

Last Modified 16th November 2007

BRITISH GAS TRADING LIMITED

**CONDITIONS FOR A LICENCE FOR THE
SUPPLY OF GAS IN NORTHERN IRELAND**

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SUPPLY OF GAS IN NORTHERN IRELAND**

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TERM AND GRANT OF LICENCE

Licence granted under Article 8 of the Gas (Northern Ireland) Order for the supply of gas

The Grant

1. **Grant of Licence**

The Department, in exercise of the powers conferred by Article 8(1) of the Gas (Northern Ireland) Order 1996 (the "Order") grants to British Gas Trading Limited (the "Licensee") a licence to supply gas in the area and to the persons specified in Schedule 1 during the period specified in paragraph 3 below, subject to the Conditions set out in Parts 1 and 2 and the Schedules annexed hereto.

2. **Modification and Revocation of Conditions**

The Conditions referred to above are subject to modification or amendment in accordance with their terms and/or with Articles 14, 17, 17A and 18 of the Order and/or with any provision for the modification of the same in the Energy (Northern Ireland) Order 2003. The licence is further subject to the terms as to revocation specified in Schedule 2 annexed hereto.

3. **Term of Licence**

The licence granted shall come into force on 5th September 1996 and, unless revoked in accordance with the terms specified in Schedule 2, shall continue in force until determined by not less than 25 years notice in writing given by the Department to the Licensee, such notice not to be served earlier than 1st January 2007.

5th September 1996

D Gibson

Deputy Secretary

Department of Economic Development

PART 1

GENERAL CONDITIONS APPLICABLE TO THE LICENCE HOLDER

Condition 1.1: Interpretation and Construction

1.1.1 Interpretation Act (Northern Ireland) 1954 and Gas (Northern Ireland) Order 1996

Unless the contrary intention appears:

- (a) words and expressions used in the licence shall be construed as if they were in an enactment and the Interpretation Act (Northern Ireland) 1954 applied to them;
- (b) references to an enactment shall include subordinate legislation and in both cases any statutory modification or re-enactment thereof after the date when the licence comes into force; and
- (c) words and expressions defined in the Gas (Northern Ireland) Order 1996 or the Energy (Northern Ireland) Order 2003 shall have the same meaning when used in the licence.

1.1.2 General Rules of Construction

Unless otherwise specified:

- (a) any reference to a numbered Part or Schedule is a reference to the Part or Schedule bearing that number;
- (b) any reference to a numbered Condition is a reference to the Condition bearing that number in the Part in which the reference occurs and within any Condition a reference to "this Condition" shall be to the whole of the Condition under its heading;
- (c) any reference to "the Conditions" means the Conditions to which the licence is subject and references to "any Conditions" and to any cognate expression shall be construed accordingly;

- (d) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Part, Condition or Schedule in which the reference occurs; and
- (e) (without prejudice to any provision which restricts such variation, supplement or replacement) any reference to any agreement, licence (other than this licence), code or other instrument shall include a reference to such agreement, licence, code or other instrument as varied, supplemented or replaced from time to time.

1.1.3 Headings

The heading or title of any Part, Condition, Schedule or paragraph shall not affect the construction thereof.

1.1.4 Time Related Obligations

Where any obligation of the Licensee is expressed to require performance within a specified time limit that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform within the time limit).

1.1.5 Natural Persons

These Conditions shall have effect as if, in relation to a licence holder who is a natural person, for the words "it", "its" and "which" there were substituted the words "he", "his" or "whom" and cognate expressions shall be construed accordingly.

1.1.6 Definitions

Except where expressly stated to the contrary and unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

"amount"	in relation to gas means the energy content thereof expressed in therms or kilowatt hours; except that, with effect from 1 January 2000, it means the said content expressed in kilowatt hours;
“auditors”	means the Licencee’s auditors for the time being holding office in accordance with the requirements of the Companies Act 1985;
"authorisation of persons"	means the power of the Licensee to authorise persons, pursuant to Schedule 5 of the Order;
“Authority”	means the Northern Ireland Authority for Energy Regulation;
"balancing"	means (in relation to a Network Operator and its network and any relevant period for balancing under the Network Operator's network code), taking such measures as may be available to the Licensee, in particular, measures: <ul style="list-style-type: none">(i) affecting the relationship between deliveries of gas to and offtakes of gas from that network during that period; and(ii) to maintain pressures in the network at levels;

	which will not, in the reasonable opinion of the Network Operator, prejudice interests of safety or efficiency in that or any subsequent relevant period;
"company"	means a company within the meaning of Article 3 of the Companies (Northern Ireland) Order 1986 or any other body corporate;
"consumer"	means any person supplied with gas by the Licensee or by any other licence or exemption holder ;
"day"	means a period beginning at 6 am on one day and ending immediately before 6 am on the following day and "daily" shall be construed accordingly;
"Department"	means the Department of Enterprise, Trade and Investment;
"Energy Order"	means the Energy (Northern Ireland) Order 2003;
"exemption holder"	means the holder of an exemption under Article 7 of the Order;
"exercise of powers of entry"	means the Licensee entering any premises, in accordance with the powers conferred by Schedule 5(2) of the Order;
"General Consumer Council"	means the General Consumer Council for Northern Ireland;
"Grant"	means the commencing section of this licence;
"information"	includes documents, accounts, estimates, returns, reports or other information;

"licence"	means the Grant together with Parts 1 and 2 (incorporating the standard conditions of licence applicable to gas suppliers shipping gas across designated networks referred to in Part 3A) and Schedules 1 and 2;
"Licensee"	means British Gas plc;
"Network"	“means all the pipe-lines (as defined by the Gas (Northern Ireland) Order 1996, and shall also include any plant, equipment or apparatus used for, or for any purposes connected with, the conveyance of gas) within the Licensed Area that are owned and/or operated by any licensee, which pipe-lines shall, in the case of conveyance to consumer’s premises and for the purposes of this definition, be deemed to terminate immediately prior to the inlet of the first gas meter at such premises:”
"Network Code"	means that document so described and published by a Network Operator by virtue of the licence granted to the Network Operator under Article 8 of the Order;
"Network Operator"	means a person licensed to convey gas under Article 8 of the Order and who is conveying gas for the Licensee;
"Order"	means the Gas (Northern Ireland) Order 1996;
"person"	means any company, firm, partnership, association, body corporate or individual.

"Separate Business"

means each of the activities of the Licensee connected with:

- (a) the conveyance of gas by means of a transmission pipe-line pursuant to a licence granted in accordance with Article 8(1)(a) of the Order;
- (b) the conveyance of gas by means of a distribution pipe-line pursuant to a licence granted in accordance with Article 8(1)(a) of the Order;
- (c) the storage of gas pursuant to a licence granted in accordance with Article 8(1)(b) of the Order;
- (d) the supply of gas pursuant to this licence;
and
- (e) the supply of gas pursuant to a licence (other than this licence) granted in accordance with Article 8(1)(c) of the Order;

each taken separately from one another and from any other business of the Licensee or any affiliate or related undertaking of the Licensee, but so that where all or any part of any such business is carried on by an affiliate or related undertaking of the Licensee (save in respect of an affiliate or related undertaking which has a separate licence or exemption), such part of the business as is carried on by that affiliate or related undertaking shall be

consolidated with any other such business of the Licensee (and of any other affiliate or related undertaking of the Licensee) so as to form a single Separate Business.

1.1.7 Singular/plural

The terms defined under Condition 1.1.6 shall include the singular and the plural, as the context requires.

1.1.8 Application

The Conditions shall only apply to the activities of the Licensee carried out in Northern Ireland.

Condition 1.2: Provision of Information to the Authority

1.2.1 Furnishing information

Subject to Conditions 1.2.2 and 1.2.3 below, the Licensee shall furnish to the Authority, in such manner and at such times as the Authority may reasonably require, such information as the Authority may reasonably require or as may be necessary for the purpose of performing:

- (a) the functions assigned to it by or under the Order or the Energy Order; and
- (b) any functions transferred to it under the Order or the Energy Order.

1.2.1A The Licensee shall provide the Authority with access to its annual accounts, in such manner and at such times as the Authority shall reasonably require.

1.2.2 Licensee to comment on accuracy of information

This Condition shall not apply in respect of any function of the Authority under Articles 14 (1) (a) and 27 of the Order or under Article 7 of the Energy Order but the Licensee shall, if requested by the Authority, give reasoned comments on the accuracy (so far as it relates to its licensed activities), of any information or advice which the Authority proposes to publish pursuant to Article 7 of the Energy Order.

1.2.3 Condition 1.2 exclusive of other powers to require information

The power of the Authority to call for information under this Condition is in addition to the power of the Authority to call for information under or pursuant to any other Condition or Schedule.

1.2.4 Condition 1.2 and other powers to require information

Where the Licensee is or can be required to provide information to the Authority under any Condition other than this Condition, there shall be a presumption that the provision of that information in accordance with the Condition in question is sufficient for the purposes of that Condition, but that presumption shall be rebutted and shall not limit the right of the Authority to call for further information under Condition 1.2.1 if it states in writing that in its opinion such information is, or is likely to be, necessary to enable it to exercise functions under the Condition in question.

1.2.5 Limitation on obligation to furnish information

This Condition shall not require the Licensee to furnish any information which the Licensee could not be compelled to produce or give in evidence in civil proceedings in the High Court.

Condition 1.2A: Separate accounts for Separate Businesses

1.2A.1 Financial years

For the purposes of this Condition each financial year of the Licensee shall run from 1 April to the following 31 March.

1.2A.2 Separate Business Accounting

This Condition applies for the purposes of ensuring that the Licensee (in conjunction with any affiliate or related undertaking of the Licensee) maintains internal accounting and reporting arrangements which:

- (a) enable separate financial statements to be prepared for each Separate Business and showing the financial affairs of each such Separate Business; and
- (b) facilitate the avoidance of discrimination, cross-subsidisation or distortion of competition between the Licensed Business and any other business of the Licensee.

In this regard the Licensee shall not be required to prepare such financial statements as if they were annual accounts (in relation to each Separate Business) prepared under Article 236 of the Companies (Northern Ireland) Order 1986, but shall be required to prepare such accounts in accordance with this Condition.

1.2A.3 Separation of Internal Accounts

The Licensee shall keep proper books of account and records in such a form that the revenues and costs, assets and liabilities of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee from those of any other business. Then the Licensee shall, so far as is reasonably practicable, prepare for each Separate Business on a consistent basis from its accounting records in respect of each financial year, financial statements comprising:

- (a) a profit and loss account;

- (b) a statement of net assets at the end of the period;
- (c) a cash flow statement for the period with a reconciliation to the financial statements specified in sub-paragraphs (a) and (b) above; and
- (d) a balance sheet.

1.2A.4 Apportionment

The financial statements prepared under Condition 1.2A.3 shall set out and fairly present the costs (including depreciation), revenues, assets employed and liabilities of, or as may be reasonably attributable to, each Separate Business and showing separately and in appropriate detail the amounts of any revenue, cost, asset or liability which has been:

- (a) charged from or to any other business of the Licensee (or of any affiliate or related undertaking of the Licensee): and/or
- (b) apportioned between that Separate Business and any other business (such apportionment to be undertaken in accordance with the basis of apportionment approved by the Authority in accordance with Condition 1.2A.5),

together with a description of the charge or basis of apportionment.

1.2A.5 Basis of apportionment

The Licensee shall, before the financial year commencing on 1 April [2008], notify the Authority of the basis of apportionment that it proposes to use for the financial statements in respect of each Separate Business for that financial year, and:

- (a) the basis of apportionment in respect of those financial statements shall be the basis proposed by the Licensee unless the Authority following consultation with the Licensee gives a direction requiring the use of any other basis; and
- (b) except in so far as the Authority consents to the Licensee doing so the Licensee shall not change any basis of charge or apportionment used in the financial statements in respect of any Separate Business for any financial year subsequent to the financial year commencing

on [1 April 2008] from the basis used in the financial statements in respect of that Separate Business for that financial year.

1.2A.6 Auditor's Reports

In respect of each set of financial statements prepared in accordance with this Condition in respect of a financial year, the Licensee shall:

- (a) procure a report by the auditors and addressed to the Authority stating whether in their opinion that set of financial statements have been properly prepared in accordance with this Condition and give a true and fair view of the revenues, costs, assets and liabilities of, reasonably attributable to, the Separate Business to which they relate; and
- (b) use its reasonable endeavours to procure a report by the auditors and addressed to the Authority verifying that the internal accounting and financial reporting arrangements of the Licensee are implemented in such a way as to ensure that there is no discrimination, cross-subsidisation or distortion of competition between the Separate Business and any other business of the Licensee..

1.2A.7 Copies of accounts and auditor's reports to be provided to the Authority

The licensee shall provide the Authority with a copy of each set of financial statements and auditor's reports required under this Condition as soon as reasonably practicable and in any event not later than six months after the end of the financial year.

1.2A.8 Form of financial statements

Financial statements prepared for the purposes of this Condition shall, so far as reasonably practicable and unless other wise approved by the Authority having regard to the purposes of this Condition:

- (a) conform to UK generally accepted accounting principles and practises:
- (b) state the accounting policies adopted; and

- (c) be so prepared to a level of detail as may be reasonably required by the Authority and so that they may be reconciled with the published accounts of the Licensee under the [Companies (Northern Ireland) Order 1986].

1.2A.9 Publication of Accounting Statements

The Authority may direct the Licensee to publish such accounting statements and reports (including but not limited to an auditor's report) as the Licensee is required to deliver to the Authority under this Condition 1.2A with the annual accounts of the Licensee.

1.2A.10 Construction of "costs or liabilities"

References in this Condition to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation, capital liabilities which do not relate principally to a particular Separate Business, and interest therein; and references to any accounting statement shall be construed accordingly.

1.2A.11 Additional Definition

"UK generally accepted accounting principles and practises" means the principles and practises prevailing from time to time in the United Kingdom which are generally regarded as permissible or legitimate by the accountancy profession irrespective of the degree of use.

1.2A.12 The Licensee shall set out in notes to its annual accounts any transactions relating to any Separate Business over £500,000 with related undertakings.

For the purpose of this Condition 1.2A.12, a "related undertaking" is:

- (a) any company in respect of which the Licensee (or its parents or subsidiaries) holds 20% or more of the shares;
- (b) any company in respect of which the Licensee (or its parents or subsidiaries) has the right to appoint or remove a majority of the members of the board and is at the same time either a shareholder in that company or controls, pursuant to a shareholder's agreement, a majority of voting rights in that undertaking.

1.2A.13 Separate accounts for different classes of consumer

The Authority may, from time to time, direct that the definition of “Separate Business” is, for the purposes of this Condition 1.2A, modified so that the activities of the Licensee connected with the supply of has to such class, or classes, of consumer as may be designated in the direction shall each be treated as a Separate Business.

Condition 1.3: Consultation with the General Consumer Council

1.3.1 Policy statements for General Consumer Council

The Licensee shall in due time consult with the General Consumer Council in the formulation of:

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

and shall:

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

Condition 1.4: Powers of Entry

1.4.1 Arrangements for powers of entry

The Licensee shall, unless it has done so before being licensed, within six months of the licence coming into force:

- (a) submit to the Authority a statement of its proposed arrangements in respect of the matters mentioned in Condition 1.5;
- (b) if within 30 days of such submission the Authority notifies the Licensee that, in its opinion, the arrangements are not sufficient for the purposes of Condition 1.5, make changes to the arrangements requisite to secure compliance with such conditions as are specified by the Authority; and
- (c) make such arrangements;

and the arrangements so made in this Condition and in Condition 1.5 are referred to as "the arrangements".

1.4.2 Changes in arrangements for extensions to licence

In the event of an extension of the licence, the Licensee shall ensure that the arrangements remain sufficient for the purposes of Condition 1.5 and shall make, subject to Condition 1.4.3, any necessary changes.

1.4.3 Consent of Authority to changes

The Licensee shall not make any material change to the arrangements except with the consent of the Authority, which consent shall not be unreasonably withheld and shall be deemed to have been given, unless refused in writing within 2 months of receipt by the Authority of the application to make a material change by the Licensee.

Condition 1.5: Authorisation of Persons

1.5.1 Steps to be included in the arrangements

The arrangements shall comprise all reasonable steps:

- (a) for securing that no person is authorised for the purpose of any provision of Schedule 5 to the Order unless in the reasonable opinion of the Licensee he is a fit and proper person to enjoy the rights conferred by that provision;
- (b) for securing that any person authorised for the purpose of any provision of Schedule 5 to the Order possesses appropriate expertise to perform the particular task that he will be required to undertake under the provision in question;
- (c) for securing that a member of the public may readily confirm the identity or authority of a person authorised for the purpose of any provision of Schedule 5 to the Order;
- (d) for securing that identity cards, uniforms, liveried vehicles and other things conveying evidence of authority or identity in relation to the Licensee are not misused; and
- (e) for securing that all persons authorised by the Licensee comply with the provisions for entry where any justices' warrant is issued under Schedule 5 paragraph 6 to the Order.

1.5.2 Licensee not to authorise a person to exercise any powers of entry unless steps described in the arrangements above are complied with

The Licensee shall not authorise any person to exercise any powers of entry conferred by Schedule 5 to the Order unless the steps provided for in the arrangements described in Condition 1.5.1(a), (b) and (c) have been complied with and it appears to the Licensee that he is such a fit and proper person.

1.5.3 Licensee to take reasonable steps to keep relevant persons informed

Except in so far as the Authority otherwise consents, if in respect of any premises any person so authorised is an officer or employee of an agent of the Licensee, the Licensee shall take reasonable steps to inform and keep informed all persons to whom the information is relevant including any other licence holders, naming the agent in question and shall give that information in a verifiable and authoritative manner.

1.5.4 Information provided in invoice

It shall be a sufficient compliance with Condition 1.5.3 for the information to be given on or with an invoice or account which is rendered to a consumer within four months of the appointment of an agent being made or varied.

Condition 1.6: Exercise of Powers of Entry

1.6.1 Licensee to avoid undue disturbance

In exercising the powers of entry conferred on it by Schedule 5 to the Order, the Licensee shall avoid undue disturbance to owners or occupiers of premises as a result of visits being made to their premises by persons authorised by the Licensee.

1.6.2 Construction of Condition 1.6.1

In this Condition any reference to the conferring on the Licensee of powers of entry under Schedule 5 to the Order or to the exercise of such powers shall be construed as a reference to the conferring on a person authorised by the Licensee of such powers and the exercise by such an authorised person of those powers.

Condition 1.7: Modifications

1.7.1 Modification of Licence Conditions

The Conditions of this licence are subject to modification in accordance with their terms or with Articles 14, 17, 17A or 18 of the Order or with any provision for the modification of the same in the Energy Order.

Condition 1.8: Assignment of Licence

1.8.1 Licensee's ability to assign its licence

For the purposes of Article 12 of the Order, the Licensee with the prior consent of the Authority may assign the licence generally or so far as relating to any specified persons or premises.

1.8.2 Matters affecting an assignment

In deciding whether to give its consent under Condition 1.8.1 the Authority shall apply those criteria contained in Article 12(3) of the Order, and any consent shall be subject to compliance with the matters determined by the Authority under Article 12(4) of the Order.

1.8.3 Authorised assignment

The Licensee is authorised to assign the licence where the assignment is required by or made pursuant to or under any enactment or statutory transfer scheme.

1.8.4 Licensee may not otherwise assign its licence

Save as the Licensee is authorised to assign the licence under this Condition 1.8, the Licensee may not otherwise assign the licence without the consent of the Authority.

Condition 1.9: Transfer of Business

1.9.1 Restrictions on transfer of business

Subject to Condition 1.9.2, the Licensee shall not transfer to another person (the "transferee") all or part of any of its business being carried out under the licence unless:

- (a) the Authority is satisfied that the transferee:
 - (i) is or will be licensed to carry out the relevant business from the proposed date of the transfer; and
 - (ii) will have the technical and financial capability to comply with the conditions of the licence (subject to any modifications pursuant to Condition 1.9.1(b)) in respect of the relevant business; and
- (b) if the licence contains additional conditions which, in the opinion of the Authority, are for the purpose of protecting the interests of consumers, the transferee has given the Authority its consent (in order to give continued effect to those additional conditions) to the modification of the conditions of the licence by way of the insertion of like conditions or ones to the like effect, taking account of the purpose of such conditions, and the Licensee has consented to the modification of such additional conditions in order to give continued effect to the purpose of such conditions.

1.9.2 Exception to Condition 1.9.1

Nothing in this Condition shall prevent the Licensee from transferring all or the relevant part of its business to the assignee where the Authority has consented to the assignment of all or the relevant part of the licence under Article 12 of the Order or the Licensee has assigned all or the relevant part of the licence in accordance with Condition 1.8.

Condition 1.10: Payment of Fees

1.10.1 Licensee to pay annual fee

In respect of each year, beginning with the date of the Grant for the first year and 1st April for each subsequent year, during which the licence is in force, the Licensee shall pay to the Authority fees of the amounts specified in or determined under the following paragraphs of this Condition ("the annual fees") except that where the licence is in force for part only of such a year, the fees in respect of that year shall be the proportionate part of the annual fees.

1.10.2 Date of Payment

Within 30 days of the Authority giving the Licensee notice of the sum due, the Licensee shall pay to the Authority such fee as the Authority shall determine in respect of the year commencing on the date of the Grant and ending on 31st March 1997, and for each subsequent year commencing on the 1st April the fees payable by the Licensee under this Condition shall be payable by the Licensee within 30 days of the Authority giving the Licensee notice of the sums due.

1.10.3 Amount of annual fee

In respect of the year beginning on 1st April 1997 and in each subsequent year, within 30 days of the Authority giving the Licensee notice of the sum due, the Licensee shall pay to the Authority a fee which is the aggregate of the following amounts:

- (a) an amount equal to the proportion which the Authority shall determine in relation to the licence of the amount estimated by the Authority, according to a method which has previously been disclosed in writing to the Licensee, as likely to be its costs during the year in question (i) in the exercise of its functions under the Order and the Energy Order in relation to the holders of licences granted under Article 8(1)(c) of the Order and (ii) in connection with the establishment of the Authority and the transfer to the Authority of the functions, property, rights and liabilities of the Director;

- (b) an amount equal to the proportion which the Authority shall determine in relation to the licence of an amount notified to the Authority by the General Consumer Council and approved by the Department as being the General Consumer Council's estimate of its likely costs during the year in question in the exercise of the functions relating to gas assigned to it by or under the Order and the Energy Order and any other such functions as it has been or may be required to exercise by the Authority, or, in the event that the Authority shall not have received such notification by 31 July in the year in question, an amount equal to the said proportion of an amount being the Authority's estimate of such likely costs (having regard to any estimate of such costs in any forward work programme published by the General Consumer Council in respect of the year in question);
- (c) an amount which is a proportion as determined by the Authority of the amount estimated by the Authority (in consultation with the Competition Commission) as having been incurred in the -year immediately preceding the 1st April of the year in question by the Competition Commission in connection with references made to it under Article 15 of the Order with respect to the licence or any other licence granted under Article 8(1)(c) of the Order; and
- (d) the difference (being a positive or negative amount), if any, between:
 - (i) the amount of the fee paid by the Licensee in respect of the year immediately preceding the 1st April of the year in question in relation to the licence less any refund paid to the licensee in respect of that year under paragraph 1.10.4 below; and
 - (ii) the amount which that fee would have been in respect of that year had the amount comprised therein under Condition 1.10.3(a) been calculated by reference to the total costs of the Authority in connection with its functions under the Order and its function in relation to gas under the Energy Order (or where that year commenced on 1st April 2002, the total costs of the Director including, without limitation, any costs incurred by the Director in preparation for the establishment of the Authority, the transfer to the Authority of the

functions, property, rights and liabilities of the Director and the abolition of the office of the Director), and the proportion thereof actually attributable to the licence such total costs being apportioned in each case as determined by the Authority according to a method previously disclosed in writing to the Licensee.

1.10.4 In respect of each year beginning on the 1st April 1998 and for each subsequent year, the Authority may pay the licensee an amount (“the refund”) calculated in accordance with the method previously disclosed in writing to the licensee and by reference to the difference between:

- (a) the proportion of the licence fee for that year paid by the licensee which is attributable to the Authority’s estimate in accordance with paragraphs 1.10.3(a) and the estimate of the General Consumer Council or the Authority (as appropriate) in accordance with paragraph 1.10.3(b) : and
- (b) the Authority’s reasonable revised estimate of those costs (taking account of any revised estimate of the costs referred to in paragraph 1.10.3(b) which is approved by the Department and notified to the Authority by the General Consumer Council);

provided that any such refund shall be paid to the licensee on or before 31st March in the year to which the licence fee relates.

1.10.5 Definition for the purposes of this Condition

In this Condition 1.10, the “Director” means the Director General of Gas for Northern Ireland.

Condition 1.11: Notices

1.11.1 Notices

All notices to be given under any Condition shall be in writing and shall be deemed to have been properly given if delivered in person or sent by registered mail or transmitted by facsimile to the relevant party at the address set out below or at such other address as that party may from time to time specify in writing to the others:

Licensee:

British Gas Trading Limited
Millstream East
Maidenhead Road
Windsor
Berkshire
SL4 5GD
Facsimile Telephone Number: 01753 431150

Authority:

Northern Ireland Authority for Energy Regulation
Brookmount Buildings
42 Fountain Street
Belfast
BT1 5EE
Facsimile Telephone Number (02890) 311740)

Department:

Department of Enterprise, Trade and Investment
Energy Division
Netherleigh House
Massey Avenue
Belfast
BT4 2JP
Facsimile Telephone Number (02890) 529549

1.11.2 Receipt

Any notice given under the provisions of Condition 1.11.1 shall be deemed to have been duly delivered and received:

- (i) at the actual time of delivery, if delivered personally;
- (ii) three (3) working days subsequent to the date of posting, if sent by registered mail;
and
- (iii) at the time of receipt, if transmitted by facsimile where there is confirmation of uninterrupted transmission by a transmission report and provided that the original of the notice is then delivered personally or sent by registered mail as soon as reasonably practicable.

PART 2
CONDITIONS APPLICABLE TO THE SUPPLY OF GAS BY
THE LICENCE HOLDER

Condition 2.1: Security and Continuity of Supply

2.1.1 Licensee to maintain its financial affairs

The Licensee shall at all times maintain its financial affairs in such a way so as not to prejudice the conduct of its licensed business and shall at the request of the Authority provide the Authority with such information as the Authority may reasonably request to be satisfied of the above.

2.1.2 Licensee to maintain supply demand match

The Licensee shall at all times act to maintain the balance of its supplies of gas and demands for gas such that it can maintain a continuous and reliable supply of gas to its existing consumers from time to time, and without prejudice to the generality of the foregoing can meet all such demands for gas in accordance with the security standard.

2.1.3 Security Standard

The security standard means:

- (a) the availability of a supply of gas which would at least equal the daily firm demand which, having regard to historical weather and other data derived from at least the previous 50 years, is likely to be exceeded (whether on one or more days) only in 1 year out of 20 years; and
- (b) the availability of supplies of gas over a year which, having regard to such data as aforesaid, is likely to be exceeded only in 1 year out of 50 years.

2.1.4 Additional Definitions:

In this Condition:

"daily firm demand" means the peak aggregate daily demand for gas by the Licensee's consumers from time to time which might reasonably be expected after the Licensee had interrupted or reduced the supply of gas to each consumer to the extent that it was entitled to do so under its contract with that consumer; and

"year" means a period of 12 months beginning with 1st October;

Condition 2.2: Use of the Network

2.2.1 Compliance with the Network Code

The Licensee shall:

- (a) comply with the provisions of every Network Code in so far as applicable to it; and
- (b) act in a reasonable and prudent manner in the use it makes of the Network.

provided that the Authority may (following consultation with the Network Operator responsible for the relevant Network Code) issues directions relieving the Licensee from its obligation under Condition 2.1.1(a) in respect of such parts of a Network Code and to such extent and subject to such conditions as may be specified in those directions.

2.2.2 Particular compliance obligations

Without prejudice to the generality of Condition 2.2.1, the Licensee shall enter into arrangements with the relevant Network Operator for the conveyance of the Licensee's supplies of gas in accordance with the Network Operator's network code and the Licensee shall not knowingly or recklessly pursue any course of conduct (either alone or with some other person) which is likely to prejudice:

- (a) the safe and efficient operation, from day to day, by the Network Operator of its Network; or
- (b) the efficient balancing by the Network Operator of its Network; or
- (c) the due functioning of the arrangements provided for in the Network Code.

2.2.3 Information not intentionally to mislead

The Licensee shall not knowingly or recklessly act in any manner likely to give a false impression to the Network Operator as to the amount of gas to be delivered by the Licensee on a particular day to that Network Operator's Network or as to the amount of gas to be comprised in its off takes of gas there from on that day.

Condition 2.3: Charges for Gas and Other Terms for the Supply of Gas

2.3.1 Sales of Gas to Premier Power

The Licensee shall not without the prior written consent of the Authority materially revise or amend any of the terms of the contract existing at the date of the Grant to which it is a party for the supply of gas to the Ballylumford power station.

Condition 2.4: Supply and Inspection of Meters

2.4.1 Provision of meters to consumers

The Licensee shall make such arrangements with the relevant Network Operator for the provision of a gas meter by the Network Operator to any consumer to whom the Licensee supplies gas of an appropriate type for registering the quantity of gas supplied by the Licensee to that consumer.

2.4.2 Regular inspections

The Licensee shall use all reasonable endeavours to ensure that at the commencement and cessation of the supply by the Licensee and in the meantime at intervals of not more than two years an inspection of the meter and any associated installation shall take place in accordance with Condition 2.4.3.

Condition 2.5: Emergencies

2.5.1 Application to Network emergencies

Condition 2.5.2 shall apply:

- (a) in the case of an escape, or suspected escape, of gas; or
- (b) in the case of a Network emergency, that is to say, where the circumstances are such that, in the opinion of the Network Operator:-
 - (i) the safety of the Network or any part of the Network is significantly at risk; or
 - (ii) the safe conveyance of gas by the Network is significantly at risk; or
 - (iii) the gas conveyed by the Network is at such a pressure or of such a quality as to constitute, when supplied to premises, a danger to life or property; and

that opinion is not manifestly unreasonable.

2.5.2 Licensee to use best endeavours

Where this Condition applies, the Licensee shall use its best endeavours to comply with all requests made by the Network Operator (save those which are manifestly unreasonable) for the purpose of, as may be appropriate:

- (a) averting or reducing danger to life or property; or
- (b) securing the safety of the Network or the safe conveyance of gas thereby or reducing the risk thereto.

Condition 2.6: Provision of Information Requested by Other Licence or Exemption Holders

2.6.1 Provision of information

The Licensee shall provide information reasonably requested by any relevant licence or exemption holder for the purpose of enabling it to fulfil its licence obligations to draw up plans for the safe operation, development or maintenance of any pipe-line system and as it may reasonably request for the purpose of preventing or detecting theft of gas.

2.6.2 Prejudicial to commercial interests of Licensee

The Licensee shall be entitled to refuse to provide information on the grounds that its disclosure would seriously and prejudicially affect the commercial interests of the Licensee unless and until the Authority, by notice in writing given to the Licensee, directs it to provide such information on the ground that the provision thereof is necessary for the purpose of Condition 2.6.1 above.

2.6.3 Civil proceedings

This Condition shall not require the Licensee to produce any documents or give any information which it could not be compelled to produce or to give in evidence in civil proceedings before the court.

2.6.4 Effective arrangements

Condition 2.6.1 shall not apply in respect of any person licensed or authorised by exemption to convey gas which has not established, whether in pursuance of a licence condition or otherwise, effective arrangements designed to secure that information provided in pursuance thereof, is not communicated, directly or indirectly, to another person licensed or authorised by exemption, to supply gas.

Condition 2.7: Maintenance of Records

2.7.1 Recorded information

The Licensee shall hold in an appropriate form recorded information, insofar as the Licensee is able to acquire it, as to:

- (a) the premises to which gas has been supplied by the Licensee during the relevant period;
- (b) insofar as the Licensee has been furnished with the information, the ownership of the meter(s) installed at the premises referred to in Condition 2.7.1(a) for ascertaining the quantity of gas supplied to the premises by means of that system during the relevant period;
- (c) any information contained in a notice given to the Licensee under any regulations made by the Authority under Article 22 of the Order during the relevant period; and
- (d) any information which has been provided to the Licensee by any other licence or exemption holder whether directly or indirectly pursuant to the conditions of his licence or exemption.

2.7.2 Additional definition

The "relevant period" means the preceding five years or such shorter period to which the Authority may consent in respect of any of the above requirements.

Condition 2.8 Safety of Supplies

2.8.1 Duty to inform consumers

The Licensee shall keep each of its consumers informed:

- (a) that an escape, or suspected escape, of gas should be reported immediately; and
- (b) of a telephone number which should be used for that purpose.

2.8.2 Means of discharging obligation

The Licensee may discharge the duty imposed by Condition 2.8.1 by providing the requisite information to each of its consumers:

- (a) on the occasion of the consumer first commencing to take a supply from the Licensee; and
- (b) either:
 - (i) where bills in respect of charges for the supply of gas are rendered to the consumer, on a quarterly basis (it being sufficient that the information is included on or with any bill); or
 - (ii) where no bills in respect of charges for the supply of gas are rendered to the consumer, on an annual basis, and by publishing such information in such manner as will in the opinion of the Licensee secure adequate publicity for it.

2.8.3 Emergency telephone number

The Licensee shall:

- (a) inform a consumer of the telephone number for the service referred to in Condition 2.8.1(b) if so requested; and
- (b) in so far as is practicable, take steps to inform each of its consumers of any change to such telephone number prior to such change becoming effective.

Condition 2.9 Reading, Inspection and Testing of Meters

2.9.1 Obligation to inspect

The Licensee shall use all reasonable endeavours to ensure that at intervals of not more than 2 years an inspection of the meter and associated installation at any premises for which it is the gas supplier shall take place in accordance with this Condition 2.9.

2.9.2 Supplier for less than two years

Where the Licensee has supplied a premises for less than 2 years, the period of 2 years referred to in Condition 2.9.1 shall be deemed to expire on such date as is specified for that purpose in a notice given to the Licensee by the relevant Network Operator and which has been submitted to the Licensee at least 4 months in advance of the deemed expiry date.

2.9.3 Inspections

An inspection under this Condition 2.9.3 shall be carried out by a person possessing appropriate expertise and shall include the following tasks:

- (a) reading the meter;
- (b) inspecting the meter and associated installation for evidence of any damage to, interference with or tampering of the meter or of the associated installation;
- (c) inspecting the meter and that installation for any evidence that the meter has not continuously been in position for the purpose of registering the quantity of gas supplied;
- (d) arranging for information in respect of any gas leakage identified in the vicinity of the meter to be passed on in accordance with the Gas Safety (Management) Regulations (Northern Ireland) 1997 as if the Licensee had been informed thereof;
- (e) inspecting the meter for any evidence of deterioration which might affect its due functioning or safety; and

- (f) where necessary and subject to the consent of the owner of the meter, changing any batteries in the meter.

2.9.4 Report to Network Operator

The Licensee shall ensure that the results of each inspection undertaken in accordance with this Condition are reported promptly to the relevant Network Operator.

Condition 2.10 The Supply Meter Point Agreement

2.10.1 Establishing Supply Meter Point Agreement

The Licensee shall, within [twelve] months of this condition coming into force and in conjunction and co-operation with all other suppliers, prepare, maintain and be party to a form of agreement to be known as the Supply Meter Point Agreement, as may be designated by the Authority for the purposes of this condition generally, being a document:

- (a) designed to facilitate achievement of the relevant objectives set out in Condition 2.10.4; and
- (b) including the modification procedures and other matters required by Conditions 2.10.5.

2.10.2 Compliance with Supply Meter Point Agreement

The Licensee shall comply with the relevant provisions of the Supply Meter Point Agreement.

2.10.3 Parties to the Supply Meter Point Agreement

The Supply Meter Point Agreement shall be an agreement made between:

- (a) the Licensee acting in its capacity as a licensed gas supplier;
- (b) all other gas suppliers to whom this condition applies; and
- (c) such other persons as are necessary parties (as collectively determined by the gas suppliers that are party to the agreement).

2.10.4 Relevant objectives

The relevant objectives referred to in Condition 2.10.1 are:

- (a) the development, maintenance and operation of efficient, coordinated and economical arrangements and systems of communications between all parties for the implementation of, and compliance with, the change of supplier process as set out in the Network Code of each Network Operator;
- (b) the furtherance of effective competition between gas suppliers and between relevant agents;
- (c) the promotion of efficiency in the implementation and administration of the Supply Meter Point Agreement; and
- (d) so far as is consistent with sub-paragraphs (a), (b) and (c), the efficient discharge of the Licensee's obligations under this Licence.

2.10.5 Contents of Supply Meter Point Agreement

The Supply Meter Point Agreement shall contain:

- (a) provisions for admitting as an additional party to the Supply Meter Point Agreement any person who accepts the terms and fulfils the conditions (each as specified in the Supply Meter Point Agreement) on which accession to the Supply Meter Point Agreement is offered;
- (b) provisions for the Licensee to refer to the Authority for determination, whether of its own motion or as provided in the Supply Meter Point Agreement, any dispute which shall arise as to whether a person seeking to be admitted as a party to the Supply Meter Point Agreement has fulfilled any accession conditions and, if the Authority determines that the person seeking admission has fulfilled all relevant accession conditions, for admitting such person as a party to the Supply Meter Point Agreement;

- (c) arrangements enabling modification of the Supply Meter Point Agreement:
 - (i) so as to better facilitate the achievement of the relevant objectives as set out in paragraph 2.10.4; and
 - (ii) following consultation with the parties, or representatives of the parties, to that agreement and other interested parties;
- (d) provisions (which shall be approved in advance by the Authority) by virtue of which specified parts of the Supply Meter Point Agreement shall not be capable of modification without the prior approval of the Authority;
- (e) provisions enabling parties to the Supply Meter Point Agreement to appeal against any modification, proposed pursuant to the arrangements established in accordance with paragraph (c) above, of the Supply Meter Point Agreement to the Authority for determination;
- (f) provisions for the Authority to be furnished with a copy of any modification which is made; and
- (g) provisions for a copy of the Supply Meter Point Agreement to be provided to any person requesting the same upon payment of an amount not exceeding the reasonable costs of making and providing such a copy.

Condition 2.11 Provision of Information to Consumers

2.11.1 Transparent information

The Licensee shall ensure that any contract it enters, or offers to enter, into with a consumer for a supply of gas contains provisions which are in clear, comprehensible and accessible language and which are equitable and incorporate all relevant information so as to enable the consumer or potential consumer to understand the terms under which the supply of gas is, or is to be, made.

2.11.2 Obligation to provide bill

The Licensee shall send to each of its consumers (save for a consumer paying by pre-payment meter) a bill on at least an annual basis.

2.11.3 Requirements for each bill

The Licensee shall ensure that every bill it sends to a consumer shall, as a minimum, include the following:

- (a) the meter reading, and the date of that meter reading, either as taken or estimated by the Licensee or as provided by the consumer, on which the charges shown on the bill are calculated (the “current meter reading”);
- (b) the meter reading, and the date of the meter reading, shown on the last bill (if any) provided to the consumer (the “previous meter reading”); and
- (c) the amount of gas calculated to have been consumed between the date of the current meter reading and the date of the previous meter reading (using such meter readings as the basis for the calculation).

2.11.4 Estimated information

Where the Licensee provides a bill showing an estimated current meter reading, the Licensee shall provide the consumer with details of how the consumer can:

- (a) read his own meter (to be known as a self read); and
- (b) register the self read with the Licensee, in order for the Licensee to send the consumer a bill reflecting the self read.

2.11.5 Actual readings

The Licensee shall use all reasonable endeavours to take an actual meter reading in respect of each of its consumers (save for a consumer paying by pre-payment meter) on at least an annual basis.

PART 3A
STANDARD CONDITIONS APPLICABLE TO GAS SUPPLIERS SHIPPING GAS
ACROSS DESIGNATED NETWORKS

Part 3A of the Licence incorporates the standard conditions of licence applicable to gas suppliers shipping gas across designated networks set out in Part 3A of the standard of licences for the supply of gas.

Condition 3A.1 : Interpretation And Construction

DEFINITIONS FOR SUPPLIER POSTALISATION LICENCE CONDITIONS

Interpretation and Construction

Definitions

In Part 3A of this Licence, except where expressly stated to the contrary and unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

“Business Day”	means a day, other than a Saturday or Sunday, on which banks are open for ordinary banking business in Belfast;
“Credit Committee”	means the committee which is convened and operates in accordance with the “Terms of Reference”;
“Designated Network”	means such parts of a Designated Pipe-line Operator’s Network as is or are designated from time to time pursuant to the Designation Order;
“Designated Pipe-line Operator”	means a person licensed to convey gas under Article 8(1)(a) of the Order for the Licensee through the Postalised System;
“Designation Date”	means the date specified in a Designation Order on which any part of a Designated Pipe-line Operator’s Network through which the Licensee is entitled to have gas conveyed shall be designated as postalised;
“Designation Order”	means an order made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003 designating gas plant comprised within the Network as being subject to a common tariff;
“Exit”, “Exiting”	or forms thereof, refers to the offtaking of gas at an Exit Point;
“Exit Point”	means a point on the Designated Network at which gas is offtaken from the Designated Network by the Licensee, which is not a Transit

	Point and which constitutes an Exit Point under the Network Code;
“Firm Capacity”	means, at any relevant time in respect of a Gas Supplier, capacity (in KWh/day) held at such time by such Gas Supplier on a firm basis in respect of an Exit Point in accordance with the provisions of the Network Code and in respect of a Gas Year (or any part thereof); except that if any Minimum Capacity Value in respect of such period and such Gas Supplier is greater than such allocated capacity then the Firm Capacity deemed to be held by such Gas Supplier shall be that Minimum Capacity Value;
“Forecast Supplier Quantity”	means the quantity of gas which the Licensee forecasts it will Exit from a Designated Network in a given period, provided that, if in relation to the Licensee such quantity is less than any applicable Minimum Quantity Value, the Forecast Supplier Quantity in relation to the Licensee shall be such Minimum Quantity Value;
“Gas Supplier”	means any person authorised by licence under Article 8 of the Order or by exemption under Article 7 of the Order to supply gas, (including the Licensee as so authorised or exempted) and who is entitled to Exit gas from the Designated Network or any person who is not so authorised, but with the Authority’s consent either: (i) holds Firm Capacity; or (ii) is entitled to Exit gas from the Designated Network as if it were a Gas Supplier;
“Gas Year”	means the period of time beginning at 06:00 hours on 01 October in any calendar year and ending at 06:00 hours on 01 October in the next succeeding calendar year;
“kWh”	means 3,6000,000 joules as defined in ISO 1000-1981(E);
“Minimum Quantity Value”	means any minimum quantity of gas (in KWh) in respect of which the Licensee is obliged under contract to a Designated Pipe-line Operator to pay transmission charges in respect of a Gas Year or part thereof;

“Network”	means all gas plant owned, operated or utilised by a Designated Pipe-line Operator through which that Designated Pipe-line Operator is conveying gas for the Licensee;
“Network Code”	means that document so described and published by a Designated Pipe-line Operator by virtue of the licence granted to that Designated Pipe-line Operator under Article 8(1)(a) of the Order;
“Order”	means The Gas (Northern Ireland) Order 1996;
“Postalised System”	means the system comprising all gas pipe-lines designated as being subject to a common tariff pursuant to all orders made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003 in force at such time;
“Primary DPO”	means a Designated Pipe-line Operator holding a licence to convey gas in respect of a part of the Postalised System on which the Licensee is entitled to Exit gas;
“Primary DPO Network”	means all gas plant owned, operated or utilised by a Primary DPO through which that Primary DPO is conveying gas for the Licensee and from which the Licensee is entitled to Exit gas;
“PS Transmission Payments”	means any amount which a Primary DPO is obliged or entitled to charge to the Licensee in respect of the provision of gas conveyance services on the Postalised System under such Primary DPO’s licence to convey gas;
“Quarter”	means each successive three calendar month period in a Gas Year, the first of which shall run from and including 06:00 hours 01 October until 06:00 hours 01 January in that Gas Year; and “Quarterly” shall be construed accordingly.
“Terms of Reference”	means the terms of that name appended to the Network Code which govern the operation of the Credit Committee;

“Transit Point” means a point of interconnection between a Designated Network and another pipeline forming part of the Postalised System;

3A.1.1 Interpretation

In Part 3A all capitalised terms shall have the meaning ascribed to them in such part, notwithstanding any other definition of any such term elsewhere in the licence. Capitalised terms within Part 3A which are not defined within such part shall have the meaning ascribed to them elsewhere in the licence.

3A.1.2 Provision of Information

Nothing in Part 3A shall require the Licensee to produce any information or provide any document to any other party which the Licensee could not be compelled to produce or provide in civil proceedings in the High Court.

**Condition 3A.2: General Conditions Applicable To The Licence Holder In Relation To
Postalisation Charges**

3A.2 Conveyance Charges

3A.2.1 Application of provisions relating to common tariff

In respect of the Gas Year commencing on or after the Designation Date and each Gas Year thereafter and to the extent that a Designation Order is and remains in force in respect of any Primary DPO Network, the Licensee shall be subject to the provisions of this Condition 3A.

3A.2.2 Forecasts and information relating to following Gas Years

3A.2.2.1 The Licensee shall, each Gas Year, provide the following forecasts and information to each of its Primary DPO (in respect of each such Primary DPO Network only), in each case no later than the tenth Business Day in June in respect of the next Gas Year (GY) and each of the following four Gas Years (GY+1 to GY+4):

- (a) the Forecast Supplier Quantity together with:
 - (i) an explanation of the reasons why any Forecast Supplier Quantity in respect of any of the Gas Years GY+1 to GY+4 are expected to be greater or less than the Forecast Supplier Quantity in respect of GY;
 - (ii) a breakdown showing the proportions of the Forecast Supplier Quantity in respect of each Exit Point attributable to each Quarter of GY; and
- (b) the assumptions on which the figures provided pursuant to Condition 3A.2.1.1(a) are based. In respect of power stations this shall include but not be limited to load factors, generation output and efficiency. In respect of a Licensee supplying gas to distribution networks this shall include but not be limited to numbers of consumers and average forecast quantity per consumer.

3A.2.2.2 The Licensee shall use its reasonable endeavours to ensure that all forecasts and information supplied in accordance with Condition 3A.2.2.1 are as accurate as possible having regard to the information and forecasts available to the Licensee and shall provide with such forecasts a full breakdown and reasoning as to how it has calculated those forecasts.

3A.2.2.3 The Licensee shall promptly submit to any Primary DPO any further information, explanation and access to relevant documents and records, in each case as such Primary DPO reasonably requires in respect of the figures provided pursuant to this Condition 3A.2.2.

3A.2.3 Payment of PS Transmission Payments

The Licensee shall pay all PS Transmission Payments in accordance with the provisions of the Network Code.

Condition 3A.3 Credit Committee

3A.3.1 The Licensee shall promptly and competently take all reasonable actions necessary to facilitate the efficient functioning of the Credit Committee, in accordance with the Terms of Reference. Excepted in certain circumstances as specified in the Terms of Reference such actions shall include:

- (A) attendance at any meeting of the Credit Committee convened,
- (B) full and due consideration of any matters (including all relevant information) in respect of which a Credit Committee is convened;
- (C) reasonable participation in the decision making process in relation to any matter with respect to which any Credit Committee has been convened with a view that appropriate decisions be made by such Credit Committee in a timely manner; and
- (D) reasonable participation in the passing of any decisions made by any Credit Committee.

3A.3.2 The licensee shall ensure that the Credit Committee acts in a non-discriminatory and transparent manner.

SCHEDULE 1

Area in which and persons to whom gas may be supplied

For the purposes of the licence, the Licensee is authorised to supply gas within the boundaries of the pressure reduction station at Ballylumford serving the Ballylumford Power Station and any other network connected at or within the boundaries of the pressure reduction station:

- (a) to the gas consumer at the Ballylumford power station; and
- (b) to other persons authorised by a licence granted under Article 8(1)(c) of the Order to supply gas.

SCHEDULE 2

Right of Department to Revoke Licence

1. **Circumstances allowing revocation**

The Department may at any time revoke the licence by not less than 30 days' notice to the Licensee:

- (a) if the Licensee agrees in writing with the Department that the licence should be revoked; or
- (b) if any amount payable under Condition 1.10 is unpaid 30 days after it has become due and remains unpaid for a period of 14 days after the Department has given the Licensee notice that the payment is overdue provided that no such notice shall be given earlier than the sixteenth day after the day on which the amount payable becomes due; or
- (c) if the Licensee fails to comply with a Final Order (within the meaning of Article 42 of the Energy Order) or with a Provisional Order (within the meaning of Article 42 of the Energy Order) which has been confirmed under Article 42 of the Energy Order and which (in either case) has been made in respect of a contravention or apprehended contravention of a condition to which the licence is subject or of a “relevant requirement” as defined in Article 41(2)(b) of the Energy Order and such failure is not rectified to the satisfaction of the Department within three months after the Department has given notice of such failure to the Licensee, provided that no such notice shall be given by the Department before the expiration of the period within which an application under Article 44 of the Energy Order could be made questioning the validity of the Final or Provisional Order or before the proceedings relating to any such application are finally determined; or

- (cc) if the Licensee fails to pay any financial penalty (within the meaning of Article 45 of the Energy Order) imposed in respect of a contravention or apprehended contravention of a condition to which the licence is subject or of a “relevant requirement” as defined in Article 41(2)(b) of the Energy Order by the due date for such payment and such payment is not made to the Authority within three months after the Department has given notice in writing of such failure to the Licensee, provided that no such notice shall be given by the Department before the expiration of the period within which an application under Article 49 of the Energy Order could be made questioning the validity or effect of the financial penalty or before the proceedings relating to any such application are finally determined; or
- (d) if the Licensee fails to comply with any order made by the Secretary of State under Sections 56 or 73 of the Fair Trading Act 1973 or Section 10(2)(a) of the Competition Act 1980; or
- (e) if the Licensee:
 - (i) is unable to pay its debts (within the meaning of Article 103(1) or (2) of the Insolvency (Northern Ireland) Order 1989, but subject to Paragraph 3 of this Schedule 2) or if any voluntary arrangement is proposed in relation to it under Article 14 of that Order or if it enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the Department); or
 - (ii) has a receiver (which expression shall include an administrative receiver within the meaning of Article 5(1) of the Insolvency (Northern Ireland) Order 1989) of the whole or any material part of its assets or undertaking appointed; or
 - (iii) has an administration order under Article 21 of the Insolvency (Northern Ireland) Order 1989 made in relation to it; or

- (iv) passes any resolution for winding up other than a resolution previously approved in writing by the Department; or
 - (v) becomes subject to an order for winding up by a court of competent jurisdiction; or
- (f) if at any time prior to the date six months following the Grant, the Licensee intentionally or recklessly fails to notify the Department of any change in ownership of the equity capital of the Licensee as soon as practicable after such change should have occurred; or there has been a change in ownership of equity capital notified by the Licensee:
- (i) the Department is satisfied that the new shareholder (together with the other companies in its group) does not have adequate technical, financial or managerial strength, taking into account the size of its shareholding in the Licensee;
 - (ii) the Department serves notice on the Licensee stating that it proposes to revoke the licence in pursuance of this paragraph unless such further change in the ownership of the Licensee as is specified in the notice takes place (or ownership reverts to the person or those persons owning the equity capital of the Licensee prior to the change) within the period of three months beginning with the date of service of the notice; and
 - (iii) that further change or reversion in control does not take place within that period; or

- (g) if at anytime the Licensee intentionally or recklessly fails to notify the Department of a change in control should have occurred; or there has been a change in control notified by the Licensee:-
 - (i) the Department serves notice on the Licensee stating that the Department proposes to revoke the licence in pursuance of this paragraph unless such further change in control of the Licensee as is specified in the notice takes place (or control reverts to the person(s) controlling the Licensee prior to the change) within the period of three months beginning with the date of service of the notice; and
 - (ii) that further change or reversion in control does not take place within that period; or
- (h) if the Licensee is convicted of having committed an offence under Article 46 of the Order or under Article 63 of the Electricity (Northern Ireland) Order 1992.

2. Revocation if Licensee ceases to carry on the licensed business

The Department may at any time by not less than 30 days notice to the Licensee revoke the licence if the Licensee has ceased for a period of [3] months to carry on its business in the supply of gas. The Department shall substitute a later date or longer period where reasonably satisfied that exceptional circumstances which could not have been reasonably foreseen by the Licensee had prevented or could reasonably be expected to prevent, the carrying on of the Licensee's business.

3. Licensee's deemed ability to pay its debts

- (a) For the purposes of Paragraph 1(e)(i) of this Schedule 2, Article 103(1)(a) of the Insolvency (Northern Ireland) Order 1989 shall have effect as if for ",750" there was substituted ",250,000" or such higher figure as the Department may from time to time determine by notice in writing to the Licensee.

- (b) The Licensee shall not be deemed to be unable to pay its debts for the purposes of Paragraph 1(e)(i) of this Schedule 2 if any such demand as is mentioned in Article 103(1)(a) of the Insolvency (Northern Ireland) Order 1989 is being contested in good faith by the Licensee with recourse to all appropriate measures and procedures or if any such demand is satisfied before the expiration of such period as may be stated in any notice given by the Department under Paragraph 1 of this Schedule 2.

4. Additional definition

For the purposes of paragraph 1(g) of this Schedule 2, there is a change in the control of the Licensee whenever a person obtains control of the Licensee who did not have control of the Licensee when this licence was granted; and sub-sections (2) and (4) to (6) of Section 416 of the Income and Corporation Taxes Act 1988 shall apply for the purpose of determining whether for the purposes of this paragraph a person has or had control of the Licensee, but at any time should no person have control then for the words "the greater part" wherever they occur in the said sub-section (2) there shall be substituted the words "one-third or more.

Note: (does not form part of the Licence)

Consolidated to include

1. Licence Fee Refund Modification - March 99
2. EU Directive 98/30 Modifications - April 03
3. Energy Order Modifications - Sept 03
4. Energy Order Modifications - April 04
5. Postalisation Modifications - October 04
6. EU Directive 2003/55/EC – 16th November 2007