 2.4.3*".
  - In the BGTL, PTL, WTL and GNI (UK) licences the words "*of a category or type described or specified in any direction given by the Authority under Condition 2.3.2*".
- 2.85 These amendments limit the obligation onto the licence holders to provide terms in relation to Gas Delivery Facility connections to those

categories and types of Gas Delivery Facilities which are to be covered by the GDF Connection Methodology Statement.

- 2.86 We consider that the licence drafting amendments thus enhance clarity, transparency and consistency of licence drafting.

### **Disputes with Respect to Terms Offered**

#### **Condition 2.3.15 [Evolve, Kinecx]/Condition 2.4.15 [Phoenix]/Condition 2.3.13 [BGTL, PTL, WTL, GNI (UK)]: Gas Delivery Facilities – Requirement to offer terms**

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

#### Summary of Consultation Responses

- 2.87 Evolve noted that both the Network Connection Agreement and Network Entry Agreement include dispute resolution processes allowing for dispute escalation and expert referral. Evolve thus did not see the need for an additional dispute resolution process under the licence. Evolve suggested that if this was considered necessary:
- It should be limited to circumstances where the Network Connection Agreement and Network Entry Agreement have not yet been executed.
  - The Licensee should be required to incorporate a dispute resolution process into the contractual arrangements.
- 2.88 Kinecx noted, in its comments to *Condition 2.3.24 [Evolve, Kinecx]/Condition 2.4.24 [Phoenix]/Condition 2.3.22 [BGTL, PTL, WTL, GNI (UK)]: Resolution of disputes by the Authority*, its concerns with respect to the proposed dispute resolution provisions overriding the dispute resolution process already embedded in the Network Connection Agreement. Given the technical nature of disputes, Kinecx considered that their resolution should rest with an appropriate expert as set out in the Network Connection Agreement. Kinecx requested further engagement with the Utility Regulator to determine the most suitable dispute resolution framework that respects existing contractual arrangements.
- 2.89 Phoenix had significant concerns with the proposed role of the Authority in relation to the determination of disputes involving Gas Delivery Facilities.

2.90 Phoenix noted that the terms and conditions for introducing biomethane into its network do not identify a dispute settlement role for the Authority. Rather, if Phoenix and the applicant are unable to reach agreement following escalation within each individual organisation, a jointly nominated expert will be called upon to make the final settlement. Phoenix was of the view that these arrangements recognise:

- The complexity of a Gas Delivery Facility connection and the need for a suitably qualified expert to settle a dispute on what is a detailed and technical contract; and
- The need to be able to choose different experts based on the matter under dispute.

2.91 Phoenix was concerned about the Authority being a sole expert for dispute resolution. Phoenix:

- Suggested to replace , in paragraph (b)(ii) of *Condition 2.3.15* [Evolve, Kinecx]/*Condition 2.4.15* [Phoenix]/*Condition 2.3.13* [BGTL, PTL, WTL, GNI (UK)]: *Gas Delivery Facility Connections – Requirement to offer terms*, the words “either the applicant or the Licensee may make an application to the Authority for the determination of the dispute” with “a dispute escalation procedure is available with either the applicant or the Licensee able to make an application for determination of the dispute”.
- Asked for paragraph (a)(ii) of *Condition 2.3.24* [Evolve, Kinecx]/*Condition 2.4.24* [Phoenix]/*Condition 2.3.22* [BGTL, PTL, WTL, GNI (UK)]: *Resolution of disputes by the Authority* to be removed.

#### UR Consideration and Licence Drafting Update

2.92 We understand that GNOs have embedded in the contractual arrangements such as Network Connection Agreement and Network Entry Agreement dispute resolution provisions; these will apply to the resolution of disputes arising under these arrangements once they have been agreed. The provisions for resolution of disputes in relation to connections by the Authority are not designed to cover such disputes.

2.93 A dispute in relation to Gas Delivery Facility Connections could also arise prior to such contractual agreements being entered into, e.g. in situations where the Gas Delivery Facility Operator and the relevant GNO fail to agree on the terms offered for the making and maintaining of the Gas Delivery Facility connection and/or the introduction of gas from the Gas Delivery Facility into the network. In such a situation, the dispute resolution arrangements set out in the contractual arrangements would

not be applicable. The dispute resolution role foreseen for the Authority in relation to Gas Delivery Facility connections is designed to cover such situations.

2.94 We consider this to be important in the fulfilment of our statutory duties, including in particular the designated regulatory gas objectives in Article 2 of the Energy (Northern Ireland) Order 2003, as amended from time to time (Energy Order).

2.95 The dispute resolution arrangements set out in:

- paragraph (b)(ii) of *Condition 2.3.15* [Evolve, Kinecx]/*Condition 2.4.15* [Phoenix]/*Condition 2.3.13* [BGTL, PTL, WTL, GNI (UK)]: *Gas Delivery Facility Connections – Requirement to offer terms*;
- paragraph (a)(ii) *Condition 2.3.24* [Evolve, Kinecx]/*Condition 2.4.24* [Phoenix]/*Condition 2.3.22* [BGTL, PTL, WTL, GNI (UK)]: *Resolution of disputes by the Authority*;

in the consultation are reflective of this: they refer to disputes in respect of the terms *offered* (rather than to disputes in respect of the terms accepted).

2.96 However, to address the consultation feedback received, we have amended the drafting of *Condition 2.3.15* [Evolve, Kinecx]/*Condition 2.4.15* [Phoenix]/*Condition 2.3.13* [BGTL, PTL, WTL, GNI (UK)] and *Condition 2.3.24* [Evolve, Kinecx]/*Condition 2.4.24* [Phoenix]/*Condition 2.3.24* [BGTL, PTW, WLT, GNI (UK)]: *Resolution of disputes by the Authority* to provide additional clarity on this matter.

2.97 We have also improved the alignment with respect to the terminology used throughout *Condition 2.3* [Evolve, Kinecx, BGTL, PTL, WTL, GNI (UK)]/*Condition 2.4* [Phoenix]: *Connection Charges and Obligation to Connect* with respect to references to:

- “*terms and conditions*” in
  - ◆ *Condition 2.3.12* [Evolve, Kinecx]/*Condition 2.4.12* [Phoenix]: *Connection Requirements (Premises connections)*.
  - ◆ *Condition 2.3.15* [Evolve, Kinecx]/*Condition 2.4.15* [Phoenix]/*Condition 2.3.13* [BGTL, PTL, WTL, GNI (UK)]: *Gas Delivery Facility Connections – Requirement to offer terms*.
- “*terms*” elsewhere in *Condition 2.3: Connection Charges and Obligation to Connect*.

- 2.98 More specifically, we have, in *Condition 2.3.15* [Evolve, Kinecx]/*Condition 2.4.15* [Phoenix]/*Condition 2.3.13* [BGTL, PTL, WTL, GNI (UK)]: *Gas Delivery Facility Connections – Requirement to offer terms*:
- Replaced, in paragraph (b)(i), the expression “*accepted terms and conditions are*” with “*agreement is*” before “*approved by the Authority*”.
  - Removed, in any remaining occurrences of the expression “*terms and conditions*” the words “*and conditions*”.
  - Inserted, in paragraph (b)(ii), after “*there is a dispute between the Licensee and the applicant in respect of the terms offered by the Licensee*” the words “*such that the applicant does not accept the offered terms*”.
- 2.99 Consequential to these changes, we have, in paragraph (a) of *Condition 2.3.12* [Evolve, Kinecx]/*Condition 2.4.12* [Phoenix]: *Connection Requirements (Premises connections)*, changed “*accepts the Licensee’s terms and conditions*” to read “*accepts the connection terms offered by the Licensee*”.
- 2.100 For better readability, we have also, in the same condition, in paragraph (a) inserted commas before and after “*in respect of which the connection is to be made*”.
- 2.101 In addition, we have, in *Condition 2.3.24* [Evolve, Kinecx]/*Condition 2.4.24* [Phoenix]/*Condition 2.3.24* [BGTL, PTW, WLT, GNI (UK)]: *Resolution of disputes by the Authority*, in paragraph (a):
- Inserted, just before sub-paragraph (i), the words “*in respect of the terms of an agreement offered by the Licensee to, and not accepted by, that person for:*”
  - In sub-paragraph (i), replaced the words “*in respect of connection terms offered by the Licensee to that person for such a connection to the Network*” with “*a connection to be made*”.
  - Removed, in sub-paragraph (ii), just before paragraph (aa), “*in respect of the terms offered by the Licensee for:*” as well as the preceding comma.
- 2.102 We consider that these changes enhance clarity, transparency and consistency of licence drafting.

## **Calorific Value Management Statement – Duplication with Existing Arrangements and Implementation Timelines**

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

### Summary of Consultation Responses

- 2.103 Evolve noted that the content proposed to be covered in the Calorific Value Management Statement was duplicative of existing arrangements such as the:
- Distribution Network Code which sets out gas entry conditions in Annex G1, is published and approved by the Authority.
  - Network Connection Agreement with respect to propanisation requirements to ensure a common Calorific Value is maintained across the network.
  - Network Entry Agreement with respect to further specific Calorific Value requirements.
- 2.104 Evolve considered that this creates a risk of inconsistencies if the documents are not updated in parallel.
- 2.105 Evolve was not clear on the value the publication of the Calorific Value Management Statement at present and asked for further engagement before any related direction by the Authority.
- 2.106 Evolve considered that the Calorific Value Management Statement could be relevant in the future and suggested postponing the requirement for it until further details have been determined on the Future Billing Methodology project which the gas TSOs plan to undertake.
- 2.107 Kinecx pointed to the Calorific Value management arrangements embedded within the Distribution Network Code and the Network Entry Agreement and noted that any future changes to these arrangements would be subject to a formal modification process with Authority approval. Kinecx considered the requirement to publish and seek approval for a separate Calorific Value Management Statement to be an additional administrative burden for both UR and network operators at no additional value and suggested this licence condition is removed.
- 2.108 Phoenix was concerned about future-proofing licences when the regulatory framework is still under development. Phoenix did not consider the proposed requirement for a Calorific Value Management Statement being subject to Authority direction to be sufficient. Phoenix suggested that this condition is deleted until findings of projects such as the Future Billing Methodology one are known, including how these may

impact gas suppliers (e.g. could varying Calorific Value measurements be supported) and consumers.

- 2.109 MEL saw the Calorific Value Management Statement bringing value in terms of consistency of approach.
- 2.110 MEL suggested that the issuing of a direction requiring a Calorific Value Management Statement should not precede the completion of the phase 1 options assessment of the envisaged Future Billing Methodology project which should provide useful input to the direction.

#### UR Consideration and Licence Drafting Update

- 2.111 We recognise the engagement that has been taken place with the GNOs to establish the Calorific Value management arrangements currently in place. However, we do not agree that this removes the need for the introduction of the licence condition: Detailing Calorific Value Management arrangements in the Distribution Network Code and in contractual arrangements between the GNO and the Gas Delivery Facility Operator does not make them accessible to interested parties, including consumers who might seek to understand the arrangements in place to ensure a Gas Delivery Facility connection does not disadvantage them from a billing perspective.
- Contractual documents such as the Network Connection Agreement and Network Entry Agreement are not envisaged to be publicly available.
  - The Network Codes, whilst published, are technical in nature and would be hard to follow for interested parties such as consumers.
  - The Gas Entry Conditions as set out in Annex G1 of the Distribution Network Codes<sup>12</sup> are insufficient to provide the required assurance for consumers; injected gas could be in line with the specification set out in that annex, yet there could still be a Calorific Value differential between gas downstream of the injection point and that prevailing on the network which might disadvantage downstream customers.
- 2.112 However, as specific responsibilities and information requirements for Gas Delivery Facility Operators in relation to Calorific Value management will be set out in detail in their respective contractual arrangements, we see no need to replicate these in the Calorific Value Management Statement. We have therefore removed, in paragraph (b) of Condition 2.3.19 [Evolve,

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<sup>12</sup> The equivalent arrangements for the gas high-pressure networks are set out in the gas specification in Appendix 3 of the NI Network Gas Transmission Code.

Kinecx]/Condition 2.4.19 [Phoenix]/Condition 2.3.17 [BGTL, PTL, WTL, GNI (UK)], after “such information as is required by”, the words “Gas Delivery Facility Operators and”.

- 2.113 We consider that this drafting change will minimise duplication of information – and associated risk of inconsistencies – between the Calorific Value Management Statement and other documents such as the Network Connection Agreement, Network Entry Agreement and potentially Network Codes.
- 2.114 The removal of the requirement for the Calorific Value Management Statement to set out information as is required by Gas Delivery Facility Operators for the purposes of carrying out their respective responsibilities does in our view not impact negatively on the suitability of the Calorific Value Management Statement to address information needs of the wider public, including consumers, prospective Gas Delivery Facility Operators who might not yet be at the stage of engagement on contractual arrangements, and other interested parties.
- 2.115 Rather, the drafting change might increase such suitability through enhancing clarity and transparency of the Calorific Value Management Statement: Technical information that is relevant to Gas Delivery Facility Operators only, which could make the document more difficult to understand for other parties, does not need to be included.
- 2.116 As detailed in section *Level of Detail for Licence Requirements in Relation to Gas Delivery Facility Connections, Authority Direction, Flexibility and Timing of Licence Modifications*, we do not consider that the making of the licence modifications with respect to Gas Delivery Facility connections (including those to Condition 2.3.19 [Evolve, Kinecx]/Condition 2.4.19 [Phoenix]/Condition 2.3.17 [BGTL, PTL, WTL, GNI (UK)]) at this stage is premature.
- 2.117 The obligations under this condition being subject to Authority direction provides for the flexibility to activate them at an appropriate point in time. This will be established with consideration of the timelines for the Future Billing Methodology work by the GNOs and of biomethane policy development.

### **Condition Structure and Clarity**

**Condition 2.3.21 [Evolve, Kinecx]: Publication of and compliance with statements prepared under this Condition 2.3/Condition 2.4.21: Publication of and compliance with statements prepared under this Condition 2.4 [Phoenix]/Condition 2.3.19: Publication of and compliance with statements prepared under this**

## Condition 2.3 [BGTL, PTL, WTL, GNI (UK)]

### Summary of Consultation Responses

- 2.118 Phoenix suggested merging paragraph (b) of this condition into paragraph (a) for clarity, i.e.:

*"(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 2.4;*

*(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 2.4;"*

should read instead:

*"(a) implement and comply with the Connection Charging Methodology Statement, the GDF Connection Charging Methodology Statement, and the Calorific Value Management Statement, in each case as approved by the Authority under and in accordance with any provision of this Condition 2.4;"* [highlights indicating proposed drafting changes].

### UR Consideration and Licence Drafting Update

- 2.119 To address the comments received from Phoenix, we have made the drafting change as proposed and shown in red in paragraph 2.118 and renumbered the paragraphs accordingly.
- 2.120 In line with the considerations set out in section *GDF Connection Methodology Statement – Condition Title and Name of Statement*, and in difference to the drafting shown in paragraph 2.118, the words "*GDF Connection Charging Methodology Statement*" in paragraph (a) read "*GDF Connection Methodology Statement*".
- 2.121 We consider that this drafting change improves clarity and accuracy of licence drafting.

## Cross-reference Accuracy

### Condition 2.3.24 [Evolve, Kinecx]/Condition 2.4.24 [Phoenix]/Condition 2.3.22 [BGTL, PTL, WTL, GNI (UK)]: Resolution of disputes by the Authority

### Summary of Consultation Responses

- 2.122 Phoenix suggested that paragraph (b) should reference paragraph (a)(i)

for clarity and, more specifically, that

" (b) Any dispute referred to the Authority pursuant to *Condition 2.4.24(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 [...]*"

should read instead:

"(b) Any dispute referred to the Authority pursuant to *Condition 2.4.24(a)(i) which [...]*" [highlights indicating proposed drafting changes]

#### UR Consideration and Licence Drafting Update

2.123 Paragraph (b) of Condition 2.3.24 [Evolve, Kinex]/Condition 2.4.24 [Phoenix]/Condition 2.4.22 [BGTL, PTL, WTL, GNI (UK)] covers disputes that may be referred by the Authority to the Consumer Council for Northern Ireland investigation. As set out in paragraphs 3.382 and 3.383 of our consultation document, we consider this:

- To be appropriate for disputes relating to Premises and meter connections;<sup>13</sup>
- Not to be appropriate for connections that do not involve end users, i.e. connections of Gas Delivery Facilities, Pipe-Line Systems as well as, where relevant (i.e. currently only for high-pressure licences) Storage Facilities and LNG Facilities.

2.124 Paragraph (a) of Condition 2.3.24 [Evolve, Kinex]/Condition 2.4.24 [Phoenix]/Condition 2.4.22 [BGTL, PTL, WTL, GNI (UK)] sets out the circumstances under which a dispute in relation to connections can be raised with the Authority for determination. Paragraph (a)(i) covers disputes in relation to connections where the person entitled (or claiming to be entitled) to the connection is not a Gas Delivery Facility Operator, paragraph (a)(ii) covers those where that person is a Gas Delivery Facility Operator.

2.125 Thus,

- Any connections in relation to which disputes may be referred to the Consumer Council for Northern Ireland by the Authority are covered in paragraph (a)(i).

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<sup>13</sup> 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.

- The scope of paragraph (a)(i) is wider than disputes in relation to Premises and meter connections; it also extends to disputes in relation to connections of Pipe-Line Systems as well as, where relevant (i.e. currently only for high-pressure licences) Storage Facilities and LNG Facilities.

2.126 We have therefore:

- Amended the cross-reference in paragraph(b) to be more specific and point to paragraph (a)(i) rather than paragraph (a).
- Retained the words “*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)*” in paragraph (b) (but with the term “*Premises*” now being capitalised, see section Definition of Premises for further details); these are needed as without them, disputes in relation to Pipe-Line Systems, Storage Facilities and LNG Facilities could also be subject to referral by the Authority to the Consumer Council for Northern Ireland.

2.127 The updated cross-reference is more specific and aligns more closely with the drafting in paragraph (c)(i) which refers to disputes which are not referred to the Consumer Council for Northern Ireland and also references paragraph (a)(i).

2.128 We consider that the cross-reference update improves clarity, accuracy and consistency of licence drafting.

## Definition of Premises

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

#### Summary of Consultation Responses

2.129 Evolve, Kinecx and Phoenix all saw a risk of confusion with the word “*premises*” being defined in Condition 2.3 [Evolve, Kinecx, BGTL, PTL, WTL, GNI (U)]/Condition 2.4 [Phoenix] specifically with respect to that condition and also being used elsewhere in the licences. Kinecx and Phoenix suggested using alternative terminology, with Phoenix proposing the term “*property*”.

#### UR Consideration and Licence Drafting Update

2.130 In response to the DNO comments, we have updated, throughout

Condition 2.3 [Evolve, Kinecx, BGTL, PTL, WTL, GNI (UK)]/Condition 2.4 [Phoenix] the term “*premises*” to the capitalised version “*Premises*”.

2.131 For the gas distribution licences, this change has affected:

- *Condition 2.3.1 [Evolve, Kinecx]/Condition 2.4.1 [Phoenix]: Statement of connection charges and terms for connection of Premises to the Network.*
- *Condition 2.3.5 [Evolve, Kinecx]/Condition 2.4.5 [Phoenix]: The Connection Charging Methodology Statement to give likely indication of costs.*
- *Condition 2.3.10 [Evolve, Kinecx]/Condition 2.4.10 [Phoenix]: Prohibition on undue discrimination in relation to connections.*
- *Condition 2.3.11 [Evolve, Kinecx]/Condition 2.4.11 [Phoenix]: Obligation to Connect Premises.*
- *Condition 2.3.12 [Evolve, Kinecx]/Condition 2.4.12 [Phoenix]: Connection Requirements (Premises connections).*
- *Condition 2.3.13 [Evolve, Kinecx]/Condition 2.4.13 [Phoenix]: No obligation to connect Premises.*
- *Condition 2.3.23 [Evolve, Kinecx]/Condition 2.4.23 [Phoenix]: Review and Revision of Statements – General.*
- *Condition 2.3.24 [Evolve, Kinecx]/Condition 2.4.24 [Phoenix]: Resolution of disputes by the Authority.*
- *Condition 2.3.25 [Evolve, Kinecx]/Condition 2.4.25 [Phoenix]: Interpretation and construction.*

2.132 For the gas high-pressure licences, this change has affected:

- *Condition 2.3.1: Statement of connection charges and terms for connection (other than of Gas Delivery Facilities) to the Network [BGTL, PTL, WTL, GNI (UK)].*
- *Condition 2.3.4: The Connection Charging Methodology Statement to give likely indication of costs [BGTL, PTL, WTL, GNI (UK)].*
- *Condition 2.3.5: Connection and Quotation Requests [BGTL, PTL, WTL, GNI (UK)].*
- *Condition 2.3.7: Prohibition on undue discrimination in relation to connections [BGTL, PTL, WTL, GNI (UK)].*

- *Condition 2.3.8: Connection of Premises – Requirement for Authority Approval* [BGTL, PTL, WTL, GNI (UK)].
- *Condition 2.3.9: Requests for Connection of Premises – Obligation to Connect* [BGTL, PTL, WTL, GNI (UK)].
- *Condition 2.3.21: Review and Revision of Statements – General* [BGTL, PTL, WTL, GNI (UK)].
- *Condition 2.3.22: Resolution of disputes by the Authority* [BGTL, PTL, WTL, GNI (UK)].
- *Condition 2.3.23: Interpretation and construction* [BGTL, PTL, WTL, GNI (UK)].

2.133 In the NI gas conveyance licences, capitalisation of a specific term is used as an indication that this is a defined term (even though not every defined term is capitalised). The drafting update is in keeping with this practice.

2.134 This change visualises the difference between the term “*Premises*” as used in Condition 2.3 [Evolve, Kinecx, BGTL, PTL, WTL, GNI (UK)]/Condition 2.4 [Phoenix] and “*premises*” as used elsewhere in the licences and defined in the Gas Order, without departing from the established terminology for this type of connections.

2.135 Furthermore, we have, in all gas conveyance licences, in the definition of the term “*Premises*”:

- removed the colon and paragraph numbering;
- removed the semicolon after the word “*Network*”; and
- replaced the subsequent word “*and*” with “*but*”

so that the drafting of the definition reads more naturally.

2.136 We consider that the licence drafting changes described in this section improve clarity, accuracy and consistency of licence drafting.

### 3. DECISION

#### Decision and Effective Date

3.1 Our decision is to modify the gas conveyance licences of:

- SGN Evolve Network Ltd;
- Kinecx Energy Limited;
- Phoenix Energy Group Ltd;
- Belfast Gas Transmission Limited;
- Premier Transmission Limited;
- West Transmission Limited; and
- GNI (UK) Limited

as indicated in the notices contained in Annexes A to G to this decision document and set out in redline format in Schedule 1 of these annexes.

3.2 The licence modifications shall have effect on and from 27 May 2026.

#### Summary of Key Changes from Consultation

3.3 In coming to our decision, we have carefully considered the responses duly made to our consultation on the licence modification proposal. As a result, we have made some drafting amendments, including:

- Simplification of the definition of the terms “*Gas Delivery Facility*” and “*Pipe-Line System*”.
- Updating the term “*GDF Connecting Charging Methodology Statement*” to “*GDF Connection Methodology Statement*”.
- Capitalisation of the term “*Premises*” and alignment of drafting references to “*terms*” in the context of *Condition 2.3* [Evolve, Kinecx, BGTL, PTL, WTL, GNI (UK)]/*Condition 2.4* [Phoenix]: *Connection Charges and Obligation to Connect*.
- In the gas high-pressure licences:
  - ◆ Being more specific about the timeline requirements for requesting Authority approval of connections (where needed) and providing a specific statement of connection

charges, and other terms of connection for connections.

- ◆ For connections requiring Authority approval, replacing the 28-day timeline for provision of a specific statement of connection charges, and other terms of connection with a 6-months timeline from approval being granted.
- Updating the provisions on dispute resolution in relation to Gas Delivery Facility connections to be more explicit that these arrangements relate to situations where the applicant for the connection and the Licensee fail to agree on the terms offered.
- Explicitly limiting the requirement to offer terms in relation to Gas Delivery Facility Connections to those categories or types of Gas Delivery Facilities described or specified in an Authority direction.
- Removing the requirement for the Calorific Value Management Statement to cover information required by Gas Delivery Facility Operators for the carrying out of their activities, given that such information will be set out in detail in their respective contractual arrangements.
- Structural changes, correction of typographical errors and cross-reference updates to be more specific.

3.4 These drafting changes are designed to:

- Minimise duplication of information – and associated risk of inconsistencies – between the newly introduced Calorific Value Management Statement and other documents.
- Enhance the robustness of the provisions for connection and quotation requests in relation to connections of Premises and meters, Pipe-Line Systems, Storage Facilities and LNG Facilities.
- Further enhance clarity and transparency, accuracy as well as consistency of licence drafting.

## **Summary of Key Reasons for the Modifications**

3.5 The key reasons for the 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:
  - ◆ Charging methodologies and principles in relation to such connections.
  - ◆ The obligation to connect in relation to such connections.
- 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 terms in relation to connection and access to the network.

## **Summary of Key Effects of the Modifications**

3.6 We consider that the 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.
- Protection of consumer interests, including with respect to billing implications associated with access for gas from renewable energy sources to the network.
- 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.

## ANNEXES

Table 3 below provides an overview over the annexes to this decision document.

**Table 3: Overview over annexes**

Annex Number	Annex Name
Annex A	SGN Evolve Network Ltd – Notice under Article 14(8)-(10)
Annex B	Kinecx Energy Limited – Notice under Article 14(8)-(10)
Annex C	Phoenix Energy Group Ltd – Notice under Article 14(8)-(10)
Annex D	Belfast Gas Transmission Limited – Notice under Article 14(8)-(10)
Annex E	Premier Transmission Limited – Notice under Article 14(8)-(10)
Annex F	West Transmission Limited – Notice under Article 14(8)-(10)
Annex G	GNI (UK) Limited – Notice under Article 14(8)-(10)
Annex H	Responses to Responses
Annex I	Evolve Consultation Response
Annex J	Kinecx Consultation Response
Annex K	Phoenix Consultation Response
Annex L	MEL Consultation Response
Annex M	GNI (UK) Consultation Response
Annex N	GMO NI Consultation Response