

## **Implementation of Gas Directive 2003/55 into Northern Ireland Gas Licences**

**Date 24<sup>th</sup> November 2006**

**Responses by 26<sup>th</sup> January 2007**

**EU Gas Directive 2003/55 (The Directive)**  
**Proposed [Draft] Licence Modifications**

**Background**

1 The purpose of this paper is to set out for full consultation the changes to Northern Ireland gas licences that are necessary for the implementation of Directive 2003/55 (the Directive). The purpose of the Directive is to ensure that natural gas undertakings are operated in accordance with a set of rules so as to achieve a competitive, secure and environmentally sustainable market in natural gas. The economic principles behind the Directive are that where possible regulation should be confined to the core networks and competition introduced for the services over those networks so that efficiency and innovation are encouraged. Key features of the Directive are as follows:

- ❖ Full market opening, by July 2004 for non household customers, by July 2007 for household customers.
- ❖ Effective third party access to infrastructure and networks.
- ❖ Legal and managerial separation of integrated business.
- ❖ Effective regulation of network companies.
- ❖ Enhanced protection for vulnerable customers.

2 In order to implement the Directive the Department for Enterprise Trade and Investment (The Department) made the Gas Order 1996 (Amendment) Regulations (Northern Ireland) 2006 (the Regulations) on the 5 September 2006, these Regulations bring the detailed provisions of the Directive into Northern Ireland Legislation. The Regulations state that all Northern Ireland gas licences shall include such conditions as appear to the grantor to be necessary or expedient having regard to the requirements and prohibitions laid down in the Directive. The Regulations can be viewed using the following link:

<http://www.opsi.gov.uk/sr/sr200603.htm>

3 Article 28 of the Directive provides that emergent and isolated markets may derogate from some of the provisions of the Directive where full implementation of the Directive would cause substantial problems. Northern Ireland applied for and received derogation from some of the provisions of the Directive. This derogation remains in place for 10 years from the date when gas first arrives in an area. The licence conditions proposed below reflect this derogation. The principal effect of this derogation is that firmus energy can be allowed to retain certain time limited exclusive rights to supply customers in its licensed area with natural gas. Exclusivity in new areas is deemed necessary for the efficient, economic and coordinated development of the network.

4 In order to implement the Directive the Northern Ireland Authority for Energy Regulation (the Authority) is proposing a range of draft licence modifications to the existing licence. The Authority now invites views on the licence modifications as follows.

## Proposed Licence Modifications

5 The eight “sets” of draft licence modifications are as follows:

- 1) Revised Separate Accounts
- 2) Network Code Provisions
- 3) Business Separation
- 4) Technical Safety and Rules
- 5) Disclosure of Information
- 6) Public Service Obligations
- 7) Change of Supplier
- 8) Approving Charges/Methodologies

Each set of draft modifications is outlined for consultation as follows:

### Separate Accounts

6 Article 17 of the Directive deals with the unbundling of accounts. It requires that separate accounts are maintained for transmission, distribution and other activities as would be required if the activities were carried out by separate entities. It also requires separation of accounts between supply activities for eligible and non eligible customers<sup>1</sup>.

7 Article 17 of the Directive also contains enhanced audit requirements to the effect that Auditors should verify that there is no discrimination, cross subsidy or distortion of competition between different activities that the licensee undertakes. Auditors must also verify that there is no discrimination or distortion between eligible and non eligible customers.

8 **Appendix 1** contains the revised licence conditions in relation to Standard Condition 1.2 to ensure full implementation of Article 17.

### Network Code Provisions

9 Network Codes are vitally important documents in facilitating the effective operation of Northern Ireland’s natural gas transmission and distribution networks. It is the Authority’s view that many areas of the Directive including those relating to Articles 8, 12, 18 and 6 will require the strengthening and amendment of the Network Code provisions in the licences and of the relevant Network Code itself.

10 Articles 8 and 12 of the Directive concern the tasks of system operators (including transmission, storage, LNG and distribution system operators) and broadly include obligations for system operators to;

- maintain secure, reliable and efficient systems, with due regard to the environment,
- refrain from discriminating between users,
- provide users with sufficient information for access to networks,

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<sup>1</sup> Eligible customers are those who are entitled to choose an alternative supplier.

- provide other system operators with information they need for efficient operation of interconnected systems,
- where responsible for balancing charges publish approved non discriminatory balancing charges,
- For transmission system operators only; ensure that own use energy is procured according to transparent market based procedures.

11 In addition Article 18 of the Directive sets out the requirement for a system of third party access. Article 6 of the Directive relates to technical rules, technical safety and interoperability of systems.

12 **Appendix 2** contains the revised licence conditions in relation to Standard Conditions 2.3, 2.4, 2.6, and 2.14 to ensure full implementation of Articles 8 & 12.

### Business Separation

13 Articles 9, 13 and 15 of the Directive between them cover the areas of the unbundling of integrated transmission, distribution, and supply entities.

14 The effect of Articles 9, 13 and 15 of the Directive is that there should be complete legal, functional and managerial separation between transmission, distribution and supply businesses except a) where Article 15 allows transmission and distribution businesses to remain integrated and b) where Article 13 (2) allows Member States to permit distribution and supply businesses to remain integrated while they have fewer than 100,000 customers. Under no circumstances can transmission and supply businesses remain integrated.

15 **Appendix 3** contains the revised licence conditions in relation to Standard Conditions 2.12 and 2.13 to ensure full implementation of Article 9, 13 & 15. The draft standard licence condition is designed to deal with managerial and operation business separation and includes provisions on;

- separation of staff,
- separation of services, e.g. premises, systems, equipment,
- decision making,
- compliance,
- confidential information,
- company structure (limits on the number of Directors between parent companies and their subsidiaries, when the business separation provisions apply).

### Technical Safety and Rules

16 Article 6 of the Directive relates to technical rules and states that the rules establishing the minimum technical design and operational requirements for connection to the system and direct lines are developed and made public. In order to implement the requirements of article 6 the attached draft modification is proposed. Essentially the proposed modification, upgrade the existing obligation on licence holders to produce a connection policy statement so that the connection policy statement must now include technical or operational design requirements which apply to the making of a connection to the network. Other modifications are also proposed to

implement the technical safety requirements of the Directive, for example to ensure safety of meters.

17 **Appendix 4** contains the licence conditions in relation to Standard Conditions 2.3, 2.7, 2.24 and 2.25 to ensure full implementation of Article 6.

#### Disclosure of Information

18 Articles 10 and 14 of the Directive relate to certain confidentiality requirements for transmission and distribution system operators. The attached disclosure of information draft licence condition will strengthen the existing licence conditions it requires licensees to use best endeavours to secure that no information relating to its licensed business is disclosed for the benefit of any affiliate. It will also prohibit any licensee from showing any undue preference in the disclosure of information which may be commercially advantageous to any person.

19 **Appendix 5** contains the proposed licence conditions in relation to Standard Conditions 2.6, to ensure full implementation of Articles 10 & 14.

#### Public Service Obligations

20 Article 3 (3) of the Directive states that Member States shall:

- Take appropriate measures to protect final customers and to ensure high levels of consumer protection. The Department will put this requirement into Northern Ireland legislation using Regulation 8 which inserts a new Article 10A(7)(a) into the Gas Order.
- Ensure that there are appropriate measures to help vulnerable customers avoid disconnection. To capture this requirement the Department has proposed a new Article 14(2) (a) into the Gas Order to be inserted by Regulation 13.
- Ensure high levels of transparency regarding contractual terms. To capture this, the Department has drafted a new Article 10A(7)(b) and 10A(7)(e) of the Gas Order which is to be inserted via Regulation 8.
- Ensure transparency as regards general information and dispute settlement mechanisms.
- Ensure eligible customers are effectively able to switch to a new supplier. (Effective switching will be dealt with below under the heading change of supplier.)
- As regards household customers, implement a number of additional measures as specifically set out in Annex A of the Directive.

21 In order to give effect to the above requirements the Authority proposes to make a suite of modifications to Standard Conditions 2.18, 2.19, 2.20, 2.21, 2.22, 2.23 as outlined in **Appendix 6**. These modifications will contain a number of different obligations on licence holders, effectively under the following headings:

- Terms and conditions of contracts,
- Payment methods,
- Provision of information to customers,
- Authority's ability to request modifications,
- Marketing of gas to household customers,

- Complaints handling procedures,
- Payment of bills and dealing with customers in difficulty.

#### *Terms and Conditions of Contracts*

The proposed modification will require licensees to ensure that all contracts (regardless of whether they are with industrial and commercial or domestic customers) are transparent and in clear language. All household customers must be dealt with on the basis of standard contracts which as a minimum include the provisions of Annex A of the Directive. Written contracts should be provided to household customers.

#### *Payment methods*

Licensees must offer a wide choice of payment methods, including at a minimum;  
Payment in arrears,  
Payment by direct debit,  
Prepayment meter.

#### *Provision of information to customers*

Licensees must provide all customers with a bill (which for the avoidance of doubt includes a statement of account) at least once a year. At a minimum the bill must include the meter readings and usage or estimated meter readings and usage on which the bill is calculated. Where estimates of meter readings are used the licence must provide the consumer with details of how they can read their own meters (self read) and how to register the details of a self read so that the licensee can recalculate the bill using the self read. Licensees will use reasonable endeavours to take an actual meter reading at least once a year. Licensees will consult with GCC as to the format of bills or statements of account. All bills must include GCC's address and information on GCC's role in resolving complaints.

#### *Authority's ability to request modifications*

The Authority can request details of consumer protection arrangements and can require licensees to make modifications to those arrangements.

#### *Marketing of gas to household customers*

In order to ensure a high level of protection for household customers, the Authority considers that it is important to ensure good practice regarding all marketing activities and selling practices aimed at household customers. This will become increasingly important when the market for the supply of gas to domestic customers opens up to full competition. Experience in the rest of the UK has shown that, once there are a large number of gas suppliers competing for domestic customers, the potential for poor or misleading selling practices could arise. Therefore the attached draft condition in Appendix 6 on the marketing of gas to household customers is designed to ensure that household customers are protected.

### *Complaints handling procedures*

Licensees will be required to operate transparent complaints handling procedures.

### *Payment of bills and dealing with customers in difficulty*

This section of the proposed modifications to the public service obligations is designed to ensure that licensees have in place procedures to help vulnerable customers avoid disconnection.

### Change of Supplier

22 Article 3 (3) of the Directive requires all member states to ensure that eligible customers are effectively able to switch to a new supplier and the draft licence modifications to Standard Condition 2.26 are designed to ensure that this occurs (**Appendix 7**). The licence modifications contains a provision whereby all licensed suppliers must enter an agreement with each other on the arrangements for the transfer of customers between suppliers and to cover all of the rules regarding supplier's general conduct towards each other around the area of customer switching.

### Approving Charges/Methodologies

23 Article 25(2) of the Directive states that regulatory authorities must be responsible for fixing or approving, before they come into force, at least the methods used to establish the terms and conditions for certain services offered by network operators (specifically transmission and distribution tariffs). The Authority considers that the existing conditions in conveyance licences relating to conveyance tariffs or methodologies should be strengthened as provided for in the licence modifications to Standard Condition 2.2 in **Appendix 8**.

### Conclusion

24 Attached in Appendices 1- 8 is a suite of draft licence modifications aimed at the implementation of the EU Directive 2003/55. The appendices are organised as follows:

**Appendix 1** Revised Separate Accounts - this relates to the requirement that there are separate accounts for transmission, distribution and other activities as would be required if each was a separate entity. Appendix 1 also relates to the requirement for separation of accounts between supply activities for eligible and non eligible customers.

**Appendix 2** Network Code Provisions – these are important documents relating to the effective operation of Northern Ireland's natural gas transmission and distribution networks.

**Appendix 3** Business Separation – this covers the unbundling of integrated transmission, distribution, and supply entities.

**Appendix 4** Technical Safety and Rules – this refers to the rules that establish the minimum technical design and operational requirements for a connection to the network.

**Appendix 5** Disclosure of Information – this relates to the confidentiality requirements for transmission and distribution system operators in disclosing information.

**Appendix 6** Public Service Obligations – this refers to the obligations on licence holders in supplying gas to their customers

**Appendix 7** Change of Supplier – these licence modifications relate to the arrangements for the transfer of customers between suppliers.

**Appendix 8** Approving Charges/Methodologies – this relates to the terms and conditions for services offered by network operators specifically relating to transmission and distribution tariffs.

25 You are asked to carefully study the licence modifications outlined in this paper to assess their appropriateness in regard to the requirements and prohibitions laid down in EU Directive 2003/55 taking into consideration the following key features of the Directive;

- ❖ Full market opening, by July 2004 for non household customers, by July 2007 for household customers.
- ❖ Effective third party access to infrastructure and networks.
- ❖ Legal and managerial separation of integrated business.
- ❖ Effective regulation of network companies.
- ❖ Enhanced protection for vulnerable customers.

You should respond to Gas Distribution Branch in OFREG by no later than 26<sup>th</sup> January 2007 advising of any specific areas and points which may be of concern to you and why, in relation to the proposed licence modifications:

OFREG,  
Queen's House,  
10-14 Queen's Street,  
Belfast  
BT1 6ER.



## **APPENDIX 1**

## **Condition 1: Definitions**<sup>2</sup>

### **“Separate Business”**<sup>3</sup>

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 the Licence; and
- (e) the supply of gas pursuant to a licence (other than the Licence) granted in accordance with Article 8(1)(c) of the Order;]<sup>4</sup>

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;

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<sup>2</sup> Proposed amendment to existing Standard Condition 1 in Gas Conveyance and Gas Supply Licences.

<sup>3</sup> New definition of Separate Business (as stated).

<sup>4</sup> Paragraphs (d) and (e) are only needed in Gas Supply Licences. Gas Conveyance Licences will only include the following paragraph (d): “the supply of gas pursuant to a licence granted in accordance with Article 8(1)(c) of the Order;”.

## **Condition 1.2: Separate Accounts for Separate Businesses<sup>5</sup>**

### **1.2.1 Financial years**

For the purposes of this Condition, the first financial year of the Licensee shall run from [date] to [date] and thereafter each financial year of the Licensee shall run from [date] to the following [date].

### **1.2.2 Separate Business Accounting**

This Condition applies for the purposes of ensuring that the Licensee (in conjunction with any relevant 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.

### **1.2.3 Separation of Internal Accounts**

The Licensee shall keep proper books of accounts and records in such a form that the revenues and costs, and assets and liabilities, of, or reasonably attributable to, each Separate Business are separately identifiable in such books, 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 with its accounting records in respect of each financial year, financial statements comprising:

- (a) a profit and loss account;

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<sup>5</sup> Effectively a new Standard Condition for inclusion in Gas Conveyance and in Gas Supply Licences (but see footnote 5) based on and replacing Standard Condition 1.2A which together with Standard Condition 1.2B will be deleted.

- (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.

#### 1.2.4 Apportionment

The financial statements prepared under Condition 1.2.3 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 1.2.5),

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

#### 1.2.5 Basis of apportionment

The Licensee shall, before the financial year commencing on [date] 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 so 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 apportionment used in the financial statements in respect of any Separate Business for any financial year subsequent to the financial year commencing on [date] from the basis used in the financial statements in respect of that Separate Business for that financial year.

#### 1.2.6 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, or 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.

#### 1.2.7 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 each financial year.

#### 1.2.8 Form of financial statements

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

- (a) conform to UK generally accepted accounting principles and practices;
- (b) state the accounting policies adopted; and
- (c) be so prepared to a level of detail as may reasonably be 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.

#### 1.2.9 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 1.2 with the annual accounts of the Licensee. Provided however, that any part of such statements and reports which shows separately amounts charged, apportioned or allocated between Separate Businesses, and describes the basis of charge or apportionment or allocation shall, at the request of the Licensee, be excluded from publication where the Authority is reasonably satisfied that publication would or might seriously and prejudicially affect the commercial interests of the Licensee in its Licensed Business.

#### 1.2.10 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 thereon; and references to any accounting statement shall be construed accordingly.

#### 1.2.11 Additional Definition

"UK generally accepted accounting principles and practices" means the principles and practices 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.

#### 1.2.12 Related undertakings

The Licensee shall set out, in notes to the published accounts referred to in Condition 1.2.8(c), any transactions relating to the Separate Business over £500,000 with related undertakings.

For the purpose of this Condition 1.2.12, 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; or

- (b) any company in respect of which the Licensee (or its parents or subsidiaries) has the right to appoint or to 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 shareholders' agreement, a majority of voting rights in that undertaking.

1.2.13<sup>6</sup> 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 1.2, modified so that the activities of the Licensee connected with the supply of gas to such class, or classes, of consumer as may be designated in the direction shall each be treated as a Separate Business.

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<sup>6</sup> This Condition 1.12.3 is only needed for supply licences (to reflect requirement that separate accounts are produced in respect of “eligible” and “non-eligible” customers).

## **APPENDIX 2**



**This document contains the suite of modifications regarding Network Code provisions**

*The following definitions in Conveyance Licences will replace the corresponding existing definition of these terms*

Definitions

“balancing”

means (in relation to the Network and any relevant period for balancing under the Network Code) taking such measures as may be available to the Licensee, in particular, measures:

- (i) for managing the relationship between deliveries of gas to and offtakes of gas from the Network during that period; and
- (ii) to maintain pressures in the Network at levels;

which will, in the reasonable opinion of the Licensee, ensure the safety and efficiency of the Network in that or any subsequent relevant period;

“Network”

means all the pipe-lines within the Licensed Area that are owned and/or operated by the 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;

## **Condition 2.4: Network Code**<sup>7</sup>

### **2.4.1 The relevant objective**

The Licensee shall no later than *[insert date]* submit to the Authority a statement of its proposed arrangements for the conveyance of gas, in addition to the matters covered by Conditions 2.2 and 2.3, which will facilitate the achievement of the "relevant objective", that is to say:

- (a) the secure, safe, reliable, efficient and economic development, operation and maintenance of the Network with due regard to the environment; and
- (b) subject thereto:
  - (i) compliance with the Licensee's other obligations under this Licence Document; and
  - (ii) subject to Condition 2.4.1(b)(i), the promotion of effective competition between Users;

and put such arrangements in place except as the Authority otherwise consents.

### **2.4.2 The Network Code**

The Licensee shall:

- (a) no later than *[date]*, prepare and provide to the Authority for its approval a "Network Code", that is to say a document setting out the arrangements established under Condition 2.4.1 and the terms on which it will enter into such arrangements with Users for the conveyance of gas;
- (b) where pursuant to Condition *[No.]* the Licensee is designated as a transmission system operator, ensure that the Network Code contains provisions that establish:
  - (i) the measures that the Licensee will put in place for the balancing of the Network;

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<sup>7</sup> Revised Standard Condition 2.4 of Gas Conveyance Licences.

- (ii) the methodology used by the Licensee to procure the gas required for balancing the Network;
  - (iii) the methodology by which the charges to be levied on Users for the balancing of the Network are to be determined.
- (c) where, pursuant to Condition [No.], the Licensee is designated as a distribution system operator, ensure that the Network Code contains provisions that establish:
  - (i) the measures that the Licensee will put in place for the balancing of the Network;
  - (ii) the methodology by which the charges to be levied on gas suppliers for the balancing of the Network are to be determined; and
  - (iii) the technical safety criteria applicable to the operation of the Network;
- (d) put such Network Code in place, except as the Authority otherwise consents, and comply with the provisions of the approved Network Code;
- (e) put in place appropriate contractual arrangements, approved by the Authority, which require compliance with the Network Code by the Licensee, the Users, and any third parties who may become parties to the Network Code; and
- (f) except in so far as the Authority consents to the Licensee doing so, not enter into any arrangements for the conveyance of gas except in accordance with the provisions of the Network Code applicable from time to time to the circumstances of the case.

2.4.3 Where a term of the Network Code or of the modification rules referred to in Condition 2.4.5 is framed so that its proper implementation is to be determined with regard to whether it facilitates the achievement of the relevant objective, either the Licensee or any other party to the Network Code who has entered into the arrangements to which that term applies, may, to the extent that the term so provides, refer to the Authority for determination any question as to whether a manner in which the Licensee proposes to implement the term would secure that objective.

#### 2.4.4 Modification of the Network Code

The Licensee shall establish and implement procedures for the modification of the Network Code by the Licensee, subject to the provisions of this Condition, so as to better facilitate the achievement of the relevant objective and which will enable:

- (a) the Network Code to be reviewed;
- (b) modifications to be proposed by the Authority, the Licensee or by any other party to the Network Code;
- (c) adequate publicity to be given to any proposal by:
  - (i) drawing it to the attention of the other parties to the Network Code;
  - (ii) sending a copy of it to anyone who asks for one; and
  - (iii) making it otherwise available in an appropriate manner where it is necessary for establishing whether the proposal would better facilitate the achievement of the relevant objective;
- (d) the preliminary views of the Authority to be sought in relation to any matter arising on a proposal to modify the Network Code; and
- (e) the representations or objections, with respect to any proposal to modify the Network Code, made (and not withdrawn) by any other party to the Network Code and by other persons who are likely to be materially affected by the proposal to be properly considered.

#### 2.4.5 Modification Rules

The Licensee shall:

- (a) prepare “the modification rules”, that is to say a document setting out the terms of the procedures established under Condition 2.4.4, and shall furnish the Authority with a copy of the modification rules;
- (b) not make any modification to the modification rules except:
  - (i) after consulting the other parties to the Network Code;

- (ii) after furnishing the Authority with a report on such consultation and consideration; and
  - (iii) with the consent of the Authority; and
- (c) furnish the Authority with a copy of any modification so made.

#### 2.4.6 Prohibition on irregular modification

The Licensee shall not make any modification to the Network Code except:

- (a) to comply with Condition 2.4.7(c); or
- (b) with the consent of the Authority;

and shall furnish the Authority with a copy of any modification made.

#### 2.4.7 Role of Authority in modifications

Where a proposal is made pursuant to the modification rules to modify the Network Code, the Licensee shall:

- (a) refer for determination by the Authority any question whether the representations or objections by any other party to the Network Code or by any other person, in respect of the proposal have been properly considered in accordance with those rules;
- (b) as soon as reasonably practicable, give notice to the Authority:
  - (i) giving particulars of the proposal;
  - (ii) where the proposal is made by any other party to the Network Code, giving particulars of any alternative proposal by the Licensee to modify the Network Code in respect of the same matter;
  - (iii) giving particulars of any representations or objections made by a party to the Network Code or by any other person in respect of those proposals;

- (iv) stating whether, in its opinion, any proposed modification should or should not be made;
  - (v) stating the factors which, in its opinion, justify making or not making the proposed modification; and
  - (vi) giving such further information as may be prescribed by the modification rules; and
- (c) comply with any direction given by the Authority to make a modification to the Network Code in accordance with a proposal described in a notice given to the Authority under sub-paragraph (b) which, in the opinion of the Authority will, as compared to the existing provisions of the Network Code or any alternative proposal, better facilitate the achievement of the relevant objective.

#### 2.4.8 Publication of Network Code

The Licensee shall:

- (a) publish the Network Code and the modification rules as modified from time to time in such form and manner as the Authority may from time to time direct; and
- (b) send a copy of the Network Code and modification rules as modified from time to time to any person who asks for one on payment of a charge in respect of the cost incurred by the Licensee in complying with this requirement which does not exceed such amount as the Authority may from time to time direct.

#### 2.4.9 Authority to determine material affect on persons of transportation arrangements

Except in so far as the Authority otherwise consents, the Licensee shall refer for determination by the Authority any question as to whether a person is likely to be materially affected by transportation arrangements or by a proposal to modify the Network Code.

#### 2.4.10 Reasons for refusal of access

The Network Code prepared in accordance with this Condition shall require the Licensee to give duly substantiated reasons for any refusal of access to the Network.

#### 2.4.11 Prohibition on undue discrimination

The Licensee shall not show an undue preference for or undue discrimination against any person or class or classes of person:

- (a) in assessing a person's application to become a party to the Network Code;  
and/or
- (b) in its interpretation of the Network Code and the application of procedures contained in the Network Code.

#### 2.4.12 Definitions

In this Condition 2.4, "User" means any gas supplier or any person acting on behalf of a gas supplier who has made, or seeks to make, arrangements with the Licensee in pursuance of which gas is conveyed through the Network.

## **Condition [2.4A]. Compliance with System Operator Agreements<sup>8</sup>**

### **2.4A.1 Ability to require other licence holders to enter into agreements**

Subject to Condition 2.4, where the Licensee is designated under this Licence as either a transmission system operator or a distribution system operator, it may require any other person holding a licence granted under Article 8(1)(a) of the Order (whether or not that person is also designated as a transmission system operator or a distribution system operator) to enter into an agreement relating to the interaction or interoperability of its Network with that person's network such that will ensure the conveyance of gas in a manner compatible with the secure and efficient operation of both systems.

### **2.4A.2 Approval by the Authority**

The Licensee shall not require any person to enter any agreement of the type referred to in Condition 2.4A.1 unless the agreement, and where applicable any amendment to the agreement, has first been submitted to and approved by the Authority.

### **2.4A.3 Obligation to enter into agreements**

Where the Licensee is required, either by a designated transmission system operator or by a designated distribution system operator (and in accordance with that person's licence), to enter into an agreement of the type mentioned in Condition 2.4A.1, the Licensee shall enter into any such agreement as may be reasonably required by that designated transmission system operator or distribution system operator (as the case may be).

### **2.4A.4 Network operator agreement**

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

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<sup>8</sup> New Standard Condition proposed for inclusion in all Gas Conveyance Licences.



**Condition [2.6A]. Provision of information to a relevant gas licence holder**<sup>9</sup>

**2.6A.1**     Obligation to provide information

The Licensee shall furnish to any relevant gas licence holder such information concerning the operation and technical specifications of the Network in such manner and at such times as may:

- (a)             reasonably be required by that relevant gas licence holder to enable it to comply with its obligations under its own gas conveyance or gas storage licence or under any document established pursuant to a gas licence; or
- (b)             be specified in directions issued from time to time by the Authority to the Licensee for the purpose of this Condition 2.6A.1, having taken into consideration any representations made to the Authority by the Licensee and any relevant gas licence holder, and in accordance with any conditions contained in such directions.

**2.6A.2**     Ability to refuse

The Licensee shall be entitled to refuse to provide information under Condition 2.6A.1 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 that information on the ground that provision thereof is necessary or expedient for the purpose mentioned in Condition 2.6A.1.

**2.6A.3**     Excluded information

This Condition 2.6A shall not require the Licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before the High Court.

**2.6A.4**     Arrangements for protecting confidentiality

The Licensee shall not be obliged under Condition 2.6A.1(a) to provide information to any relevant gas licence holder which has not established, whether in pursuance of a licence condition or otherwise, effective arrangements designed

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<sup>9</sup> New Standard Condition proposed for inclusion in all Gas Conveyance Licences.

to secure that information provided in pursuance of this condition (and similar licence conditions) is not communicated, directly or indirectly, to any gas supplier or any person acting on behalf of a gas supplier who has made or seeks to make arrangements with that licensee in pursuance of which gas is conveyed through that licensee's network.

2.6A.5 Definitions and interpretation

In this Condition 2.6A, unless the context otherwise requires:

- (a) “relevant gas licence holder” means any holder of a licence granted pursuant to Article 8(1)(a) or 8(1)(b) of the Order and/or any holder of a licence to convey (whether by transmission pipe-lines or distribution pipe-lines) or store gas granted under the relevant legislation of a jurisdiction other than Northern Ireland; and
- (b) references to “licence” and “gas supplier” shall not be limited to licences granted under, or gas suppliers operating pursuant to licences or exemptions granted under, the Order.

## **Condition 2.14 - System Operator Designation<sup>10</sup>**

### **2.14.1 Transmission system operator**

[The Licensee is (for the purposes of Article 7 of Directive 2003/55/EC) hereby designated as transmission system operator for the Network.]

### **2.14.2 Distribution system operator**

[The Licensee is (for the purposes of Article 11 of Directive 2003/55/EC) hereby designated as distribution system operator for the Network.]

### **2.14.3 Definition**

In this Condition 2.14:

“Directive 2003/55/EC”	means Directive 2003/55/EC of the European Parliament and of the Council concerning common rules for the internal market in natural gas.
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<sup>10</sup> New Standard Condition proposed for inclusion in all Gas Conveyance Licences.

## **Condition 2.3: Use of the Network<sup>11</sup>**

### **2.3.1 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 each Network,

provided that the Authority may (following consultation with the Network Operator responsible for the relevant Network Code) issue directions relieving the Licensee from its obligation under Condition 2.3.1(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.

### **2.3.2 Particular compliance obligations**

Without prejudice to the generality of Condition 2.3.1, the Licensee shall enter into arrangements with each Network Operator for the conveyance of the Licensee's supplies of gas in accordance with that 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 a Network Operator of its Network; or
- (b) the efficient balancing by that Network Operator of its Network; or
- (c) the due functioning of the arrangements provided for in its Network Code.

### **2.3.3 Information not intentionally to mislead**

The Licensee shall not knowingly or recklessly act in any manner likely to give a false impression to a Network Operator as to the amount of gas to be delivered by the

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<sup>11</sup> Revised Standard Condition 2.3 of Gas Supply Licences.

Licensee on a particular day to that Network Operator's Network or as to the amount of gas to be comprised in its offtakes of gas therefrom on that day.

## **APPENDIX 3**

**Condition [2.12]:    Independence of the Licensed Business**<sup>12</sup>

**2.12.1 Application**

This Condition shall apply where the Licensee (or any affiliate or related undertaking of the Licensee) is at any time carrying on the activities of a Gas Supply Business.

**2.12.2 Managerial and operational independence**

Where this Condition applies the Licensee shall:

- (a) unless it has already done so prior to this Condition coming into force, establish; and
- (b) at all times thereafter maintain,

the full managerial and operational independence of the Authorised Business from any Associated Business.

**2.12.3 Means of achieving such independence**

In order to facilitate its compliance with Condition 2.12.2, the Licensee shall use all reasonable endeavours to ensure that:

- (a) the Authorised Business is provided with such premises, systems, equipment, facilities, property, personnel, data and management resources as are necessary for its efficient and effective managerial and operational independence;
- (b) it does not hold or acquire shares in any Gas Supply Business that does not form part of the Authorised Business or in any Holding Company of any such Gas Supply Business;
- (c) commercial and operational decisions relating to the day to day operation, maintenance and development of the Licensee's Network are taken only by those persons who are employed by, or engaged in the operation and management of, the Authorised Business;
- (d) any Associated Business may not use or have access to:

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<sup>12</sup> Proposed new condition for inclusion in gas conveyance licences.

- (i) premises or parts of premises occupied by persons engaged in the management or operation of the Authorised Business;
  - (ii) systems for the recording, processing or storage of data to which persons engaged in the management or operation of the Authorised Business also have access;
  - (iii) commercially sensitive or confidential information relating to, or derived from, the Authorised Business;
  - (iv) equipment, facilities or property employed for the management or operation of the Authorised Business; or
  - (v) the services of persons who are (whether or not as their principal occupation) engaged in the management or operation of the Authorised Business; and
- (e) it can and does, insofar as is legally possible:
- (i) ensure that any director of the Licensee is not at the same time also a director of a company which carries on a Gas Supply Business that does not form part of the Authorised Business; and
  - (ii) prevent any person who has ceased to be engaged in the management or operation of the Authorised Business from being employed by, or engaged in the activities of, any Associated Business until the expiry of an appropriate time from the date on which he ceased to be engaged by the Authorised Business.

#### 2.12.4 Additional Definitions

In this Condition:

“Act”	means the Gas Act 1986, as amended from time to time;
“Associated Business”	means any business, other than the Authorised Business, of the Licensee (or of any affiliate or



related undertaking of the Licensee) which is carrying out any activity that requires authorisation in accordance with either Article 6(1) of the Order or section 5(1) of the Act or which is involved in the production or purchase of gas;

“Authorised Business”

means the business of the Licensee whose activities are authorised by the Grant of this Licence, taken together with (if applicable) either:

(a) where so notified in writing by the Licensee

to the Department and the Authority, any business of the Licensee (or of any affiliate or related undertaking of the Licensee) that is carrying out activities that require authorisation in accordance with Article 6(1)(a) of the Order or with section 5(1)(a) of the Act; or

(b) where so approved in writing by the Department or the Authority to the Licensee, any business of the Licensee (or of any affiliate or related undertaking of the Licensee) that is carrying out activities that require authorisation in accordance with Article 6(1)(c) of the Order or with section 5(1)(b) of the Act;

“Gas Supply Business”

means any business carrying out activities that require authorisation in accordance with Article

6(1)(c) of the Order or section 5(1)(b) of the  
Act; and

“Holding Company”

has the meaning given to it in Article 4 of The  
Companies (Northern Ireland) Order 1986.

**Condition [2.13]: Business Separation Compliance Plan<sup>13</sup>**

2.13.1 Application

This Condition shall apply where Condition 2.12 applies to the Licensee.

2.13.2 Submittal of plan

The Licensee shall, no later than 28 days after Condition 2.12 first applies to the Licensee, prepare and submit to the Authority (for its approval) a compliance plan (the “Compliance Plan”) setting out the practices, procedures, systems and rules of conduct which the Licensee has adopted, or intends to adopt, together with the timescales for adoption, to ensure its compliance with Condition 2.12.

2.13.3 Complying with Compliance Plan

The Licensee shall use its best endeavours to comply with the Compliance Plan as approved by the Authority and revised from time to time in accordance with this Condition 2.13.

2.13.4 Authority’s role

The Authority may:

- (a) within 30 days of the Licensee submitting an initial or revised Compliance Plan; or
- (b) following any review of the Compliance Plan that the Authority may conduct from time to time,

serve notice on the Licensee:

- (c) informing the Licensee that, in the Authority’s opinion, the Compliance Plan is not, or is no longer, sufficient for the purposes of the Licensee’s compliance with Condition 2.12; and
- (d) requiring the Licensee to make such revisions to the Compliance Plan as, the Authority’s opinion, are necessary or expedient in order for the Compliance Plan to be sufficient for the purposes of ensuring the Licensee’s compliance or continued compliance with Condition 2.12.

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<sup>13</sup> Proposed new condition for inclusion in gas conveyance licences.

#### 2.13.5 Revision of Compliance Plan

Where the Licensee receives a notification in accordance with Condition 2.13.4, it shall, within 30 days, revise the Compliance Plan, in such manner and to such extent that will reflect the Authority's requirements and ensure that it is sufficient for the purposes of ensuring the Licensee's compliance with Condition 2.12.

#### 2.13.6 Review of Compliance Plan

The Licensee shall, on at least an annual basis during the period in which Condition 2.12 is in force, review its Compliance Plan so as to ensure:

- (a) its continued compliance with its obligations under Condition 2.12; and
- (b) that the information set out therein shall continue to be accurate in all material respects.

#### 2.13.7 Authority approval

Where the Licensee revises its Compliance Plan, either in accordance with Condition 2.13.5 or following a review conducted by it in accordance with Condition 2.13.6, it shall submit the revised Compliance Plan to the Authority for its approval.

#### 2.13.8 Facilitating compliance with the Compliance Plan

The Licensee shall ensure that persons engaged in the management and operation of the Licensed Business:

- (a) are made aware of the practices, procedures, systems and rules of conduct set out in the Compliance Plan;
- (b) have the necessary information and facilities to comply with their respective obligations as provided for in the Compliance Plan; and
- (c) are aware of the disciplinary procedures that may be activated should they fail to comply with their obligations under the Compliance Plan.

#### 2.13.9 Compliance Manager

The Licensee shall, following consultation with the Authority, appoint a senior member of its personnel engaged in the management and operation of the Licensed Business as a compliance manager (the “Compliance Manager”) for the purpose of facilitating compliance with its obligations under Condition 2.12 and with its Compliance Plan.

2.13.10 Assisting the Compliance Manager

The Licensee shall ensure that the Compliance Manager has access to such staff, premises, systems, information, documentation, equipment, facilities and other resources as he might reasonably expect to require to fulfil the duties and tasks assigned to him.

2.13.11 Duties of the Compliance Manager

The duties and tasks assigned to the Compliance Manager shall include:

- (a) providing relevant advice and information to the Licensee for the purpose of ensuring its compliance with Condition 2.12 and with the Compliance Plan;
- (b) monitoring the effectiveness of, and the Licensee’s compliance with, the Compliance Plan;
- (c) investigating any complaint or representation received by the Licensee from any person in respect of any matter arising under or by virtue of Condition 2.12 or in relation to the Compliance Plan;
- (d) recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable, including where necessary revising the Compliance Plan to reflect such recommendation and advice; and
- (e) reporting, at such frequency as is determined in writing by the Authority, to the directors of the Licensee on his activities during the period covered by the report, the investigations he has conducted and on progress implementation of the Compliance Plan.

#### 2.13.12 Report of Compliance Manager

The Licensee shall, at such frequency as is determined in writing by the Authority, submit a report to the Authority:

- (a) detailing the activities of the Compliance Manager during the period covered by the report;
- (b) providing a progress update on the Licensee's implementation of the Compliance Plan;
- (c) setting out the details of any investigations conducted by the Compliance Manager, including:
  - (i) the number, type and source of the complaint or representation on which such investigations were based;
  - (ii) the outcome of such investigations; and
  - (iii) any remedial action taken by the Licensee following such investigations.

## **APPENDIX 4**

## **Condition 2.3 – Connection Charges and Obligation to permit a Connection**<sup>14</sup>

### **2.3.1 Statement of connection charges and, terms for connection and meter connections and disconnections**

Subject to Conditions 2.3.2 and 2.3.3, the Licensee shall no later than 3 months after the coming into force of (i) this Licence or (ii) any modification of this Condition 2.3 (as the case may be) give the Authority a statement showing for its approval the methods by which and the principles on which charges are to be determined by the Licensee, for:

- (a) connecting any premises to the Network, maintaining, repairing and renewing the connection and disconnecting the premises and removing gas fittings owned by it and comprised in the connection;
- (b) connecting and disconnecting non-standard gas meters and gas meters not owned by the Licensee in any premises; and
- (c) connecting to the Network any pipe-line system to or from which gas will be conveyed by means of the Network and maintaining, repairing and renewing the connection,

and in any such case the Licence shall, when giving such a statement, include in that statement the Licensee's other terms for the connection and an explanation of those terms together with the Licensee's technical or operational design requirements which apply to the making of a connection to its Network.

### **2.3.2 The statement and cases and classes of cases**

The statement given by the Licensee under Condition 2.3.1 shall:

- (a) subject to Condition 2.3.5(b), clearly distinguish cases and classes of cases of person for whom the Licensee proposes different methods or principles for connection; and

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<sup>14</sup> Standard Licence Condition of Gas Conveyance revised for implementation of Gas Directive.



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

2.3.3 The statement to give likely indication of costs and additional duty to provide information

The statement given under Condition 2.3.1 shall also for the Authority's information where practicable indicate the costs likely to arise in respect of work done and materials used in connecting any premises, non-standard gas meters, gas meters not owned by the Licensee or pipe-line system and the Licensee shall:

- (a) prepare the statement in such a manner as will reasonably enable a person to estimate the Licensee's connection charges in those circumstances; and
- (b) enable a person requesting a connection in those circumstances to determine what works or other actions he would need to undertake, including without limitation any work or action required to comply with the Licensee's technical and operational design requirements, for the Licensee to provide the connection.

2.3.4 Authority's consent required to stated connection charges and publication of statement

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

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

and in consenting to the basis for charging for connection the Authority shall have regard to the need of the Licensee to be able to finance the carrying on of its activities and a return equal to that which in the reasonable opinion of the Authority is appropriate.

2.3.5 Connection charges and terms for connection and prohibition on undue discrimination and connection of pipe-line systems

The Licensee shall:

- (a) not charge for a connection of premises, of any non-standard gas meter, gas meter not owned by it or any pipe-line system to the Network on any basis, or establish other terms for the connection on any basis, other than that contained in the statement published under Condition 2.3.4;
- (b) not show any undue preference towards or undue discrimination against any person or case or classes of cases of person seeking a connection of premises to the Network, or of any non-standard gas meter, or gas meter not owned by the Licensee or any person who operates or proposes to operate a pipe-line system, in relation to the connection of that system to the Network and, in the case of a pipe-line system to be connected to the Network, the Licensee shall not refuse a request for connection where the person seeking the connection is willing to pay the Licensee's charges for connection and comply with the Licensee's other terms for connection, including any terms as to technical and safety matters; and
- (c) within 28 days of receiving a request for the quotation of connection charges covered by the published statement, provide the person requesting the quotation with a specific statement of the connection charges and other terms of connection applicable to the request for a quotation,

and for the purposes of Condition 2.3.5(c) and the Licensee's obligation to provide a specific statement of connection charges, a request for the quotation of connection charges shall be treated as such if it is in such form as the Licensee can reasonably be expected to provide a specific statement of connection charges in return.

2.3.6 Direction by the Authority

- (a) Where the Authority determines that it is necessary for the Licensee to revise:
  - (i) the methods and principles on which it has determined the charges and other terms for connection in the latest published statement; and/or

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

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

- (b) The Licensee shall comply with the requirements of any direction issued by the Authority under this Condition 2.3.6 and shall publish revised statements in accordance with Condition 2.3.4.

#### 2.3.7 Revising connection charges

Without prejudice to Condition 2.3.6, the Licensee shall not revise the basis of its charges for a connection of any premises, any non-standard gas meter, any gas meter not owned by it or any pipe-line system to the Network, or the other terms for the connection, without first giving the Authority a revised statement in the same terms as in Condition 2.3.1 and obtaining the consent of the Authority to such a revision in the same terms as Condition 2.3.4.

#### 2.3.8 Resolution of disputes by the Authority

The Authority may, on the application of any person entitled (or claiming to be entitled) to be connected, provided the Authority shall have first given the Licensee not less than one month in which to make representations regarding such application:

- (a) settle any dispute between the applicant and the Licensee in so far as it relates to the provision of a connection by the Licensee; and
- (b) in particular, determine the charges and other terms on which the Licensee shall (notwithstanding Condition 2.3.5) provide the connection in question (where the applicant is willing to accept the same),

in such manner as the Authority considers appropriate having regard to (in so far as is appropriate) the obligations that would otherwise have applied to the Licensee under Condition 2.3.5 and the relevant objective as defined in Condition 2.4.1.

### 2.3.9 Explanation of connection charging methodology for introducing gas to the Network

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

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

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

### 2.3.10 Authority's consent required for charges and other terms for introducing gas to the Network and prohibition on undue discrimination and connections for introducing gas to the Network

The Licensee shall not:

- (a) charge for a connection to introduce gas to the Network on any basis or on any other terms without the consent of the Authority; and
- (b) show any undue preference towards or undue discrimination against any person seeking a connection to introduce gas to the Network and, in the case of a connection to introduce gas to the Network, the Licensee shall not refuse a request for connection where the person seeking the connection is willing to pay the Licensee's charges for connection and comply with the Licensee's other terms for connection, including any terms as to technical and safety matters.

### 2.3.11 Publication of connection charge statements

The Licensee shall:

- (a) publish a statement of the basis of its connection charges for introducing gas to the Network and its other terms for connection as the Authority has

consented to under Condition 2.3.8 in such manner as will secure adequate publicity for it; and

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

#### 2.3.12 Interpretation and construction

References in this Condition to:

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

#### 2.3.13 Obligation to permit a connection

Subject to a person who has a licence or exemption to convey gas:

- (a) satisfying any technical and safety criteria contained in the Network Code;
- (b) satisfying the Licensee's technical and operational design requirements; and
- (c) paying to the Licensee a connection fee (as determined by the Licensee except insofar as the Authority otherwise directs or determines under Condition 2.3(b)) to connect a pipe- line between the Network and the premises,

the Licensee shall permit a connection to the Network by that person.

## **Condition 2.7: Emergency Services and Obligations**<sup>15</sup>

### 2.7.1 Emergency telephone service<sup>16</sup>

The Licensee shall, in co-ordination with all other relevant persons:

- (a) establish, or procure the establishment of, and subsequently operate and maintain, or procure the subsequent operation and maintenance of, a single continuously attended telephone service (including reasonable facilities to communicate with deaf or partially hearing persons):
  - (iii) for the receipt of reports of escapes of gas in respect of which the Licensee or such other relevant persons may have obligations under Article 60 of the Order or under any regulations made by the Department under Schedule 5 paragraph 2 of the Order; and
  - (ii) for the Licensee to be informed of any escapes of gas in respect of which it may have such obligations; and
- (b) secure adequate publicity for the service and its telephone number, having regard, in particular, to the special needs of blind or partially sighted persons.

*[Conditions 2.7.2 – 2.7.10 are not amended for EU Directive purposes]*

2.7.11 In this Condition:

“relevant persons”	means all persons that undertake in Northern Ireland the activities specified in Article 6(1)(a) of the Order.
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<sup>15</sup> This is an existing Standard Condition of Conveyance Licence – Condition 2.7.1 to be revised as above – remaining Conditions remain unchanged.

<sup>16</sup> Please note that under the Gas Safety (Management) Regulations (Northern Ireland) 1997, **PNG** has a duty to provide such a service - the Regulations may need to be amended to provide for a single Northern Ireland service provided by all gas conveyance licensees.

## **Condition [2.24] Safety of Supplies**<sup>1718</sup>

### **2.24.1 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.

### **2.24.2 Means of discharging obligation**

The Licensee may discharge the duty imposed by Condition 2.24.1 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.

### **2.24.3 Emergency telephone number**

The Licensee shall:

- (a) inform a consumer of the telephone number for the service referred to in Condition 2.24.1(b) if so requested; and

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<sup>17</sup> This is proposed new Standard Condition for Gas Supply licences.

<sup>5</sup> Existing Standard Condition 2.14.5 of Gas Supply licences will be deleted.

- (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 [2.25:]     Reading, Inspection and Testing of Meters<sup>19</sup>**

### **2.25.1    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 2.25.

### **2.25.2    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 2.25.1 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.

### **2.25.3    Inspections**

An inspection under this Condition 2.25 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;

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<sup>19</sup> New Standard Condition for all Gas Supply Licences (Condition 2.7.2 in the existing Standard Condition 2.7 shall be deleted as it is effectively replaced by this new Standard Condition)

- (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.

#### 2.25.4 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.

## **APPENDIX 5**

**Condition 2.6 – Conduct of Transportation Business<sup>20</sup>**

*[Conditions 2.6.1, 2.6.3 and 2.6.4 remain unchanged]*

**2.6.2 Disclosure of information**

The Licensee shall:

- (a) use its best endeavours to secure that any information relating to or derived from its Licensed Business is not disclosed for the benefit, or used for the purposes, of:
  - (i) any trading business, affiliate or (so far as the Licensee can require it) related undertaking of the Licensee; or
  - (ii) any company of which the Licensee is an affiliate or related undertaking; and
- (b) subject to paragraph (a) above, not show any undue discrimination against, or undue preference towards, any person or class of person, in disclosing any information relating to its Licensed Business which may be commercially advantageous to any other person.

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<sup>20</sup> New Condition 2.6.2 to replace existing Condition 2.6.2 in Standard Condition 2.6 of Conveyance Licences

## **APPENDIX 6**

## **Condition [2.18:]–Terms and Conditions of Gas Supply Contracts<sup>21</sup>**

### **2.18.1 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 and comprehensible language and which 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.

### **2.18.2 Determination of standard terms and conditions for Household Consumers**

Without prejudice to Condition 2.4.6, the Licensee shall determine standard terms and conditions for the supply of gas to Household Consumers and may determine different standard terms and conditions in respect of different payment methods or consumers residing in different areas. The Licensee shall not enter, or offer to enter, into a contract for the supply of gas with a Household Consumer otherwise than on its standard terms and conditions.

### **2.18.3 Content of standard terms and conditions for Household Consumers**

The Licensee shall ensure that each set of standard terms and conditions it determines for Household Consumers shall be fair (as between the Licensee and each Household Consumer) and shall, as a minimum, include the following:

- (a) the identity and address of the Licensee and any other appropriate contact details;
- (b) the services to be provided, the service quality levels offered by the Licensee (which may be subject to the approval of the Authority pursuant to Condition 2.20) and the time for the commencement of the gas supply under the contract;

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<sup>21</sup> Proposed new Standard Condition for Gas Supply Licences.

- (c) the duration of the contract, the conditions for renewal and termination of the contract (including any requirement, which must be approved in advance by the Authority, for the consumer to pay charges arising due to the termination of the contract) and any services provided thereunder and the existence of any right of cancellation or termination of the contract;
- (d) (if offered by the Licensee) the types of maintenance service offered under the contract;
- (e) a right for the consumer to cancel the contract:
  - (i) where a supply of gas has at any time previously been taken at the premises, within 7 working days of entering into the contract; and
  - (ii) where a supply of gas has not previously been taken at the premises, within 7 working days of entering into the contract or any time up to 7 working days prior to the premises being connected to the relevant Network Operator's Network, whichever is the later.
- (f) a right for the consumer to terminate the contract where the Licensee proposes a variation to the terms and conditions of the contract and the consumer does not wish to accept such new terms and conditions;
- (g) the means by which up to date information on all applicable tariffs and charges (including any discounts and promotions) for the supply of gas and for any other services which are to be provided under the contract:
  - (i) can be promptly obtained by the consumer; and
  - (ii) will be communicated to the consumer in writing by the Licensee;
- (h) any other payment the consumer is required to make which does not constitute an element of the Licensee's applicable prices and tariffs, including without limitation any payment which is or has the effect of being a payment by way of security for the payment of charges for the supply of gas;
- (i) all such applicable tariffs, charges and other payments in a manner that enables the consumer to identify each particular tariff, charge or payment;

- (j) the compensation and the refund arrangements which will apply if contracted service quality levels are not met (which may be subject to the approval of the Authority pursuant to Condition 2.20);
- (k) how the Household Consumer may initiate the Licensee's complaint handling procedure (as established under Condition 2.22); and
- (l) how the Household Consumer can contact the General Consumer Council for further help and advice.

#### 2.18.4 Notification of terms to Household Consumers

Before entering into or concluding a gas supply contract with any Household Consumer, the Licensee shall give the consumer a written copy of the full terms and conditions of the contract, including without limitation all the information referred to in Condition 2.18.3.

#### 2.18.5 Changes to standard terms and conditions for Household Consumers

The Licensee shall notify each Household Consumer it supplies with gas pursuant to the Licence of:

- (a) any proposed variation to the terms of the gas supply contract the Licensee has entered into with that consumer, together with the consumer's right (as included in the contract in accordance with Condition 2.18.3) to terminate the contract before the proposed variation is due to take effect, at least 21 days in advance of the date the variation is due to take effect; and
- (b) any actual variation that subsequently does take effect in respect of the charges for the supply of gas, within 28 days of the date the variation takes effect.

#### 2.18.6 Duty to provide a copy of standard terms and conditions for Household Consumers

The Licensee shall, on the request of a Household Consumer and without charge, send to that Household Consumer a copy of the then current set or sets of standard terms and conditions (as determined in accordance with this Condition 2.18) that are



applicable to the request (including, for the avoidance of doubt, the applicable charges and tariffs relating to each such set).

#### 2.18.7 Payment Methods

The Licensee shall ensure that its standard terms and conditions provide Household Consumers with a choice of payment methods, including as a minimum making payment:

- (a) in arrears (at such frequency as is set out in the terms and conditions);
- (b) by direct debit (at such frequency as is set out in the terms and conditions);  
and
- (c) by prepayment meter.

. Any difference in the charges for supply of gas according to the choice of payment method shall be calculated by the Licensee on a reasonable basis to reflect the costs to the Licensed Business of such different payment methods.

## **Condition [2.19]: Provision of Information to Consumers**<sup>22</sup>

### **2.19.1 Obligation to provide bill**

The Licensee shall send to each of its consumers a bill on at least an annual basis.

### **2.19.2 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”);
- (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).

### **2.19.3 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.

### **2.19.4 Actual readings**

The Licensee shall use all reasonable endeavours to take an actual meter reading in respect of each of its consumers on at least an annual basis.

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<sup>22</sup> Proposed new Standard Condition for Gas Supply Licences.

#### 2.19.5 General Consumer Council

The Licensee shall:

- (a) provide the information required by this Condition 2.19 in such detail and in such format as the Licensee has determined in consultation with the General Consumer Council; and.
- (b) keep each of its Household Consumers informed:
  - (i) that the General Consumer Council can assist in resolving complaints which the Licensee has not been able to resolve to the consumer's satisfaction; and
  - (ii) of the contact address and telephone number of the General Consumer Council,

by giving that information on or with each bill provided by the Licensee in respect of the supply of gas.

**Condition [2.20:] Approval of the Authority to the Licensee's [Consumer Protection Arrangements]<sup>23</sup>**

**2.20.1 Provision of arrangements to the Authority**

The Licensee shall, within 28 days of any notice from the Authority requiring it to do so, provide to the Authority full details of the arrangements which it has in place in respect of any of the matters set out in Condition 2.20.3 and referred to in that notice.

**2.20.2 Modification to arrangements**

If the Authority shall, within three months of the Licensee providing such details to the Authority, by notice in writing to the Licensee require the Licensee to make any modifications to those arrangements, the Licensee shall, as soon as is practicable but in any event within 60 days of the date of the notice, modify such arrangements accordingly.

**2.20.3 Detail of arrangements**

The matters referred to in Condition 2.20.1 are:

- (a) the service quality levels offered by the Licensee to Household Consumers under and in accordance with any contract for the supply of gas to such consumers;
- (b) the compensation and refund arrangements which are to apply where the Licensee is unable to meet such contracted service quality levels; and
- (c) the standards of performance established by the Licensee for Household Consumers pursuant to Condition 2.15 which are not also provided for within the service quality levels offered under or in accordance with a contract for the supply of gas to such consumers.

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<sup>23</sup> Proposed new Standard Condition for Gas Supply Licences.

## **Condition [2.21:] Marketing of Gas to Household Consumers<sup>24</sup>**

### **2.21.1 Application of Condition**

This Condition shall apply, from the date of the direction, where the Authority has directed that it shall apply to the Licensee. This Condition applies to the selling methods and marketing activities of the Licensee in respect of the supply or proposed supply of gas to Household Consumers.

### **2.21.2 Pre-contract requirements**

The Licensee shall (and shall procure that its agents or sub-contractors shall):

- (a) establish appropriate procedures for the selection of persons employed or engaged in roles the principal duties of which involve oral communications with Household Consumers for the purpose of selling to such consumers the Licensee's services in respect of the supply of gas;
- (b) take all reasonable steps to ensure that the each such person is sufficiently trained so as to have a sufficient understanding of:
  - (i) the gas supply market in Northern Ireland;
  - (ii) the terms and condition of the Licensee's gas supply contracts available for Household Consumers; and
  - (iii) matters relating to the efficient use of gas (in order to provide energy efficiency advice to consumers including details of other organisations that may be able to assist the consumer on such matters),so that any advice given to Household Consumers by such persons is not misleading;
- (c) take all reasonable steps to ensure that a Household Consumer is:

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<sup>24</sup> Proposed new Standard Condition for Gas Supply Licences.

- (i) made aware or will readily understand that he has entered, or is about to enter, into a contract with the Licensee for the supply of gas to the consumer's premises;
- (ii) where the consumer is to receive a supply of gas for the first time at the premises, made aware or will readily understand that he should take appropriate action to ensure that he is able to continue the use of his existing fuel source (if any) until the commencement of the supply of gas; and
- (d) take all reasonable steps to ensure that any unsolicited contact made on behalf of the Licensee with any Household Consumer takes place at a reasonable time of the day.

#### 2.21.3 Post-contract requirements

Where the Licensee enters into a contract with a Household Consumer in the course of:

- (a) a visit to that consumer's premises by a representative of the Licensee;
- (b) a conversation in a place to which the public have access;
- (c) a telephone conversation, between a representative of the Licensee and the Household Consumer,

the Licensee shall use its reasonable endeavours to contact the consumer between 1 to 14 days after the contract has been entered into to confirm that the consumer understands that he has entered into the contract and is content to have done so but that the supply of gas will not commence until the supply start date notified, or to be notified, to him.

#### 2.21.4 Cooling-off period

If in the course of, or in response to, the Licensee's contact in accordance with Condition 2.21.3, the Household Consumer indicates that he is not content to have entered into the contract and wishes to cancel the contract, the Licensee shall use all reasonable

endeavours to ensure that the contract is cancelled and that the Licensee does not commence the supply of gas to the consumer's premises.

2.21.5 Additional definitions

In this Condition 2.21:

"marketing activities"	means any activities of the Licensee directed at or incidental to the identification of and communication with Household Consumers supplied or to be supplied with gas by the Licensee, and includes entering into contracts with such consumers; and
"representative"	means any person directly or indirectly authorised to represent the Licensee in its dealings with Household Consumers.

## **Condition [2.22] Complaints Handling Procedure<sup>25</sup>**

### **2.22.1 Establishment of procedure**

The Licensee shall establish and operate a transparent, simple and inexpensive complaints procedure which shall enable any Household Consumer that has at any time received a supply of gas from the Licensee to bring and have promptly dealt with any complaint he may have in respect of the supply of gas or in respect of the Licensee's activities in providing the supply of gas.

### **2.22.2 Minimum requirements**

The complaints procedure established and operated by the Licensee in accordance with this Condition 2.22 shall as a minimum:

- (a) be made available to all Household Consumers without charge;
- (b) facilitate the fair and prompt settlement of complaints and disputes; and
- (c) provide, where warranted, for a system of making a reimbursement and/or compensation payment to complainants.

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<sup>25</sup> Proposed new Standard Condition for Gas Supply Licences.



## **Condition [2.23:] Payment of Bills and dealing with Consumers in difficulty<sup>26</sup>**

### **2.23.1 Establishment of arrangements**

The Licensee shall establish arrangements concerning the payment of gas bills by Household Consumers including establishing appropriate procedures and guidance for the assistance of such consumers who, through misfortune or inability to cope with credit terms, may have difficulty in paying such bills (“Bill Payment Arrangements”).

### **2.23.2 Requirements for arrangements**

The Bill Payment Arrangements shall set out the Licensee’s methods and procedures for:

- (a) identifying consumers in such difficulty (“consumers in difficulties”) ;
- (a) providing appropriate information as to how consumers in difficulties might be able to reduce their future bills by the efficient use of gas;
- (b) making arrangements, which take into account the consumers’ ability to comply with such arrangements, to enable consumers in difficulties to pay the charges accrued for the supply of gas in instalments;
- (c) detecting failures by consumers in difficulties to comply with the arrangements entered into by them for paying for the charges accrued for the supply of gas in instalments;
- (d) ascertaining the ability of such consumers to comply with such arrangements; and

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<sup>26</sup> Proposed new Standard Condition for Gas Supply Licences.

- (e) providing, or procuring the provision of, a prepayment meter (where safe and practicable to do so) for consumers who have failed to comply with such arrangements.

#### 2.23.3 Avoiding disconnection

In formulating the Bill Payment Arrangements the Licensee shall have particular regard to adopting methods and procedures that have the purpose of avoiding, in so far as reasonable and practicable, the disconnection of premises occupied by consumers in difficulties.

#### 2.23.4 Interaction with Condition 2.9

The Bill Payment Arrangements shall be subject to the provisions of, and established in accordance with, Condition 2.9.

## **APPENDIX 7**

## **Condition [2.26:] The Supply Meter Point Agreement<sup>27</sup>**

### **2.26.1 Establishing Supply Meter Point Agreement**

The Licensee shall, within [six] 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 2.26.4; and
- (b) including the modification procedures and other matters required by Conditions 2.26.5 and 2.26.6.

### **2.26.2 Compliance with Supply Meter Point Agreement**

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

### **2.26.3 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).

### **2.26.4 Relevant objectives**

The relevant objectives referred to in Condition 2.26.1 are:

- (a) the development, maintenance and operation of efficient, coordinated and economical arrangements and systems of communications between all

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<sup>27</sup> Proposed new Standard Condition for Gas Supply Licences.

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.

#### 2.26.5 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 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 proposed modification 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.

## **APPENDIX 8**

**Condition 2.2: Conveyance Charges, Other Terms for the Conveyance of Gas and the provision of Conveyance services**

**2.2.1 Determination of conveyance charges by the Licensee**

The Licensee shall establish the methods and principles on which conveyance charges shall be determined for gas suppliers wishing and entitled to use the Network and the Licensee shall publish the same in accordance with Condition 2.2.2.

**2.2.2 Publication of conveyance charges and other terms for the conveyance of gas**

Subject to Condition 2.2.3:

- (a) the Licensee shall for the forthcoming year publish a statement of:
  - (i) its conveyance charging methodology for the use of the Network by gas suppliers for the forthcoming year, by which any such gas supplier may reasonably be able to calculate applicable conveyance charges; and
  - (ii) its other terms for the use by gas suppliers of the Network (and in relation to the Network Code by reference to the Network Code);in such manner as will secure adequate publicity for it; and
- (b) the Licensee shall send a copy of any such statement to any person who asks for one;

and subject to Condition 2.2.4(b) such statement shall clearly distinguish cases and classes of cases of gas supplier for whom the conveyance charging methodology may result in differing conveyance charges.



2.2.3 Authority to be consulted on published conveyance charges and other terms for the conveyance of gas

No later than 2 months before it intends to publish its statement under Condition 2.2.2 the Licensee shall notify the Authority of the contents of that statement, and:

- (a) provide the Authority with such information as will enable the Authority to be reasonably satisfied that the methodology and principles for the conveyance charges have been determined in accordance with the provisions of any applicable price or revenue control under the Licence;
- (b) provide the Authority with an explanation of the other terms for conveyance set out in the statement; and
- (c) consult with the Authority on (and, prior to publication, obtain the Authority's consent to) the conveyance charges and other terms for the conveyance of gas to be included in the statement.

2.2.4 Charging for the conveyance of gas and prohibition on undue discrimination

The Licensee shall:

- (a) unless the Authority otherwise consents, not charge for the conveyance of gas in the Network during any year or apply other terms for the conveyance of gas on any basis other than contained in its statement of conveyance charges published under Condition 2.2.2 in respect of that year;
- (b) not show any undue preference towards or undue discrimination against any gas supplier or case or classes of cases of gas supplier in the conveyance charges made or other terms for the conveyance of gas applied in relation to the Network; and
- (c) within 28 days of receiving a request for the quotation of conveyance charges for specified conveyance services by a gas supplier, provide the gas supplier with a specific statement of the conveyance charges and other

terms for the conveyance of gas applicable to the conveyance services for which the gas supplier requested a quotation;

and for the purposes of Condition 2.2.4(c) and the Licensee's obligation to provide a specific statement of conveyance charges, a request for the quotation of conveyance charges for specified conveyance services shall be treated as such if it is in such form as the Licensee can reasonably be expected to provide a specific statement of conveyance charges in return.

2.2.5 Licensee's obligation to provide services for the conveyance of gas in accordance with the Network Code

The Licensee shall provide gas suppliers with conveyance services in accordance with the Network Code.

2.2.6 Determination by Authority of the right of gas suppliers to have gas conveyed in the Network

Provided that the Authority shall have first given the Licensee not less than one month in which to make representations with respect to any of the following matters, at any time thereafter the Licensee shall provide a gas supplier with conveyance services:

- (a) if the Authority so determines, in accordance with the conveyance charges and other terms for the conveyance of gas (including terms set out in its Network Code), where the gas supplier is willing to accept the same and the Licensee has refused to provide such conveyance services; and
- (b) if the Authority so determines, notwithstanding the provisions of Conditions 2.2.1 and 2.2.2, in accordance with such price, as determined by the Authority, as will allow the Licensee to obtain appropriate recompense in accordance with any then applicable charging regime of the Licensee approved by the Authority and then in force, and on such other terms as the Authority reasonably considers appropriate in all the circumstances, including terms as to the Network Code, or as may

establish modify or amend a Network Code, where the Licensee's conveyance charges and other terms for the conveyance of gas and/or terms of the Network Code:

- (i) are, in the Authority's opinion, unreasonable and/or unsuitable for the conveyance services sought by the gas supplier;
- (ii) the Licensee and the gas supplier have been unable to reach agreement on appropriate terms; and
- (iii) the gas supplier is willing to accept the Authority's determination;

provided that for the purposes of this Condition 2.2.6 the Authority is satisfied that any determination would not prejudice the efficient and safe operation of the Network, or the conveyance by the Network of:

- (c) the quantities of gas which the Licensee requires or may reasonably be expected to require to be conveyed by the Network to enable the Licensee to comply with the conditions of the Licence; and
- (d) the quantities of gas which any person who has a right to have gas conveyed by the Network is entitled to require to be so conveyed in exercise of that right.

#### 2.2.7 Additional duty to provide information

The Licensee shall advise the Authority by a report provided to the Authority of:

- (a) the number of separate arrangements with gas suppliers for gas conveyance services provided; and
- (b) the volumes of gas offtaken from the Network by gas suppliers including its own Separate Business, if any, engaged in the supply of gas.

#### 2.2.8 Direction by the Authority

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

(i) the methods and principles on which it has determined the conveyance charges as provided in the Licensee's latest published statement; and/or

(ii) the conveyance charges and other terms for the conveyance of gas determined and included in the latest published statement,

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

(b) The Licensee shall comply with the requirements of any direction issued by the Authority under this Condition 2.2.8 and shall publish a revised statement in accordance with Condition 2.2.3.