

**Introduction of gas entry charges and products:**

**Final changes to Part 2A High Pressure Conveyance Licence**

**Decision published 14<sup>th</sup> May 2015 (marked-up version with changes post consultation)**

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**PART 2A**

**STANDARD CONDITIONS APPLICABLE TO THE CONVEYANCE OF GAS BY  
DESIGNATED PIPELINE OPERATORS**

**Condition 2A.1 – Interpretation and Construction**

2A.1.1 Definitions

In Part 2A of this Licence, except where expressly stated to the contrary and unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

“Actual Figures”	means the Annual Exit Quantity and the Actual Firm Capacity figures to be provided by the Licensee to the Authority under Condition 2A.2.3.2(a);
“Actual Firm Capacity”	means the aggregate of GS Firm Capacity which has been held by Gas Suppliers in respect of a Gas Year and in respect of Entry and Exit Points on the Designated Network;
“Actual Required Revenue”	as the context requires, shall have the meaning ascribed to that term in the Special Conditions of this Licence or the meaning ascribed to it in the relevant licence of each Designated Pipe-line Operator;
“Annual Capacity Product”	means a Capacity Product <a href="#">with a duration of one year</a> that provides for capacity to be made available throughout a Gas Year;
“Annual Exit Quantity”	means the aggregate of all Gas Suppliers’ Exit Quantities in respect of a relevant Gas Year and in respect of Exit Points on the Designated Network;
“Auction Premium”	<del>f</del> means the amount calculated in accordance with Condition 2A.2.5.3(d) for each Capacity Product in a relevant Gas Year <del>;</del> <a href="#">;</a>
“Auction Price”	<del>f</del> means, <a href="#">in respect of auctions for Capacity Products that are</a>

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	<u>bundled with the NI capacity products of an interconnected system operator, the share of the clearing-price for determined in the relevant auction published on the Capacity Platform following that is payable to the conclusion of the relevant auction</u> ; Licensee;
"Auxiliary Payment"	means any sum (whether or not contingent) in addition to aggregate Monthly Postalised Payments which a PS Gas Supplier is committed to pay on an annual basis in respect of Minimum Quantity Value;
"Business Day"	means a day, other than a Saturday or Sunday, on which banks are open for ordinary banking business in Belfast;
"Buy-Back Capacity"	means capacity that has been allocated as Firm Capacity or OS Capacity (as the case may be) and subsequently made available for purchase by the Licensee in accordance with the OS Scheme and the Network Code;
"Capacity Percentage"	shall have the meaning ascribed to that term in Condition 2A.2.5.3(b);
<del>"Capacity Platform"</del>	<del>means a Capacity Platform as further described in the Network Code;</del>
"Capacity Product"	means the products for the provision of capacity at Entry Points or Exit Points made available by Designated Pipe-line Operators, <u>including those listed at Condition 2A.2.5.1 in the Gas Product Multipliers and Time Factors Table</u> ;
"Capacity Reconciliation Payment"	means a charge or a payment, as the context requires, made by the Licensee to each of its Gas Suppliers, and as calculated in accordance with condition 2A.2.6.4;
"Commodity Percentage"	shall have the meaning ascribed to that term in Condition

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	2A.2.5.2(a);
“Commodity Reconciliation Payment”	means a charge or a payment as the context requires, made by the Licensee to each of its Gas Suppliers in respect of the difference between the Forecast Postalised Commodity Charge and the Year-End Postalised Commodity Charge applied to a Gas Year;
“Credit Committee”	means the committee which is convened and operates in accordance with the Terms of Reference;
“Debt Entitlement”	shall have the meaning ascribed to that term in Condition 2A.6.1.2(b);
“Debt Notice”	means a notice issued by the PSA as contemplated by Condition 2A.4.3.1(f);
“Debt Notice Date”	means the date on which the PSA shall issue the Debt Notice each month as contemplated by Condition 2A.4.3.1(f), being the eighth Business Day in the relevant month;
“Debt Payment”	means a charge payable by a PS Gas Supplier in respect of PS Notified Debt as contemplated by Condition 2A.3.4 and as detailed in the applicable Debt Notice;
“Debt Repayment”	means a repayment payable to a PS Gas Supplier in respect of a Recovery as contemplated by Condition 2A.3.4.3(ii) and as detailed in the applicable Debt Notice;
“Designated Network”	means such part(s) of the Licensee’s network as is or are designated from time to time pursuant to the Designation Order;
“Designated Pipe-line Operator”	means a person licensed to convey gas under Article 8(1)(a) of the Order through the Postalised System, including the Licensee;

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“Designated Pipe-line Operators Agreement”	shall have the meaning ascribed to that term in Condition 2A.6.2.1;
“Designation Date”	means the date specified in a Designation Order on which any part of the Licensee’s network shall be designated as postalised;
“Designation Order”	means an order made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003 designating gas pipe-lines comprised within the Licensee’s network as being subject to a common tariff;
“Directions”	shall have the meaning ascribed to that term in Condition 2A.3.2;
“Distribution Business”	means, where applicable, a Separate Business of the Licensee which carries on the business of conveyance of gas through distribution pipe-lines and which, with the Authority’s consent, may hold Firm Capacity;
“Due Date”	means the date on which payment of an invoice in respect of any PS Transmission Payment falls due, being the tenth Business Day in the month next after the month in which the relevant invoice was issued and shall be stipulated in the Network Code;
“Entry Overrun Charge”	means <del>any sum in respect of an entry</del> overrun <del>charges which charge payable by</del> a Gas Supplier <del>is obliged in respect of an Entry Point where the quantity of gas allocated to pay</del> the Gas Supplier under the <del>terms of the</del> Network Code <del>and which exceeds the capacity booked by the Gas Supplier under the Network Code at that Entry Point, which charges are to be</del> calculated in accordance with the Gas Transmission Charging Methodology Statement <del>approved by the Authority pursuant to condition 2A.2.1.9;</del>
“Entry Point”	means a point of interconnection between the network of a Designated Pipe-line Operator and any other transmission pipe-line (except for any other transmission pipe-line operated by another

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	Designated Pipe-line Operator) at which capacity is subject to booking procedures pursuant to the Network Code of that Designated Pipe-line Operator and which constitutes an Entry Point under the Network Code;
“Entry Point Additional Capacity”	means in respect of a given time the amount of additional capacity (in kWh/day), in excess of the Entry Point Technical Capacity, determined as available (on a firm basis) by the Designated Pipe-line Operator (on whose network the Entry Point is located) in accordance with the OS Scheme and the Network Code of that Designated Pipe-line Operator;
“Entry Point Technical Capacity”	means in respect of a given time the maximum capacity (in kWh/day) available on a firm basis at an Entry Point taking account of the technical requirements of such Entry Point, system integrity and the operational requirements of the network;
“Entry”, “Entering”	or forms thereof, refers to the input of gas at an Entry Point;
“Exit”, “Exiting”	or forms thereof, refers to the offtaking of gas at an Exit Point;
“Exit Point”	means a point on the Designated Network at which gas is offtaken from the Designated Network by a Gas Supplier, which is not a Transit Point and which constitutes an Exit Point under the Network Code;
“Exit Quantity”	means the total quantity of gas, (measured in kWh) allocated to the Licensee’s relevant Gas Supplier in respect of an Exit Point within a certain period, or any applicable Minimum Quantity Value in respect of such period, if higher;
“Exit Ratchet Charge”	means, at any relevant time in respect of a Gas Supplier, charges relating to <u>nominations in excess of</u> Firm Annual Capacity (in kWh/day) deemed to be held at such time by such Gas Supplier in

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	respect of an Exit Point in accordance with the <del>[Ratchet]</del> provisions of the Network Code <del>1,2</del> , the charge for which shall be calculated in accordance with Condition 2A.2.5.3(b)
“Firm Annual Capacity”	means, at any relevant time in respect of a Gas Supplier and a Gas Year, annual capacity (in kWh/day) held at such time by such Gas Supplier by way of Annual Capacity Products on a firm basis in respect of an Entry Point or an Exit Point and in respect of that Gas Year;
“Firm Capacity”	means, at any relevant time in respect of a Gas Supplier and a Gas Year, the total of Firm Annual Capacity and Firm Non-Annual Capacity (in kWh/day) held at such time by such Gas Supplier and that Gas Year except that if any Minimum Capacity Value in respect of such Gas Year and such Gas Supplier is greater than such held capacity then such Gas Supplier shall be deemed to hold a Firm Capacity equal to that Minimum Capacity Value;
“Firm Non- Annual Capacity”	means, at any relevant time in respect of a Gas Supplier and a Gas Year (or any relevant part thereof), the capacity (in kWh/day) held at such time by such Gas Supplier by way of Non-Annual Capacity Products on a firm basis in respect of an Entry Point or an Exit Point and in respect of the relevant part of that Gas Year, but shall not include any OS Capacity;
“Forecast Annual Quantity”	shall have the meaning ascribed to that term in Condition 2A.2.3.1(a)(i);
“Forecast Figures”	shall mean such figures as are notified to the Authority under Condition 2A.2.3.1(a) as amended by any notice given by the Authority under Condition 2A.2.3.1(e), or such figures as are determined by the Authority under Condition 2A.2.3.1(g), as

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	appropriate;
“Forecast Postalisation Formulae”	means the formulae set out in Condition 2A.2.5;
“Forecast Postalised Annual Capacity Charge”	means a charge in respect of each kWh/day of <del>Initial</del> Firm <u>Annual</u> Capacity held by the Licensee’s Gas Suppliers in respect of an Entry or an Exit Point in a Gas Year which shall be calculated in accordance with Condition 2A.2.5.3(b);
“Forecast Postalised Non Annual Capacity Charge”	means a charge in respect of each kWh/day of Non-Annual Firm Capacity held by the Licensee’s Gas Suppliers in respect of an Entry Point in a Gas Year which shall be calculated in accordance with Condition 2A.2.5.3(c);
“Forecast Postalised Charges”	means <del>at the</del> Forecast Postalised Commodity <del>Charge, a</del> Charges, the Forecast Postalised Annual Capacity <del>Charge, a</del> Charges, the Forecast Postalised Non-Annual Capacity <del>Charge for each Non-Annual Capacity Product in the table listed in Condition 2A.2.5.1Charges</del> , and <del>including a charge</del> charges for the VRF Service;
“Forecast Postalised Commodity Charge”	means a charge in respect of each kWh of gas allocated to the Licensee’s Gas Suppliers for Exit from the Designated Network in a Gas Year which shall be calculated in accordance with Condition 2A.2.5.2;
“Forecast Required Revenue”	as the context requires, shall have the meaning ascribed to that term in the Special Conditions of this Licence;
“Forecast Supplier Quantity”	means the quantity of gas which a Gas Supplier forecasts it will Exit from the Designated Network in a given period, provided that, if in relation to a Gas Supplier such quantity is less than any applicable Minimum Quantity Value, the Forecast Supplier Quantity in relation to such Gas Supplier shall be such Minimum Quantity



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	Value;
Gas Product Multipliers and Time Factors Table	A table published on the Authority's website and updated periodically setting out the <a href="#">Capacity Products to be offered by the DPOs and the</a> weightings for <del>the gas capacity products</del> <a href="#">Capacity Products to be</a> used in the calculation of the <del>capacity and commodity charges</del> <a href="#">Postalised Charges</a>
"Gas Supplier"	means any person authorised by licence under Article 8 of the Order or by exemption under Article 7 of the Order to supply gas, (including the Licensee as so authorised or exempted) and who is entitled to Exit gas from the Designated Network or any person who is not so authorised, but with the Authority's consent either: (i) holds Firm Capacity; or (ii) is entitled to Exit gas from the Designated Network as if it were a Gas Supplier, but shall not include the Licensee if and to the extent that it is providing balancing gas in respect of any part of the Postalised System;
"Gas Transmission Charging Methodology Statement"	means the statement published by the Licensee on its website concerning the methodology for the calculation of gas transmission charges, as provided for in Condition 2A.2.1.9.
"Gas Year"	means the period of time beginning at 05:00 hours on 01 October in any calendar year and ending at 05:00 hours on 01 October in the next succeeding calendar year;
"GS Annual Exit Quantity"	shall have the meaning ascribed to that term in Condition 2A.2.6.4(e);
"GS Firm Capacity"	means the total of GS Firm Annual Capacity and GS Firm Non Annual Capacity held by a Gas Supplier in respect of all Entry Points and Exit Points on the Designated Network in a Gas Year;

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“GS Firm Annual Capacity”	means the Firm Annual Capacity held by a Gas Supplier in respect of all Entry Points and Exit Points on the Designated Network in a Gas Year multiplied in each case by the aggregate number of months in respect of which such Firm Annual Capacity is held in such Gas Year <del>and divided by 12;</del>
“GS Firm Non Annual Capacity”	means the Firm Non Annual Capacity held by a Gas Supplier in respect of all Entry Points and Exit Points on the Designated Network in a Gas Year;
“Initial Firm Capacity”	means the total of all Firm <u>Annual Capacity and Firm Non-Annual Capacity</u> held by the Licensee’s Gas Suppliers in respect of a Gas Year as at the last Business Day of June preceding such Gas Year;
“Invoice Date”	means the tenth Business Day in a month;
“kWh”	means 3,600,000 joules as defined in ISO 1000-1981(E);
“LIBOR”	means the sterling London Interbank Offered Rate as published in the Financial Times from time to time;
“Minimum Capacity Value”	means any minimum quantum of capacity (in kWh/day) in respect of which a PS Gas Supplier is obliged under contract to the Licensee or to any other Designated Pipe-line Operator to pay transmission charges in respect of a Gas Year;
“Minimum Quantity Value”	means any minimum quantity of gas (in kWh) in respect of which a PS Gas Supplier is obliged under contract to the Licensee or to any other Designated Pipe-line Operator to pay transmission charges in respect of a Gas Year or part thereof;
“Monthly Debt Payment Entitlement”	means the entitlement of a Designated Pipe-line Operator in respect of the Net Debt Position in a month, calculated in accordance with Condition 2A.6.1.2(b);

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“Monthly Distribution”	has the meaning ascribed in Condition 2A.6.1.4,
“Monthly Entitlements”	means Monthly Postalised Entitlements and Monthly Debt Payment Entitlements;
“Monthly Postalised Capacity Payment (Annual Capacity)”	means the amount to be invoiced monthly by the Licensee to each of its Gas Suppliers in accordance with Condition 2A.2.5.4(b);
“Monthly Postalised Capacity Payment (Non Annual Capacity)”	means the amount to be invoiced monthly by the Licensee to each of its Gas Suppliers in accordance with Condition 2A.2.5.4(c);
“Monthly Postalised Capacity Payment”	means the total amount to be invoiced monthly by the Licensee to each of its Gas Suppliers in respect of the “Monthly Postalised Capacity Payment (Annual Capacity)” and the “Monthly Postalised Capacity Payment (Non Annual Capacity)”;
“Monthly Postalised Commodity Payment”	means an amount to be invoiced monthly by the Licensee to each of its Gas Suppliers in accordance with Condition 2A.2.5.2(b);
“Monthly Postalised Entitlement”	means the entitlement of a Designated Pipe-line Operator in respect of Monthly Postalised Payments and any Auxillary Payment payable into the PoT Account in a month, calculated in accordance with Condition 2A.6.1.2(a)(i);
“Monthly Postalised Payments”	means Monthly Postalised Commodity Payments and Monthly Postalised Capacity Payments;
“Net Debt Position”	means a balance calculated in respect of a month with reference to PS Notified Debt and Recoveries in accordance with Condition 2A.3.4.3 and in respect of which a Debt Payment or Debt Repayment may be made;

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“Non Annual Capacity Product”	means a Capacity Product <a href="#">for a period shorter than a Gas Year</a> that provides for capacity to be made available <del>throughout a period shorter than</del> <a href="#">in</a> a Gas Year;
“Non Payment Month”	means a month in which a relevant PS Non-Payment occurred;
“Oversubscription Capacity” or “OS Capacity”	means in respect of a given time, an amount of additional capacity (in kWh/day) (not exceeding the Entry Point Additional Capacity) which is available for allocation on a firm basis or is allocated on a firm basis at an Entry Point, for a duration of one Day as a result of the availability of Entry Point Additional Capacity and as determined in accordance with the OS Scheme and the Network Code;
“OS Charging Statement”	has the meaning given in the OS Conditions;
“OS Conditions”	means Condition 2A.2.1.11 to Condition 2A.2.1.21;
“OS Procedure”	has the meaning given to it in the OS Conditions;
“OS Scheme”	has the meaning given to it in the OS Conditions;
“OS Services”	has the meaning given in the OS Conditions;
“Postalised Charges”	means the Forecast Postalised Charges and/or the Year-End Postalised Charges as the case may be;
“Postalisation Conditions”	means the Conditions in Part 2A and the OS Conditions;
“Postalised System” or “PS”	means the system comprising all gas pipe-lines designated as being subject to a common tariff pursuant to all orders made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003 in force at such time;

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“PoT Account”	shall have the meaning ascribed to that term in Condition 2A.5.3.1(a);
“Primary DPO”	means the Designated Pipe-line Operator holding a licence to convey gas in respect of a part of the Postalised System on which the PS Gas Supplier is entitled to exit gas;
“PSA”	shall have the meaning ascribed to that term in Condition 2A.4.1.1;
“PS Actual Required Revenue (PSARR)”	means, in respect of a Gas Year, the sum of all Actual Required Revenues in respect of such Gas Year;
“PSA Agreement”	shall have the meaning ascribed to that term in Condition 2A.4.1.1;
“PSA Functions”	shall have the meaning ascribed to that term in Condition 2A.4.3.1;
“PS Actual Firm Capacity”	[shall have the meaning ascribed to that term in Condition 2A.2.6.2];
“PS Annual Exit Quantity”	shall have the meaning ascribed to that term in Condition 2A.2.6.2;
“PS Forecast Annual Quantity”	shall have the meaning ascribed to that term in Condition 2A.2.5.2(a);
“PS Forecast Required Revenue (PSFRR)”	means in respect of a Gas Year the sum of all Forecast Required Revenues as such term is defined in each Respective Licence in respect of all Designated Pipe-line Operators in respect of such Gas Year;
“PS Gas Supplier”	means any person who is entitled to exit gas from the Postalised System;

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“PS Non-Payment”	<p>means:</p> <p>(i) the failure of a PS Gas Supplier to pay into the PoT Account all or part of the PS Transmission Payments due from it by the Due Date, or the clawback by an administrator or liquidator of the amount of any payment (or part of such payment) made into the PoT Account by a PS Gas Supplier in respect of a PS Transmission Payment; or</p> <p>(ii) the amount of PS Transmission Payments which the relevant PS Gas Supplier has failed to pay or the amount which is subject to clawback by an administrator or liquidator as the context requires but shall not apply to any sums due under the Network Code upon termination of a PS Gas Supplier’s Accession Agreement in respect of periods after the date of termination;</p>
“PS Notified Debt”	<p>means, at any time, the aggregate of PS Non-Payments, excluding any VAT element, which are at that time or were prior to that time the subject of a notification by a Designated Pipe-line Operator to the PSA as contemplated in Condition 2A.3.4.1 of such Designated Pipe-line Operator’s licence;</p>
“PS Transmission Payments”	<p>means any amount payable by a PS Gas Supplier in respect of the provision of gas conveyance services on the Postalised System under Condition 2A.2.1.7 (<a href="#">Entry</a> Overrun Charges <a href="#">and Exit Ratchet Charges</a>); Conditions <del>{2A.2.5.5}</del> (Monthly Postalised Payments); 2A.3.4 (Debt Payments); and 2A.2.6.4 (Reconciliation Payments); 2A.2.5.2(c) (Auxiliary Payments) and 2A.2.6.6 (Supplemental Payments) under each Designated Pipe-Line Operator’s Respective Licence;</p>
“Quantity Figures”	<p>shall have the meaning ascribed to that term in Condition 2A.2.3.1(b);</p>

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“Quarter”	means each successive three calendar month period in a Gas Year, the first of which shall run from and including 05:00 hours 01 October until 05:00 hours 01 January in that Gas Year; and “Quarterly” shall be construed accordingly;
“Quarterly Exit Quantity”	means the aggregate of Exit Quantities in a Quarter;
“Reconciliation Payment”	means the Capacity Reconciliation Payment and the Commodity Reconciliation Payment;
“Reconciliation Payment Formulae”	means the formulae contained in Conditions 2A.2.6.4(a) to (e) and 2A.2.6.5 in accordance with which Reconciliation Payments shall be calculated;
“Recovery”	means any amount (other than a Debt Payment) paid by or on behalf of a PS Gas Supplier either directly into the PoT Account or to a Designated Pipe-line Operator and subsequently paid by that Designated Pipe-line Operator into the PoT Account, in full or partial satisfaction of any PS Notified Debt attributable to that PS Gas Supplier;
“Relevant Charge Date”	shall have the meaning ascribed to that term in Condition 2A.2.5.7;
“Respective Licence”	means in respect of each of the Designated Pipe-line Operators the licence for the conveyance of gas granted to it pursuant to Article 8(1) of the Order or that part of a combined licence relating to the conveyance of gas;
“Second Due Date”	means, in respect of a PS Non-Payment which occurred in a Non-Payment Month, the fifteenth Business Day after the respective Due Date as stipulated in the Network Code;

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“Separate Business”	<p>means each of the following businesses of the Licensee (as appropriate):</p> <p>(i) the conveyance of gas through a transmission pipe-line pursuant to a licence granted in accordance with Article 8(1)(a) of the Order;</p> <p>(ii) the distribution of gas through distribution pipe-lines pursuant to a licence granted in accordance with Article 8(1)(a) of the Order; and</p> <p>(iii) the supply of gas pursuant to a licence granted in accordance with Article 8(1)(c) of the Order</p> <p>each taken separately from one another and from any other business of the Licensee or any affiliate or related undertaking of the Licensee;</p>
“Supplemental Payment”	<p>means any sum (whether or not contingent) in addition to aggregate Monthly Postalised Payments which a PS Gas Supplier is committed to pay on an annual basis in respect of transmission through the Postalised System and which is calculated otherwise than on the basis of a minimum quantity of gas or minimum quantum of capacity;</p>
“Supply Business”	<p>means, where applicable, the Separate Business of the Licensee which carries on the business of the supply of gas;</p>
“Termination Payments”	<p>means any amount payable on the termination of a Gas Supplier’s Accession Agreement under the terms of the Network Code;</p>
“Terms of Reference”	<p>means the terms of that name appended to the Network Code which govern the operation of the Credit Committee;</p>



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“Total Monthly Payments	shall have the meaning ascribed to that term in Condition 2A.3.4.3;
“Transit”, “Transiting”	or forms thereof, refers to the conveyance of gas through the Designated Network to another part of the Postalised System;
“Transit Point”	means a point of interconnection between the Designated Network and another pipe-line forming part of the Postalised System;
“Trust and Account Bank Agreement”	means the agreement in the form approved by the Authority and made between the Designated Pipe-line Operators, the Trustee and account bank which governs the operation of the PoT Account;
“Trustee”	shall have the meaning ascribed to that term in Condition 2A.5.1.1;
“Trustee Functions”	shall have the meaning ascribed to that term in Condition 2A.5.3.1;
“Total Weighted Forecast Capacity”	fmeans the figure calculated in accordance with 2A.2.5.3(a <del>h</del> )
“Total Weighted Year-End Capacity”	fmeans the figure calculated in accordance with 2A.2.6.3(a <del>h</del> )
“Undesignated Network”	means such part(s) of the network as is or are not from time to time comprised in the Designated Network;
“Unrecovered Postalisation Payments”	shall have the meaning ascribed to that term in Condition 2A.4.3.1(l);
“VAT Distributions”	means distributions made by the Trustee on the instructions of the PSA from the PoT Account as calculated in accordance with Condition 2A.4.3.1 (d);

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“VRF Service”	means the <del>Gormanston</del> <u>Interruptible</u> Virtual Reverse Flow <del>and service offered by the Moffat Virtual Reverse Capacity Products listed</del> <u>Licensee in the table at</u> accordance with <u>Condition 2A.2.5.1.6 and Conditions 2A.2.1.8 to 2A.2.1.10;</u>
“Year-End Amount”	shall have the meaning ascribed to that term in Condition 2A.6.1.3;
“Year-End Postalisation Formulae”	means the formulae set out in Condition 2A.2.6;
“Year-End Postalised Annual Capacity Charge (Annual Capacity)”	means a year-end charge in respect of each kWh/day of Firm Annual Capacity held by the Licensee’s Gas Suppliers in respect of an Entry Point or an Exit Point in a Gas Year which shall be calculated in accordance with Condition 2A.2.6.3(b);
“Year-End Postalised Non-Annual Capacity Charge”	means a year-end charge in respect of each kWh/day of Firm Non-Annual Capacity held by the Licensee’s Gas Suppliers in respect of an Entry Point or an Exit Point in a Gas Year which shall be calculated in accordance with Condition 2A.2.6.3(c);
“Year-End Postalised Capacity Charge”	means the total charges applicable to each kWh/day of Firm Capacity held by each Gas Supplier for Entry and or Exit from any part of the Designated Network in respect of a Gas Year in accordance with Condition 2A.2.6.3(b) and 2A.2.6.3(c);
“Year-End Postalised Charge”	means the Year-End Postalised Capacity Charge and the Year-End Postalised Commodity Charge; and
“Year-End Postalised Commodity Charge”	means a charge applicable to each kWh of gas allocated to each Gas Supplier in respect of an Exit Point during a Gas Year in accordance with Condition 2A.2.6.2.

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2A.1.2 Interpretation

In Part 2A all capitalised terms shall have the meaning ascribed to them in such part, notwithstanding any other definition of any such term elsewhere in the Licence. Capitalised terms within Part 2A which are not defined within such part shall have the meaning ascribed to them elsewhere in the Licence.

2A.1.3 Provision of Information

Nothing in Part 2A shall require the Licensee to produce any information or provide any document to any other party which the Licensee could not be compelled to produce or provide in any civil proceedings.

2A.1.4 Units of Measurement

For the avoidance of doubt the Licensee shall invoice for any Postalised Charges in the unit of Kwh or Kwh/day.

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**Condition 2A.2 – Postalisation Charges**

2A.2.1 Charges on the Designated Network

2A.2.1.1 In respect of the Gas Year commencing on or after the Designation Date and each Gas Year or part of a Gas Year thereafter for so long as and to the extent that a Designation Order is and remains in force in respect of all or part of the network, the Licensee shall be subject to the provisions of this Part 2A.

2A.2.1.2 The Licensee shall require all of its Gas Suppliers to make all payments in settlement of PS Transmission Payments, Termination Payments and all Recoveries into the PoT Account. For the avoidance of doubt, PS Transmission Payments shall include any relevant Termination Payments payable in respect of PS Transmission Payments relating to the Gas Year in which termination occurs.

2A.2.1.3 The Licensee shall pay all sums which it receives directly from, or on behalf of, any of its Gas Suppliers in respect of PS Transmission Payments and Recoveries into the PoT Account.

2A.2.1.4 Where the Licensee has a Distribution Business and/or a Supply Business it shall for the purposes of this Condition 2A deal with such Distribution Business and/or Supply Business as if each such Separate Business were a third party Gas Supplier, including but not limited to providing or procuring forecasts relating to each such Separate Business, issuing invoices to each such Separate Business relating to PS Transmission Payments and maintaining appropriate records of all dealings with each such Separate Business.

2A.2.1.5 As used in this Condition 2A.2 "Day", ~~MDQ,~~ and "PS Code Charges" have the respective meanings given in the Network Code and / or (as the context requires) in the Network Codes of the other Designated Pipe-line Operators.

2A.2.1.6 The Licensee shall offer:

(a) ~~third party access services down to a period of one day; and~~

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~~(b)~~(a) the VRF Services referred to in Conditions numbered 2A.2.1.8 to 2A.2.1.10 (the “VRF Conditions”); and

~~(e)~~(b) the OS Services referred to in Condition numbered 2A.2.1.11 to 2A.2.1.~~21~~20 (the “OS Conditions”).

2A.2.1.7 The Licensee may charge each of its Gas Suppliers an Entry Overrun Charge’ and/or a ‘Exit Ratchet Charge’ as provided for under the terms of the Network Code.

2A.2.1.8 The Licensee shall charge each of its Gas Suppliers to whom it provides the VRF Services the following amounts, namely:

- (a) in respect of each provision of the VRF Service, the charge for such provision which is applicable at the relevant time, as determined pursuant to the Gas Transmission Charging Methodology Statement approved by the Authority from time to time;
- (b) no commodity based charge shall be payable by a Gas Supplier in respect of any gas which is allocated to that Gas Supplier at any Exit Point where the allocation is made pursuant to a utilisation of the VRF Service.

2A.2.1.9 The Licensee shall, not later than 1 July in the Gas Year 2015 / 2016 and in each subsequent Gas Year, publish a Gas Transmission Charging Methodology Statement approved by the Authority (and in a manner so approved) showing the charges referred to in Condition 2A.2.1.7 in respect of Overrun Charges and Condition 2A.2.1.8(a) in respect of each kWh/day of VRF Services to be provided in the forthcoming Gas Year.

The Licensee shall not make any changes to the Gas Transmission Charging Methodology Statement without the prior written approval of the Authority. If the Authority does not approve the Gas Transmission Charging Methodology Statement (or any changes to it) submitted to the Authority, the Licensee must make such

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[modifications to the statement as the Authority may direct and must re-submit the statement to the Authority for approval.](#)

2A.2.1.10 Nothing in this Licence shall prejudice the right of the Licensee to impose on and recover from any Gas Supplier to whom it provides the VRF Services or OS Services any PS Code Charges which are payable by that Gas Supplier in respect of the VRF Services or OS Services pursuant to the Network Code.

Capacity increase through oversubscription and buy back scheme

2A.2.1.11 The Licensee shall, in co-operation and conjunction with every other Designated Pipe-line Operator, and following consultation with such interested parties as the Licensee considers likely to be affected, by no later than 12 December 2013 prepare and submit for approval to the Authority arrangements for the Oversubscription and Buy-Back of capacity, to be known as the OS Scheme.

2A.2.1.12 If the Authority does not approve the OS Scheme submitted to it, the Authority may issue a direction requiring the Licensee and every other Designated Pipe-line Operator to make such modifications to the OS Scheme which have been submitted to it as are specified in the direction.

2A.2.1.13 The Licensee shall implement and comply with the OS Scheme. The OS Scheme shall:

(a) set out the circumstances in which (and the basis on which) the Licensee will:

(i) offer to allocate, and allocate, OS Capacity;

(ii) offer to purchase, and purchase, Buy-Back Capacity,

collectively referred to as the “OS Services”;

(b) set out the methodology for determining the Entry Point Additional Capacity and the amount of OS Capacity that may be offered at a given time in respect of a

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given Entry Point, and the entry points of other DPOs as defined in their licences;

- (c) include a charging methodology statement which sets out the methodology for determining the charges for the provision of OS Services (the “OS Charging Statement”);
- (d) include provisions setting out the basis on which (and times at which) net revenues received in respect of the provision of OS Services are to be apportioned, such provisions to include:
  - (i) the definition of net revenues by reference to which such apportionment is to be made;
  - (ii) the proportions as determined by the Authority (from time to time) which shall apply to the apportionment of the net revenues, received in respect of the provision of the OS Services, between (i) the Licensee and any other Designated Pipe-line Operator, and (ii) Gas Suppliers, PS Gas Suppliers and the UC Gas Supplier; and
  - (iii) the timing of such payments following apportionment; and
- (e) comply with the requirements of point 2.2.2 of Annex 1 to the EC Regulation [715/2009](#).

2A.2.1.14 The processes and procedures to be adopted for the purposes of implementing the OS Scheme, allocating OS Capacity and purchasing Buy-Back Capacity shall be set out in the Licensee’s Network Code (the “OS Procedures”).

2A.2.1.15 The Licensee shall not impose or make payments of (as the case may be ) charges in respect of the provision of OS Services which are applicable at the relevant time of provision, other than as set out in (or as determined in accordance with) the OS Charging Statement.

2A.2.1.16 Without limiting Conditions 2A.2.1.7(a) and (b) the charges referred to in Condition 2A.2.1.14(c) and 2A.2.1.16 shall, in respect of a Gas Year, not be subject to reconciliation or other adjustment on any ground.

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- 2A.2.1.17 The Licensee shall not allocate OS Capacity (or purchase any Buy-Back Capacity) other than in accordance and in compliance with the OS Scheme and the Network Code.
- 2A.2.1.18 The Licensee shall:
- (a) not make any changes to the OS Scheme (including the OS Charging Statement) without the prior written approval of the Authority;
  - (b) in cooperation and conjunction with other Designated Pipe-line Operators, make such changes to the OS Scheme as are set out in any direction issued, to the Licensee and other Designated Pipe-line Operators, by the Authority;
  - (c) publish the most up to date and approved OS Scheme in a manner that will bring it to the attention of interested parties and provide a copy on request to any person.
- 2A.2.1.19 In applying or giving effect to the Conditions in this Part 2A (but without limiting Conditions 2A.2.1.7(a) and (b)) it shall be conclusively presumed that:
- (a) the amounts payable to the Licensee for the allocation of OS Capacity (and the amounts payable to any other Designated Pipe-line Operator for the allocation of capacity which is defined as OS Capacity in the Respective Licence of such Designated Pipe-line Operator), do not constitute PS Transmission Payments and are not to be paid into the PoT Account; and
  - (b) any OS Capacity allocated pursuant to the Network Code (and / or, as the context requires, the Network Code of any other Designated Pipe-line Operator) in accordance with the OS Scheme does not constitute (and shall not be taken into account in any calculation of) Actual Firm Capacity, Firm Capacity, GS Firm Capacity, or Initial Firm Capacity.
- 2A.2.1.20 The Licensee shall, notwithstanding any other contrary provision in any of the Conditions of this Licence, apply charges for OS Capacity allocated (and pay for any Buy-Back Capacity bought) in accordance with the OS Scheme and the relevant



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provision of the Licensee's Network Code and (if and to the extent it would otherwise would be the case) the application of such charges shall not constitute a contravention of any of the Conditions of this Licence.

**2A.2.2 Charging methodology for the conveyance of gas**

**2A.2.2.1** Subject to Condition 2A.2.2.5, the Licensee shall charge each of its Gas Suppliers in respect of the ~~Entering~~Entry to and Exit of gas ~~on or~~ from, and holding of capacity on, the Designated Network the Monthly Postalised Payments in respect of each month or part thereof in a Gas Year in accordance with the terms of this Licence and the applicable provisions of the Network Code.

**2A.2.2.2** The Licensee shall charge each of its Gas Suppliers any Debt Payment payable by them in accordance with any Debt Notice; and shall reduce any relevant invoice in respect of Monthly Postalised Payments by the amount of any Debt Repayment in accordance with any Debt Notice in each case in accordance with the terms of this Licence and the applicable provisions of the Network Code.

**2A.2.2.3** On or before the 10th Business Day in December following the end of each Gas Year in respect of which the Licensee has charged Monthly Postalised Payments to a Gas Supplier pursuant to Condition ~~2A.2.2.4~~5.5 the Licensee shall, subject to Condition 2A.2.2.5, charge to such Gas Supplier any Supplemental Payment, and charge or repay (as appropriate) to such Gas Supplier a Commodity Reconciliation Payment and a Capacity Reconciliation Payment applicable in respect of that Gas Year calculated in accordance with the Reconciliation Payment Formulae in Condition 2A.2.6.4(b).

**2A.2.2.4** Unless the Authority otherwise expressly consents in writing the Licensee shall apply no charge on the Postalised System other than the PS Transmission Payments or as otherwise permitted under the Licence or the Network Code.

**2A.2.2.5** The Licensee shall acknowledge that each PS Gas Supplier's obligation to pay PS Transmission Payments shall be consideration for the allocation by the Licensee to such PS Gas Supplier, their nominee or agent (such nominee or agent to be a PS

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Gas Supplier or otherwise approved by the Authority) of both Firm Capacity at a Transit Point on the Designated Network and the relevant quantity of gas for exit at a Transit Point for the purpose of the Transit of such gas.

2A.2.3 Duty to provide forecasts and information relating to the calculation of the Postalised Charges

2A.2.3.1 Forecasts and information relating to following Gas Years

(a) For the purpose of Condition 2A.2.5, the Licensee shall use its reasonable endeavours, in each Gas Year, to provide the following forecasts and information in respect of the next Gas Year (“GY”) and each of the following four Gas Years inclusive (“GY+1” to “GY+4” respectively) (the “Forecast Figures”) to the Authority no later than the last Business Day in June:

(i) the total of all Forecast Supplier Quantities in a Gas Year (the “Forecast Annual Quantity”) together with:

(aa) an explanation of the reasons why any Forecast Annual Quantity in respect of any of the Gas Years GY+1 to GY+4 are expected to be greater or less than the Forecast Annual Quantity in respect of GY;

(bb) a breakdown of the Forecast Annual Quantities in respect of each Exit Point in each relevant Gas Year; and

(cc) a breakdown showing the proportions of the Forecast Annual Quantity and aggregated Forecast Supplier Quantities attributable to each Quarter of GY;

(ii) the assumptions on which the figures provided pursuant to Condition 2A.2.3.1(a)(i) were based:

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(aa) which for power stations shall include but not be limited to load factors, generation output and efficiency;

(bb) which for Gas Suppliers to distribution networks shall include but not be limited to numbers of consumers and average forecast quantity per consumer;

and in either case shall include an explanation of any material difference between such forecasts for the year GY and the forecast in respect of the then current Gas Year; and

(iii) the Initial Firm Capacity in respect of GY and a forecast of Initial Firm Capacity in respect of GY+1 to GY+4 inclusive, together, if applicable, with an explanation of the reasons why any forecast is higher or lower than the Initial Firm Capacity ~~figure~~[figures](#) for GY.

(b) The Licensee shall use its reasonable endeavours to ensure that all Forecast Figures supplied to the Authority in accordance with Condition 2A.2.3.1(a) are as accurate as possible having regard to the information and forecasts available to the Licensee including that provided by its Gas Suppliers and shall provide to the Authority, with the figures provided under Condition 2A.2.3.1(a)(i) (the “Quantity Figures”), a full explanation as to how they have been calculated. In the event that any such Gas Supplier has failed to provide such information prior to the date specified by 2A.2.3.1(a), the Licensee shall ensure that the Quantity Figures are as accurate as possible having regard to the information and forecasts available to the Licensee and shall inform the Authority which Gas Suppliers have failed to provide the required information.

(c) The Licensee shall promptly provide to the Authority such further information or explanation and access to relevant documents and records, in each case as the Authority reasonably requires, in relation to the Quantity Figures.

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- (d) The Licensee may fulfil its obligations under this Condition 2A.2.3.1 by providing the relevant information in a joint report with one or more other Designated Pipe-line Operators which shall comply with this Condition 2A.2.3.1 in respect of the Licensee and each such Designated Pipe-line Operator.
- (e) If, in the Authority's reasonable opinion, having regard to information and explanations provided by the Licensee and representations made on or before the twelfth Business Day in July by parties which the Authority reasonably considers to have sufficient interest in making such representations (such parties to include the Licensee):
  - a Forecast Annual Quantity figure does not represent an accurate estimate taking into proper account all relevant information; and/or
  - the assumptions provided in accordance with Condition 2A.2.3.1(a)(ii) are inappropriate;

the Authority may by notice to the Licensee given on or before the thirteenth Business Day in July of the relevant Gas Year modify the Forecast Annual Quantity, such notice to contain an explanation of the reasons for such modification. The modified figure set out in any such notice shall be substituted for and for all purposes treated as the Forecast Annual Quantity submitted by the Licensee.
- (f) The Licensee shall, not later than the fifteenth Business Day in July submit the Forecast Figures (adjusted to reflect any modification made by the Authority pursuant to Condition 2A.2.3.1(e)) to the PSA for calculation of the Forecast Postalised Charges in accordance with the PSA Agreement.
- (g) If the Licensee fails to provide the Forecast Figures in accordance with, and/or by the date specified in, Condition 2A.2.3.1(a) the Authority shall be entitled on or after the thirteenth Business Day in July by written notice to the

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Licensee and the PSA to determine the Forecast Figures. Forecast Figures so determined may at the Authority's discretion either:

- (i) reflect the Actual Figures in respect of the previous Gas Year; or
- (ii) be such other figures as the Authority reasonably deems appropriate.

**2A.2.3.2 Information relating to previous Gas Year**

- (a) In each Gas Year commencing on or after 1st October 2005, for the purpose of Condition 2A.2.6, the Licensee shall submit to the Authority and to the PSA, in each case no later than the tenth Business Day in November, the following information (the "Actual Figures") for the immediately preceding Gas Year:
  - (i) the Annual Exit Quantity in that Gas Year, together with a breakdown of that figure by Exit Point;
  - (ii) the Actual Firm Capacity by Exit Point; and
  - (iii) the Actual Firm Capacity by Entry Point and by product.

and with the Actual Figures, the Licensee shall provide the Authority and each of the other Designated Pipe-Line Operators with any further information required under any other Condition of this Licence.

- (b) The Licensee shall provide to the Authority such further information or explanation and access to relevant documents and records, in each case as the Authority reasonably requires in connection with its consideration of any differences between the Forecast Figures and the corresponding Actual Figures for the relevant Gas Year.
- (c) If the Licensee fails to provide the Actual Figures in accordance with, and/or by the date specified in, Condition 2A.2.3.2(a) the Authority shall be entitled to determine the Actual Figures as it reasonably deems appropriate and shall

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inform the Licensee and the PSA by notice of the Actual Figures so determined.

**2A.2.3.3 Provision of quarterly information**

(a) In respect of each Gas Year commencing on or after the Designation Date, the Licensee shall provide:

(i) the Authority; and

(ii) all of the other Designated Pipe-line Operators;

with a breakdown of the Quarterly Exit Quantities by Exit Point for the relevant Quarter and any other information required to be provided by the Licensee on a Quarterly basis under this Licence, no later than 10 Business Days after the end of each Quarter in a Gas Year.

(b) At the same time as the Licensee provides the figures required under Condition 2A.2.3.3(a), the Licensee shall confirm to the Authority, the other Designated Pipe-line Operators and each of the PS Gas Suppliers whether it is aware of or has reason to believe that the Forecast Figures provided in accordance with Condition 2A.2.3.1(a) for the remainder of the current or any future Gas Years will or may be materially inaccurate. If the Licensee suspects such material inaccuracy, it shall provide details of the extent of such inaccuracy, and its reasons for such belief.

(c) The Licensee may fulfil its obligations under this Condition 2A.2.3.3, by submitting, together with one or more other Designated Pipe-line Operators, a joint report which shall comply with this Condition 2A.2.3.3.

(d) The Licensee shall provide to each PS Gas Supplier details of the aggregate sum of all Quarterly Exit Quantities (whether in the form of a joint report or otherwise) in respect of each Exit Point on the Designated Network.

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2A.2.4 Duty to co-operate with the PSA and other Designated Pipe-line Operators

The Licensee shall co-operate with the PSA and other Designated Pipe-line Operators with a view to facilitating the PSA in complying with its obligations under the PSA Agreement and to facilitating the other Designated Pipe-line Operators in complying with their obligations under Conditions 2A.2 and 2A.4 of their Respective Licences.

2A.2.5 Forecast Postalised Charges

2A.2.5.1 The Forecast Postalised Charges shall be calculated by the PSA and shall comprise a Forecast Postalised Commodity Charge calculated in accordance with Condition 2A.2.5.2 and a Forecast Postalised [Annual](#) Capacity Charge calculated in accordance with Condition 2A.2.5.3-~~(b)~~ and a Forecast Postalised Non Annual Capacity Charge calculated in accordance with Condition 2A.2.5.3(c).

For the purpose of this Condition 2A.2.5, Capacity Products include those [set out](#) in the ~~following table:~~[Gas Product Multipliers and Time Factors Table](#).

<a href="#">Moffat Annual Entry</a>	<a href="#">Gormanston Annual Entry</a>
<a href="#">Moffat Quarterly Entry</a>	<a href="#">Gormanston Quarterly Entry</a>
<a href="#">Moffat Monthly Entry</a>	<a href="#">Gormanston Monthly Entry</a>
<a href="#">Moffat Daily Entry</a>	<a href="#">Gormanston Daily Entry</a>
<a href="#">Moffat Within Day Entry</a>	<a href="#">Gormanston Within Day Entry</a>
<a href="#">Moffat Virtual Reverse Flow</a>	<a href="#">Gormanston Virtual Reverse Flow</a>
<a href="#">Annual Exit</a>	

2A.2.5.2 Forecast Postalised Commodity Charge

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- (a) Subject to Conditions 2A.2.5.6, 2A.2.5.7 ~~and 2A.2.8~~, the Forecast Postalised Commodity Charge to be charged in respect of Gas Year “t” to each Gas Supplier in respect of each kWh of gas allocated to each such Gas Supplier under the Network Code in respect of each Exit Point during that Gas Year shall be calculated in accordance with the following formula:

$$\text{FPComC}_t = \frac{(\text{PSFRR}_t * \text{Commodity Percentage})}{(\text{PS Forecast Annual Quantity}_t)}$$

where:

“FPComC<sub>t</sub>” means the Forecast Postalised Commodity Charge for Gas Year “t”;

“Commodity Percentage” means 25%.

“PS Forecast Annual Quantity<sub>t</sub>” means:

the sum of the Forecast Annual Quantities (as that term is defined in each Designated Pipe-line Operator’s Respective Licence) in respect of all PS Gas Suppliers for the relevant Gas Year “t”; and

“PSFRR<sub>t</sub>” means the PS Forecast Required Revenue for Gas Year “t”.

- (b) A Monthly Postalised Commodity Payment shall be calculated in accordance with the following formula in respect of gas allocated to each Gas Supplier for Exit in respect of the previous month, the components of which shall be applied in respect of month “m” in Gas Year “t” and shall be payable by a Gas Supplier “s”:

$$\text{MPComP}_{\text{smt}} = \text{FPComC}_t \times \text{MEQ}_{\text{smt}}$$

where

$\text{MPComP}_{\text{smt}}$  means the Monthly Postalised Exit Commodity Payment payable by a Gas Supplier “s” in respect of month “m” of Gas Year “t”;



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FPComC<sub>t</sub> means the Forecast Postalised Commodity Charge applicable in respect of Gas Year “t” in accordance with 2A.2.5.2(a); and

MEQ<sub>smt</sub> means the Exit Quantity allocated to Gas Supplier “s” in respect of an Exit Point and in respect of month “m” of Gas year “t”.

- (c) If the aggregate of the Monthly Postalised Commodity Payments invoiced or to be invoiced to a Gas Supplier “s” in respect of a Gas Year “t” (ΣMPComP<sub>st</sub>) is less than the product of FPComC<sub>t</sub> multiplied by the Minimum Quantity Value in respect of Gas Year “t” for Gas Supplier “s”, the Licensee shall invoice to Gas Supplier “s” in accordance with the provisions of this Licence, an Auxiliary Payment (referred to as Aux<sub>st</sub>) calculated by the Licensee as follows:

$$\text{Aux}_{st} = (\text{FPComC}_t \times \text{Minimum Quantity Values}_t) - \Sigma \text{MPComP}_{st}$$

Such Auxiliary Payments shall be included in the invoice for PS Transmission Payments applicable for the last month in Gas Year “t”.

- (d) The Forecast Postalised Commodity Charge invoiced to a Gas Supplier “s” in respect of a Gas Year “t” or month “m” of Gas Year “t” calculated in accordance with Condition 2A.2.5.2 (a) shall be rounded to seven ~~6~~7 decimal places.

**2A.2.5.3 Forecast Postalised Annual Capacity Charge**

- (a) The Total Weighted Forecast Capacity bookings for year “t” for all Firm Capacity held by ~~gas suppliers~~Gas Suppliers for all time periods in Gas Year “t”, shall be calculated according to the following formula:

$$\text{TWFC}_t = \Sigma [\text{FQ}_{\text{pdt}} \times \text{w}_{\text{pdt}}]$$

Where:

“TWFC<sub>t</sub>” is the Total Weighted Forecast Capacity bookings for Gas Year “t”

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“FQ<sub>pdt</sub>” is the total forecast capacity booking for Capacity Product “p” in time period “d” of Gas Year “t”

“w<sub>pdt</sub>” is the product weighting for Capacity Product “p” listed in the [table in Condition 2A.2.5 Gas Product Multipliers and Time Factors Table](#) in time period “d” of Gas Year “t”, in accordance with the Gas Product Multipliers and Time Factors Table.

- (b) Subject to Conditions 2A.2.5.6, 2A.2.5.7 ~~and 2A.2.8~~, the Forecast Postalised Annual Capacity Charge to be charged in respect of each kWh/day of Firm Annual Capacity at each Entry Point and Exit Point in respect of Gas Year “t” shall be calculated in accordance with the following formula ~~(subject to paragraph (d) below)~~:

$$\text{FPACapC}_t = \frac{\text{PSFRR}_t * \text{Capacity Percentage} * \text{PMA}}{\text{TWFC}_t \text{TWFC}_t}$$

where:

“FPACapC<sub>t</sub>” means the Forecast Postalised Annual Capacity Charge in Gas Year “t”; and

“Capacity Percentage” means 75%.

“PMA” means the annual product multiplier and/or seasonal factor as appropriate for [year Gas Year t](#), in accordance with the “Gas Product Multipliers and Time Factors Table”.

“PSFRR<sub>t</sub>” means the PS Forecast Required Revenue for Gas Year “t”.

“~~TWFC~~[TWFC](#)” means the Total Weighted [Forecast](#) Capacity bookings for Gas Year “t” as calculated in Condition 2A.2.5.3(a).

- (c) The Forecast Non-Annual Postalised Capacity Charge to be charged in respect of each kWh/day of Firm Non-Annual Capacity in respect of Gas Year “t” for

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each NonAnnual Capacity Product “p” shall be calculated in accordance with the following formula ~~(subject to paragraph (d) below):~~:

$$FPNACapC_{pt} = FPACapC_t \times PM_{pt}$$

“FPNACapC<sub>pt</sub>” means the Forecast Postalised Non Annual Capacity Charge in Gas Year “t” for Capacity Product “p”

“FPACapC<sub>t</sub>” means the Forecast Postalised Annual Capacity Charge in Gas Year “t”; and

“PM<sub>pt</sub>” means the product multiplier and/or seasonal factor as appropriate for Capacity Product “p” for Gas Year “t”, in accordance with the Gas Product Multipliers and Time Factors Table.

This formula shall not apply to VRF Services, the charge for which shall be determined pursuant to the Gas Transmission Charging Methodology Statement as set out in Condition 2A.2.1.8.

- (d) In the event that the Auction Price for the corresponding Capacity Product at the corresponding time period is greater than the Forecast Postalised Annual Capacity Charge or the Forecast Postalised Non-Annual Capacity Charge calculated in accordance with paragraphs (b) and (c) respectively, the relevant auction premium shall be calculated as follows.

The Auction Premium at the auction conducted in Gas Year “a” for each Capacity Product “p” in Gas Year “t” shall be defined as:

$$Pre_{apt} = Auc_{apt} - FPCapC_{apt}$$

“Pre<sub>apt</sub>” means the Auction Premium for product “p” in Gas Year “t”

“Auc<sub>apt</sub>” means the ~~Northern Ireland share of the relevant auction price for product~~ Auction Price for Capacity Product “p” in Gas Year “t”

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“FPCapC<sub>pt</sub>” means the relevant Forecast Postalised Annual Capacity Charge or Forecast Postalised Non-Annual Capacity Charge ~~for~~ Capacity Product “p” in Gas Year “t”;

**2A.2.5.4 Monthly invoices to Shippers for capacity products**

- (a) For the purposes of this section, the Forecast Postalised Capacity Charges invoiced to a Gas Supplier “s” in respect of a Gas Year “t” or month “m” of Gas Year “t” for each Capacity Product “p” shall be rounded to five [5] decimal places.
- (b) The Monthly Annual Postalised Capacity Payment for Gas Supplier “s” for Gas Year “t” shall be calculated as:

$$APCP_{st} = \frac{\sum_{a=1}^{15} \{ (FPACapC_{apt} + Pre_{apt}) \times (Q_{stpa}) \}}{12}$$

Where:

APCP<sub>st</sub> is the Annual Postalised Capacity Payment for Gas Supplier “s” for Gas Year “t”

FPACapC<sub>apt</sub> means the Forecast Postalised Annual Capacity Charge for ~~annual product~~Annual Capacity Product “p” in Gas Year “t” in the auction in Gas Year “a”;

Pre<sub>apt</sub> means the Auction Premium for ~~product~~Capacity Product “p” in Gas Year “t” in the auction in Gas Year “a”;

Q<sub>stpa</sub> is the quantity of capacity allocated to ~~supplier~~Gas Supplier “s” for product “p” to be used in Gas Year “t” that was bought in the auction in Gas Year “a”.

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- (c) For each Non Annual Capacity Product “p”, a Monthly Capacity Payment (Non – Annual Capacity) amount exclusive of VAT and termination payments shall be calculated for each ~~Shipper~~Gas Supplier for each Entry Point according to the following formula:

$$\text{MPNACapP}_{\text{psm}} = \frac{1}{12} (\text{FPNACapC}_t + \text{Pre}_{\text{pmt}}) \times \text{NAC}_{\text{psmt}}$$

Where:

$\text{MPNACapP}_{\text{ps}}$  means the Monthly Postalised Capacity Payment payable by a Gas Supplier “s” in respect of month “m” of Gas Year “t”. This payment shall be calculated separately for the entry capacity booked at each Entry Point;

$\text{FPNACapC}_t$  means the Forecast Postalised Non Annual Capacity Charge applicable in respect of Gas Year “t” in accordance with Conditions 2A.2.5.3(c) and 2A.2.5.3(d);

$\text{NAC}_{\text{psmt}}$  means the Firm Non- Annual Capacity for Capacity Product “p” held by a Gas Supplier “s” in respect of month “m” of Gas Year “t”

$\text{Pre}_{\text{pmt}}$  means the Auction Premium for ~~product~~Capacity Product “p” in month “m” of Gas Year “t”. For the avoidance of doubt, these premia may refer to auctions conducted in Gas Years prior to Gas Year “t”, as well as during Gas Year “t”, if they relates to bookings for capacity in Gas Year “t”.

**2A.2.5.5 Total monthly invoices to Shippers**

- (a) The total monthly capacity and commodity gas costs for Gas Supplier “s” in month “m” of year “t” shall be calculated as the sum of the annual and non-annual invoice amounts calculated in accordance with conditions ~~2A.2.5.2(a), 2A.2.5.4(a), 2A.2.5.4(c)~~2A.2.5.2(a), 2A.2.5.4(a) above, plus Exit Ratchet Charges and Entry Overrun Charges in month “m” of Gas Year “t”.
- (b) The total invoice amount for Gas Supplier “s” in month “m” of year “t” shall be calculated as follows:

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$$TIA_{smt} = (TMGC_{smt}) \times (1 + VAT) + T_{smt} + D_{smt} + Aux_{smt} + ORC_{smt} + ERC_{smt}$$

Where:

“TIA<sub>smt</sub>” is the total invoice amount for Gas Supplier “s” in month “m” of year “t”.

“TMGC<sub>smt</sub>” is the total of Forecast Postalised Charges for Gas Supplier “s” in month “m” of year “t”, calculated in accordance with Condition 2A.2.5.5(a) above.

“VAT” is the appropriate rate of Value Added Tax which will be applied to the applicable elements of the invoice.

“T<sub>smt</sub>” is the amount of the termination payment allocated to Gas Supplier “s” in month “m” of year “t”.

“D<sub>smt</sub>” is the amount of the ~~debt payment~~ Debt Payment allocated to Gas Supplier “s” in month “m” of year “t”.

“Aux<sub>smt</sub>” means Auxiliary Payment payable by Gas Supplier “s” in month “m” of year “t” and calculated in accordance with condition 2A.2.5.2(c) above.

“ORC<sub>smt</sub>” means the Entry Overrun Charges payable by Gas Supplier “s” in month “m” of year “t”.

“ERC<sub>smt</sub>” means the Exit Ratchet Charges payable by Gas Supplier “s” in month “m” of year “t”.

#### 2A.2.5.6 Emergency Events

If at any point either within the Gas year or in the period from the date of provision of the Forecast Figures for the next Gas Year referred to in Condition 2A.2.3.1 to the start of the next Gas Year an unforeseen event occurs which the Authority believes is likely materially to affect the Forecast Figures for that Gas Year or the next Gas Year the Authority may at its discretion by notice to the Licensee and the PSA adjust the

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Forecast Figures in respect of such Gas Year to reflect the effect of such event. The Forecast Postalised Charges for such Gas Year shall be calculated by the PSA in accordance with such adjusted figures.

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2A.2.5.7 Amendment to Forecast Postalised Charges

If at any date during any Gas Year (“Relevant Charge Date”) the Department issues a Designation Order, or if any Designated Pipe-line Operator ceases to be a Designated Pipe-line Operator, unless the Authority determines otherwise:

- (a) the Forecast Postalised Charges shall be recalculated with effect from the Relevant Charge Date; and
- (b) the Year-End Postalised Charges shall be calculated in respect of the period up to the Relevant Charge Date and the period following the Relevant Charge Date

in each case as determined by the Authority so that an appropriate proportion only of the Forecast Required Revenue of the relevant Designated Pipe-line Operator (as defined in that Designated Pipe-line Operator’s Respective Licence) shall be taken into account before and after the Relevant Charge Date and such adjustments as the Authority considers appropriate shall be made to the PS Forecast Annual Quantity, PS Annual Exit Quantity, PS Forecast Required Revenue, and ~~PS Actual Firm~~Total Weighted Year End Capacity bookings, and notified to the Designated Pipe-Line Operators and the PSA.

2A.2.6 Year-End Postalised Charges

- 2A.2.6.1 The Year-End Postalised Charges shall comprise a Year-End Postalised Commodity Charge calculated in accordance with Condition 2A.2.6.2 and a Year-End Postalised Capacity Charge for each Capacity Product listed in the ~~table in Condition 2A.2.5~~Gas Product Multipliers and Time Factors Table calculated in accordance with Condition 2A.2.6.3 in each case calculated by the PSA. In addition, where one or more Gas Suppliers is or are subject to a commitment to make a Supplemental Payment the Licensee shall comply with Condition 2A.2.6.6.



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**2A.2.6.2 Year-End Postalised Commodity Charge**

The Year-End Postalised Commodity Charge in respect of each kWh of gas allocated to each Gas Supplier under the Network Code in respect of each Exit Point on each day during a Gas Year “t” shall be calculated as determined in accordance with the following formula, the components of which shall be in relation to Gas Year “t”:

$$YEPComC_t = \frac{(((PSARR_t - T_t) * \text{Commodity Percentage})) - \text{Supplemental Payments}_t}{(PS \text{ Annual Exit Quantity}_t)}$$

where:

YEPComC<sub>t</sub> means the Year-End Postalised Exit Commodity Charge for Gas Year “t”;

PSARR<sub>t</sub> means the PS Actual Required Revenue in respect of Gas Year “t”;

T<sub>t</sub> means any Termination Payments payable in respect of PS Transmission Payments relating to Gas year “t”

PS Annual Exit Quantity<sub>t</sub> means:

the sum of the Annual Exit Quantities (as that term is defined in each Designated Pipeline Operator’s Respective Licence) for the relevant Gas Year “t”.

**2A.2.6.3 Year-End Postalised Capacity Charges**

- (a) The Total Weighted Year-End Capacity bookings for Gas Year “t” for all Firm Capacity products “p” held by Gas Suppliers listed in the table in Condition 2A.2.5 Gas Product Multipliers and Time Factors Table for all time periods “d” in Gas Year “t”, shall be calculated according to the following formula:

$$TWC_t = \sum [YEQ_{pdt} \times w_{pdt}]$$

Where:

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“ $TWC_t$ ” is the Total Weighted Year-End Capacity bookings for Gas Year “t”

“ $YEQ_{pdt}$ ” is the total outturn year-end capacity booking for Capacity Product “p” in time period “d” of Gas Year “t”

“ $w_{pdt}$ ” is the product weighting for Capacity Product “p” in time period “d” of Gas Year “t” in accordance with the Gas Product Multipliers and Time Factors Table posted by the Authority on its website and updated from time to time.

- (b) The Year-End Postalised ~~Capacity Charge~~ (Annual Capacity) Charge to be charged to each Gas Supplier in respect of each kWh/day of Firm Annual Capacity in respect of a Gas Year shall be calculated in accordance with the following formula:

$$YPACapC_t = \frac{PSARR_t * \text{Capacity Percentage} * PM_A}{TWC_t}$$

where:

“ $YPACapC_t$ ” means the Year-End Postalised ~~Capacity Charge~~ (Annual Capacity) Charge in Gas Year “t”; and

“Capacity Percentage” means 75%.

“ $PM_A$ ” means the annual product multiplier and/or seasonal factor as appropriate for Gas Year “t”, in accordance with the Gas Product Multipliers and Time Factors Table.

“ $PSARR_t$ ” means the PS Actual Required Revenue for Gas Year “t”.

“ $TWC_t$ ” means the Total Weighted Year End Capacity bookings for Gas Year “t” as calculated in paragraph 2A.2.6.3(a).

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- (c) The Year-End Postalised ~~Capacity Charge (Non-Annual Capacity) Charge~~ to be charged to each Gas Supplier in respect of each kWh/day of Firm Capacity at each ~~entry~~Entry Point in respect of time period “d” in Gas Year “t” for each Capacity Product “p” shall be calculated in accordance with the following formula:

$$YPNACapC_{ptd} = YPACapC_t \times PM_{pt}$$

“YPNACapC<sub>ptd</sub>” means the Year-End Postalised Non-Annual Capacity Charge in time period “d” of Gas Year “t” for Capacity Product “p”

“YPACapC<sub>t</sub>” means the Year-End Postalised Annual Capacity Charge in Year t; and

“PM<sub>pt</sub>” means the product multiplier and/or seasonal factor as appropriate for Capacity Product “p” for time period “d” of Gas Year “t”, in accordance with the Gas Product Multipliers and Time Factors Table.

**2A.2.6.4 Reconciliation Payments**

- (a) For ~~the auctions in Gas Year “a” for each~~Firm Annual Capacity ~~Product “p” defined in the table in Condition 2A.2.5.1,~~ pertaining to gas offtaken in Gas Year “t”, there shall be calculated a Reconciliation Unit Charge as follows:

(i)  $RUCA_{pat} = \frac{\sum (YPACapC_t - (FPACapC_{pt} + \sum Pre_{apt})) - YPACapC_t}{\dots}$

Where:

$RUCA_{pat}$  is the Reconciliation Unit Charge for Firm Annual Capacity ~~for the auctions held in Gas Year “a” for~~ pertaining to gas offtaken in Gas Year “t”

~~—FPACapC<sub>t</sub>”, including for the auctions held in Gas Year “a” in respect of capacity during Gas Year “t”;~~  $FPACapC_{pt}$  means the Forecast Postalised ~~Capacity Charge (Annual Capacity) Charge~~ for ~~annual capacity product “p” in~~ Gas Year “t”;

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$Pre_{apt}$  means the Auction Premium for Firm Annual Capacity product “p” in Gas Year “t” achieved in the auction in Gas Year “a”;

$YPACapC_t$  means the Year-End Postalised Annual Capacity Charge in Gas Year “t”.

- (b) For each ~~Non Annual~~ Non Annual Capacity Product defined ~~listed~~ in the table in Condition 2A.2.5.1 Gas Product Multipliers and Time Factors Table, for each time period “d” in Gas Year “t”, there shall be calculated a Reconciliation Unit Charge as follows:

$$RUCNA_{dt} = \frac{YPNACapC_{ptd}}{(FPNACapC_{pt} + Pre_{pdt})} \times \frac{YPNACapC_{ptd}}{YPNACapC_{ptd}}$$

Where:

$RUCNA_{dt}$  is the Reconciliation Unit Charge for Firm Non Annual Capacity

$FPNACapC_{pt}$  means the Forecast Postalised ~~Capacity Charge~~ (Non Annual Capacity) Charge (for ~~capacity product~~ Capacity Product “p” in Gas Year “t”;

$Pre_{pdt}$  means the Auction Premium for ~~product~~ Capacity Product “p” in time period “d” of Gas Year “t”;

$YPNACapC_{ptd}$  means the Year-End Postalised Non- Annual Capacity Charge for Capacity Product “p” in Gas Year “t”;

- (c) For each Firm Annual Capacity Product “p” listed in the ~~defined in the table in Condition 2A.2.5.1, for each time period “d”~~ Gas Product Multipliers and Time Factors Table in Gas Year “t”, there shall be calculated a Capacity Reconciliation Payment in respect of each Gas Supplier “s” in accordance with the following formula (which, together with the formula contained in Conditions 2A.2.6.4 (b) above and (d) and (e) below, shall be referred to as the “Reconciliation Payment Formulae”):

$$CapARP_{stp} = \sum (\frac{RUCNA_{astdp}}{Cap_{astdp}} \times \frac{RUCNA_{astdp}}{Cap_{astdp}} \times GS \times Firm \times Annual \text{ Capacity}_{astdp} \times \text{Capacity}_{astdp})$$

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where:

“~~CapARP<sub>stdp</sub>~~CapARP<sub>stp</sub>” means the Capacity Reconciliation Payment for Firm Annual Capacity payable by or to Gas Supplier “s” in respect of Gas Year “t”;

“RUC<sub>astp</sub>” is the Reconciliation Unit Charge for Firm Annual Capacity for ~~supplier~~Gas Supplier “s”, for the ~~capacity~~Annual Capacity awarded in auctions in Gas Year “a” for ~~firm annual capacity~~Firm Annual Capacity in Gas Year “t” for Firm Annual Capacity product “p”;

“GS Firm Annual ~~Capacity<sub>astdp</sub>~~Capacity<sub>astp</sub>” means the GS Firm Annual Capacity held by a Gas Supplier “s” for the capacity awarded in auctions in Gas Year “a” for ~~firm annual capacity~~Firm Annual Capacity in Gas Year “t” for Firm Annual Capacity product “p”,

- (d) For each ~~NonAnnual~~Non Annual Capacity Product “p” listed in the ~~defined in the table in Condition 2A.2.5.1~~Gas Product Multipliers and Time Factors Table, for each time period “d” in Gas Year “t”, there shall be calculated a Capacity Reconciliation Payment in respect of each Gas Supplier “s” in accordance with the following formula:

$$\text{CapNARP}_{\text{stdp}} = \text{RUCNA}_{\text{stdp}} \times \text{GS Firm Non Annual Capacity}_{\text{stdp}}$$

where:

“CapNARP<sub>stdp</sub>” means the Capacity Reconciliation Payment for Firm Non Annual Capacity payable by or to Gas Supplier “s” in respect of Gas Year “t” and Capacity Product “p” for time period “d”;

“RUCNA<sub>stdp</sub>” is the Reconciliation Unit Charge for Firm Non Annual Capacity for Capacity Product “p” for supplier “s”, in time period “d” of Gas Year “t”;

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“GS Firm Non Annual Capacity<sub>stdp</sub>” means the GS Firm Non Annual Capacity held by a Gas Supplier “s” in respect of Capacity Product “p” for time period “d” of Gas Year “t”.

- (e) A Commodity Reconciliation Payment shall be calculated in respect of each Gas Supplier in accordance with the following formula and shall be due from a Gas Supplier “s” if a positive value, and shall be due to a Gas Supplier “s” if a negative value:

$ComRP_{st} = E$  or, in the event that E is a positive value, the lesser of E and the sum of 15% of  $\Sigma MPComP_{st}$  plus 15% of any Auxiliary Payments invoiced to that Gas Supplier in accordance with Condition 2A.2.5.1(c)

where:

“ $ComRP_{st}$ ” means the Commodity Reconciliation Payment payable by or to Gas Supplier “s” in respect of Gas Year “t”;

$E = (YEPComC_t - FPComC_t) \times GS \text{ Annual Exit Quantity}_{st}$  ;

“ $YEPComC_t$ ” means the Year-End Postalised Commodity Charge applied in respect of Gas Year “t”;

“ $FPComC_t$ ” means the Forecast Postalised Commodity Charge applied in respect of Gas Year “t”;

“ $GS \text{ Annual Exit Quantity}_t$ ” means the Exit Quantities of Gas Supplier “s” in respect of Gas Year “t”; and

“ $\Sigma MPComP_{st}$ ” means the aggregate of the Monthly Postalised Commodity Payments invoiced to a Gas Supplier “s” in respect of a Gas Year “t”.

2A.2.6.5 The Total Reconciliation Payment shall be calculated in respect of each Gas Supplier “s” for Gas Year “t” as:

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$$TRP_{st} = ComRP_{st} + CapARP_{stp} + CapNARP_{stp} - TORC_{st}$$

Where:

TRP<sub>st</sub> is the Total Reconciliation Payment to Gas Supplier “s” in Gas Year “t”;

ComRP<sub>st</sub> is the Commodity Reconciliation Payment for ~~supplier~~Gas Supplier “s” in Gas Year “t”, calculated in accordance with condition 2A.2.6.4(e) above;

CapARP<sub>stp</sub> is the Annual Capacity Reconciliation Payment for ~~supplier~~Gas Supplier “s” in time period “t”, calculated in accordance with condition 2A.2.6.4(c) above;

CapNARP<sub>stp</sub> is the Non-Annual Capacity Reconciliation Payment for ~~supplier~~Gas Supplier “s” in time period “t”, calculated in accordance with condition 2A.2.6.4(d) above;

TORC<sub>ut</sub> is the proportion of the total of the Entry Overrun Charges due to ~~supplier~~Gas Supplier “u” in Gas Year “t” calculated according to the following formula:

$$TORC_{ut} = \frac{\sum_{s=1}^n (ORC_{st} \times TIA_{ut})}{\sum_{s=1}^n TIA_{st}}$$

where:

TORC<sub>st</sub> is the proportion of the total of the Entry Overrun Charges due to ~~supplier~~Gas Supplier “s” in Gas Year “t”

ORC<sub>st</sub> is the charge to Gas Supplier “s” for ~~entry overruns~~Entry Overrun Charges in Gas Year “t”, calculated as the sum of monthly overrun charges as defined in Condition 2A.2.5.5

TIA<sub>ut</sub> is the total invoice amount for Gas Supplier “u” in of year “t”, calculated as the sum of monthly invoice amounts for Gas Supplier “u” calculated according to Condition 2A.2.5.5

n is the total number of Gas Suppliers active in Gas Year “t”

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The Total Reconciliation Payment shall be due from a Gas Supplier “s” if a positive value, and shall be due to a Gas Supplier “s” if a negative value.

- 2A.2.6.6 Where a Gas Supplier is subject to a commitment which gives rise to an obligation to make a Supplemental Payment in respect of any Gas Year the Licensee shall invoice the Gas Supplier promptly in accordance with the terms of the commitment and Condition 2A2.2.3 in respect of that Supplemental Payment and shall provide full details of the amount payable to the Authority, the PSA and the other Designated Pipeline Operators.



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2A.2.7 Publication of Postalised Charges

Subject to any contrary requirements in this Condition 2A, the Licensee shall publish in such form and manner as the Authority may direct:

- (a) no later than 3 Business Days after notification to it by the PSA of the Forecast Postalised Charges, or revised Forecast Postalised Charges as calculated under Condition 2A.2.5.3, in respect of the next Gas Year and each of the following four Gas Years, a statement of such charges; and
- (b) no later than 3 Business Days after notification to it by the PSA of the Year-End Postalised Charges in respect of a Gas Year, a statement of the Year-End Postalised Charges; and
- (c) no later than 3 Business Days after notification to it by the Authority of any amendments to Forecast Postalised Charges required under Condition 2A.2.5.7, a statement of the amended charges.

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**Condition 2A.3 –Recovery of PS Non-Payments**

**2A.3.1 Invoicing of PS Transmission Payments**

The Licensee shall issue all invoices, including appropriate VAT invoices to Gas Suppliers in respect of PS Transmission Payments promptly, accurately, and in accordance with the Network Code and the provisions of this Licence.

**2A.3.2 PS Non-Payment and Recovery**

In the event of a PS Non-Payment by a Gas Supplier, the Licensee shall:

- (a) take all reasonable steps which a prudent network operator acting efficiently and in accordance with best industry practice would take to recover the amount of the PS Non-Payment,
- (b) in accordance with the Terms of Reference:
  - (i) convene a first meeting of the Credit Committee within 10 Business Days of such PS Non-Payment and such further meetings as may be necessary or appropriate;
  - (ii) attend and participate in any meetings of the Credit Committee convened in connection with the PS Non-Payment; and
  - (iii) comply with any directions issued by the Credit Committee at any time in respect of any PS Non-Payment (“Directions”);
- (c) prior to the first meeting of the Credit Committee referred to in Condition 2A.3.2(b)(i) provide to all parties entitled to attend that meeting the following information (or as much of it as the Licensee is able to provide):
  - (i) full details of the PS Non-Payment(s) including the amount of each PS Non-Payment and the identity of the debtor;

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- (ii) full details of the security provided by the debtor in respect of PS Transmission Payments under the Network Code and, where applicable any steps taken or being taken to enforce it;
- (iii) if desired, a draft of any Directions it believes appropriate for the Credit Committee to consider in respect of the PS Non-Payment(s);
- (iv) all relevant information relating to any proceedings for the liquidation or winding up of the debtor, the making of an administration order or arrangement with any class of creditors, the appointment of an administrator or administrative receiver or receiver or any equivalent insolvency event;
- (v) full details of the steps taken by the Licensee to recover the outstanding amounts with evidence supporting such details; and
- (vi) a full explanation of the reasons why the Licensee has failed to recover the PS Non-Payment(s) at the relevant date;

provided that all such information shall be updated and resubmitted to the relevant parties by the Licensee prior to any further meetings of the Credit Committee which are convened after the first such meeting under Condition 2A.3.2(b)(i), in the event that such information becomes inaccurate with the passage of time; and

- (d) notify the Designated Pipe-line Operators, the PSA and the Authority promptly of any Recoveries received by it and transfer any such Recoveries into the PoT Account within 2 Business Days of such receipt.

**2A.3.3 Non Payments by other Designated Pipe-line Operators' Suppliers**

The Licensee may itself, or in common with other Designated Pipe-line Operators, convene a meeting of the Credit Committee in relation to any PS Non-Payments caused by a PS Gas Supplier failing to pay PS Transmission Payments invoiced by another Designated Pipe-Line Operator in the event that it believes that the Designated Pipe-line Operator from whose network the defaulting PS Gas Supplier enters or exits gas

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has failed to convene the Credit Committee within the appropriate period following a PS Non-Payment, or is not fulfilling any Directions.

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2A.3.4 Debt Payments

2A.3.4.1 The Licensee shall, not later than 5 Business Days before the Invoice Date occurring in the month following a Non-Payment Month, notify the PSA, all Designated Pipe-line Operators, all PS Gas Suppliers, and the Authority of the amount of any PS Non-Payment(s) caused by or relating to its Gas Suppliers arising in that Non-Payment Month which are still outstanding on such date.

2A.3.4.2 The Licensee shall invoice to all Gas Suppliers any Debt Payment or account to all Gas Suppliers in respect of any Debt Repayment, in each case in accordance with the Network Code and as detailed in any Debt Notice in order to give effect to Condition 2A.3.4.3 and shall provide to each Gas Supplier sufficient supporting information to enable it to verify the calculation of Debt Payment or Debt Repayment due from or to it.

2A.3.4.3 Each month “m”, the Net Debt Position (“NDP”) as at the Debt Notice Date will be calculated by the PSA as follows:

$$\text{NDP}_m = (A - B - C) + Z$$

Where:

A = as at the Debt Notice Date the PS Notified Debt;

B = as at the Debt Notice Date, the sum of all Debt Payments then paid or payable (including any interest accrued or accruing in respect of late payments) minus the sum of all Debt Repayments then paid or payable (including any interest accrued or accruing in respect of late payments);

C = as at the Debt Notice Date, the total value of all Recoveries received into the PoT Account, together with any interest paid on such Recoveries;

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Z = the sum of all interest charges accrued in relation to NDP in previous months calculated in respect of each such previous month ("pm" and each such interest charge being "I<sub>pm</sub>") as:

$$I_{pm} = NDP_{pm} \times r$$

r = the interest rate from time to time calculated at the monthly equivalent rate of 0.75 plus the one month LIBOR rate, published five Business Days before the relevant Invoice Date.

- (i) Where NDP is positive, a Debt Payment shall be invoiced to each Gas Supplier in respect of such positive figure. Such Debt Payment shall, in reference to Gas Supplier "s" be calculated by the PSA in accordance with the following method:

the Debt Payment payable by a Gas Supplier "s" in any month shall be equal to the lower of X and Y:

where:

X = the sum of 10% of the total amount payable by a Gas Supplier "s" in respect of the Total Monthly Payment invoiced in the month preceding the month in which the Debt Payment is to be invoiced (such earlier month being "m-1") and 100% of the amount payable to Gas Supplier(s) in respect of Reconciliation Payments in the month in which the Debt Payment is to be invoiced.

$$Y = \frac{(NDP_m + I_m) \times (TMP_{sm-1})}{PSTMP_{m-1}}$$

where:

TMP<sub>sm-1</sub> = Total Monthly Payment, calculated as the sum of Monthly Postalised Payments plus any Auxiliary

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Payments, payable by a Gas Supplier “s” invoiced in the month preceding the month when the Debt Payment is invoiced (“m-1”);

$$I_m = NDP_m \times r; \text{ and}$$

PSTMP<sub>m-1</sub> = the aggregate of Total Monthly Payments payable by all PS Gas Suppliers invoiced in respect of the month preceding the month when the Debt Payment is invoiced (“m-1”);

- (ii) Where NDP is negative in respect of a month (month “m”), an amount (a “Debt Repayment”) shall be payable by the Licensee to each relevant Gas Supplier (or former Gas supplier, as the case may be) in respect of any such negative figure. In reference to a Gas Supplier “s” a Debt Repayment shall be calculated by the PSA in accordance with the following formula (the “Debt Repayment Formula”):

$$\text{Debt Repayment to Gas Supplier “s”} = -NDP \times ADPs$$

$$APSDP$$

where:

“ADPs ” means the aggregate Debt Payments payable by a Gas Supplier “s” over the Debt Payment Period;

“Debt Payment Period” means the last month preceding month “m” in which a Debt Payment was payable by PS Gas Suppliers, or, if a Debt Payment has been payable by PS Gas Suppliers in respect of two or more consecutive months preceding month “m”, the period of all such consecutive months preceding month “m”.

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“APSDP”

means the aggregate of Debt Payments payable by PS Gas Suppliers during the Debt Payment Period.



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**Condition 2A.4 – The Postalisation System Administrator**

2A.4.1 The PSA's primary obligations

2A.4.1.1 Subject to Condition 2A.4.1.2, unless the Authority otherwise directs or consents, the Licensee shall do all things within its power to:

(a) enter into, before such date as is appointed by the Authority; and

(b) be party at all times thereafter to

arrangements whereby a person who fulfils the criteria set out in Condition 2A.4.2 (referred to as the "Postalisation System Administrator" or "PSA") carries out the activities specified in Condition 2A.4.3 pursuant to an agreement between the PSA and the Designated Pipe-line Operators which fulfils the criteria referred to in Conditions 2A.4.3 and 2A.4.4 and has been and remains approved by the Authority (referred to as the "PSA Agreement").

2A.4.1.2 The Licensee shall only be entitled to terminate the PSA Agreement without the Authority's prior written consent if the PSA is or becomes insolvent; if the PSA, in the reasonable opinion of the Licensee, commits a material breach of the terms or warranties of the PSA Agreement; or if any approval given by the Authority under Condition 2A.4.2.2 expires or is revoked. Upon such termination the Licensee shall use its best endeavours promptly to appoint a new PSA in accordance with this Condition 2A.4.

2A.4.1.3 Where written consent of the Authority is required to terminate the PSA Agreement and such consent is sought by the Licensee, such consent shall be deemed as having been given if the Authority has not sent written notice to the Licensee of its objection to such termination and the grounds for such objection within 4 weeks after its receipt of full written details of the proposed termination. The Licensee shall provide the Authority with any further relevant information requested during that four weeks.

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- 2A.4.1.4 Unless the Authority otherwise consents, if the Licensee fails to enter into the arrangements referred to in Condition 2A.4.1.1 above by the date required by that Condition the Licensee shall use its best endeavours to enter into such arrangements as soon as possible thereafter.
- 2A.4.2 Criteria for appointment of the PSA
- 2A.4.2.1 The person fulfilling the functions of PSA from time to time pursuant to this Condition 2A.4 shall:
- (a) be a competent, fit and proper person to fulfil the PSA Functions having the systems and controls in place to fulfil those functions; and
  - (b) have sufficient suitably qualified and skilled personnel to enable it to perform the PSA Functions.
- 2A.4.2.2 The criteria specified in Condition 2A.4.2.1 shall be treated as satisfied in respect of any appointment if the Licensee appoints as the PSA a person who at the time of appointment is a person approved by the Authority for the purposes of this Condition and if that approval has not expired or been revoked.
- 2A.4.3 The PSA's functions
- 2A.4.3.1 The PSA Agreement shall, in accordance with Condition 2A.4.1.1, impose on the PSA the following functions (referred to as the "PSA Functions"):
- (a) the receipt from each of the Designated Pipe-line Operators of the information to be submitted to the PSA pursuant to Condition 2A.2.3 of each Designated Pipe-line Operator's Respective Licence and the receipt from each of the Designated Pipe-line Operators of its Forecast Required Revenue for the coming Gas Year "t" and the following four Gas Years pursuant to its Respective Licence;
  - (b) the calculation of the relevant Forecast Postalised Charges for the next Gas Year and the following four Gas Years through application of the Forecast

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Postalisation Formulae and notification thereof to all Designated Pipe-line Operators in each case within 5 Business Days of receipt of the information specified in (a) above and in any event at least two Business Days before the first Business Day in August;

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- (c) the verification of payments into the PoT Account (to include keeping a record of all Debt Payments paid by each PS Gas Supplier in relation to particular PS Non-Payments) and prompt notification to Designated Pipe-line Operators of any PS Non-Payment and of any Recovery paid into the PoT Account;
- (d) the calculation of any VAT Distributions due in respect of sums received into the PoT Account from PS Gas Suppliers on the date of calculation of the Monthly Distribution in the relevant month (month “m”), provided that where a sum is received from a PS Gas Supplier in respect of PS Transmission Payments and such sum is insufficient to meet both the PS Transmission Payments and VAT due on such PS Transmission Payments in full the PSA shall calculate the VAT element of the amount so received, calculated as;

$$\text{VATLm} = (\text{VILm-1}/\text{TILm-1}) \times \text{TARLGm}$$

**VATL** = the aggregate amount of VAT Distributions for the relevant Designated Pipe-line Operator “L” for month “m”

**VILm-1** = the sum of VAT amounts invoiced by the relevant Designated Pipe-line Operator “L” in the preceding month (“m-1”)

**TILm-1** = the sum of all amounts including VAT payable for PS Transmission Payments invoiced by the relevant Designated Pipe-line Operator “L” in the preceding month (“m-1”)

**TARLGm** = the sum of all amounts received into the PoT Account from the relevant Designated Pipe-line Operator “L”’s PS Gas Suppliers in month “m” in respect of the amounts referred to in the definition of the term TILm-1 above.

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- (e) notification to the Designated Pipe-line Operators of any part or full settlement of PS Non-Payments by PS Gas Suppliers made on or before the Second Due Date in relation to such PS Non-Payments and the issue of directions to the Trustee to distribute such settlements payments according to Condition 2A.6.
- (f) on the Debt Notice Date each month the calculation of the Net Debt Position and each Designated Pipe-line Operator's Debt Entitlement and, where applicable, any Debt Payment or Debt Repayment to be charged or credited to each PS Gas Supplier and the issue to Designated Pipe-line Operators and the Authority of a notice (a "Debt Notice") in relation to any such Debt Payment and/or Debt Repayment arising which shall contain:
  - (i) details of any PS Notified Debt and interest thereon and any Recovery to which such Debt Payments/Repayments relate;
  - (ii) details of the relevant Designated Pipe-line Operator's Debt Entitlement;
  - (iii) particulars of the Debt Payment or Debt Repayment to be charged or credited to each PS Gas Supplier;
  - (iv) sufficient information concerning the Total Monthly Payments and Auxiliary Payments in any period relevant to the calculation of Debt Payment or Debt Repayment to permit verification of the calculations of Debt Payment or Debt Repayment in the Debt Notice.
- (g) the calculation of the Year-End Postalised Charges and any Capacity Reconciliation Payments and Commodity Reconciliation Payments applicable to each PS Gas Supplier in accordance with the provisions of Condition 2A.2.6.3 [and Condition 2A.2.6.4](#); and the notification of the results of all such calculations to all Designated Pipe-line Operators and to the Authority no later than the 1st Business Day in December after the end of each Gas Year;

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- (h) the calculation as soon as reasonably practicable, and within 5 Business Days of receipt of all relevant information in accordance with Condition 2A.6.1.3 of the Year-End Amount, if any, to be paid by or to each of the Designated Pipe-line Operators in respect of the previous Gas Year;
- (i) the calculation of upstream tariffs as required under the terms of Designated Pipe-line Operators' licences and notification to the respective Designated Pipe-line Operator and the Authority, no later than the 17 Business Day in July;
- (j) on or before the 5th Business Day following each Due Date the calculation in respect of each Designated Pipe-line Operator of the applicable Monthly Postalised Entitlements and Monthly Distributions in respect of the relevant month; and the issue of appropriate directions to the Trustee for the purpose of implementing Condition 2A.6 so that any such Monthly Distributions are made to Designated Pipe-line Operators as soon as possible and at least within 7 Business Days of the Due Date;
- (k) calculation of any additional sums due by way of Monthly Distribution in respect of any sum received into the PoT Account after the issue of instructions to the Trustee in accordance with (j) above and before the next Debt Notice Date;
- (l) following the end of each Gas Year, the calculation, recording and notification to the Authority and the Designated Pipe-Line Operators not later than the 10th Business Day in December of the next Gas Year of the amount of any Commodity Reconciliation Payments which would have been payable by each PS Gas Supplier in respect of each Gas Year but for the application of the 15%  $\Sigma$ MPComPst cap contained in Condition 2A.2.6.3(b4(e)). Such amounts in respect of each Gas Year and each PS Gas Supplier shall be defined as the "Unrecovered Postalisation Payments" ("UNRPt ") and shall be calculated in accordance with the following formula:

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$$\text{UNRPt} = (\text{YEPComCt} - \text{FPComCt}) \times \text{PS Annual Exit Quantity} - \Sigma\text{ComRPt}$$

where  $\Sigma\text{ComRPt}$  is equal to all Commodity Reconciliation Payments as determined under Condition 2A.2.6.3 ~~(b4)~~ (e) in Gas Year “t”

- (m) the re-calculation of the Forecast Postalised Charges as required under Condition 2A 2.5.2 and Condition 2A.2.5.3 within three Business Days of receipt of adjusted figures from the Authority.
- (n) The division of any amounts in respect of Termination Payments received into the PoT Account:
  - (aa) between Designated Pipe-Line Operators where two or more Designated Pipe-line Operators have invoiced such payments to the same PS Gas Supplier in the same month, in proportion to the relevant invoices;
  - (bb) between that part of Termination Payments payable in respect of PS Transmission Charges relating to the Gas Year in which termination occurs and that part of Termination Payments related to future Gas Years, the allocation to be made in such a way that:
    - (i) Termination Payments shall be applied first in respect of sums due in respect of PS Transmission Charges in the Gas Year in which termination occurs; and
    - (ii) secondly, in respect of Termination Payments related to future Gas Years.

The PSA shall notify the Designated Pipe-line Operators of the sums allocated and issue directions to the Trustee to transfer the part of any such Termination Payment applicable to future Gas Years to the relevant Primary DPO in accordance with Condition 2A. 6.1.4.

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2A.4.4 PSA Agreement criteria

2A.4.4.1 The PSA Agreement shall not, by object or effect, impose undue discrimination or confer undue preference on any Designated Pipe-line Operator or PS Gas Supplier and shall:

- (a) require the PSA to fulfil the PSA Functions in a manner which is transparent and which does not unduly discriminate as between Designated Pipe-line Operators or PS Gas Suppliers;
- (b) require the PSA to institute appropriate arrangements and procedures to enable the PSA to fulfil the PSA Functions in an efficient and economic manner;
- (c) make provision for the modification of the PSA Agreement, in the following circumstances only:
  - i. with the written consent of the Authority (such consent to be deemed as having been given at such time when the Authority has not sent written notice to the parties to the PSA Agreement of its objection to such modification and the grounds for such objection within 4 weeks of its receipt of full written details of the proposed modification, together with any further relevant information requested by the Authority); or
  - ii. in accordance with a written direction made by the Authority to the extent necessary to ensure consistency with the Licence, following consultation with the Designated Pipe-line Operators;
- (d) provide for its termination in the event that any approval granted by the Authority pursuant to Condition 2A.4.2.2 is revoked;
- (e) require the PSA to co-operate with the Authority including without limitation by the sharing of information, both generally and to enable the Authority as



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far as is reasonably practicable to monitor whether the PSA is continuing to fulfil the PSA Functions in an efficient and economic manner;

- (f) require the PSA to perform its functions promptly and diligently with reasonable skill and care, and in conformity with all applicable laws, rules and regulations;
- (g) require the PSA to perform all calculations in accordance with any financial model approved by the Authority from time to time following consultation by the Authority with the Designated Pipe-Line Operators;
- (h) require the Licensee to co-operate with the PSA, such co-operation to include but not be limited to providing the PSA and other Designated Pipe-line Operators with such information as is at the Licensee's disposal and which would facilitate the operation of the system of postalised charges in respect of the Postalised System, provided that the Licensee shall not be required to provide to another Designated Pipe-line Operator confidential information, the provision of which would, or might, in the opinion of the Authority, seriously and prejudicially affect the interests of the Licensee or any PS Gas Supplier or Designated Pipe-line Operator; and
- (i) subject to Condition 2A.4.1.2 provide that, except with the consent of the Authority, the Licensee shall not terminate the PSA Agreement until such time as a new PSA has been appointed under a PSA Agreement conforming with all the requirements under this Condition 2A.4.

2A.4.5 Licensee's obligations in relation to the PSA

2A.4.5.1 The Licensee shall:

- (a) promptly after becoming aware thereof, notify the Authority of any material or persistent breach of any obligation by any party under the PSA Agreement;

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- (b) take all reasonable steps to enforce the obligations of the parties to the PSA Agreement whenever required, or whenever so directed by the Authority by written notice, and in accordance with the terms of the direction;
- (c) not knowingly waive any right under the PSA Agreement without the prior written consent of the Authority;
- (d) comply with its obligations under the PSA Agreement;
- (e) exercise its rights to terminate the PSA Agreement whenever directed by the Authority by written notice;
- (f) immediately notify the Authority if any party to the PSA Agreement, terminates or gives notice to terminate the PSA Agreement;
- (g) use its reasonable endeavours to procure that the PSA performs its functions promptly and diligently, with reasonable skill and care, and in conformity with all applicable laws, rules and regulations and in accordance with generally accepted best accounting practice; and
- (h) provide the PSA promptly with any information it requires to perform the PSA Functions including copies of all PS Transmission Payment invoices as soon as reasonably practicable, and is at the Licensee's disposal and which would facilitate operation of the system of postalised charges in respect of the Postalised System.

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**Condition 2A.5 – The Trustee**

2A.5.1 The Trustee’s and Account Bank’s primary obligations

2A.5.1.1 Subject to Condition 2A.5.1.2, unless the Authority otherwise directs or consents, the Licensee shall do all things within its power to:

(a) enter into, before such date as is appointed by the Authority; and

(b) be party at all times thereafter to

arrangements whereby

(i) a person who fulfils the criteria set out in Condition 2A.5.2.1 (referred to as the “Trustee”) carries out the activities specified in Condition 2A.5.3 pursuant to an agreement between the Trustee and the Designated Pipe-line Operators which fulfils the criteria referred to in Condition 2A.5.3 and 2A.5.4 (referred to as the “Trust and Account Bank Agreement”) and which has been and remains approved by the Authority; and

(ii) a person who fulfils the criteria set out in Condition 2A.5.2.2. (referred to as the “Account Bank”) provides an account for use as the PoT Account pursuant to the Trust and Account Bank Agreement and which has been and remains approved by the Authority.

2A.5.1.2 The Licensee shall only be entitled to terminate the Trust and Account Bank Agreement without the Authority’s prior written consent if the Trustee and/or the Account Bank is or becomes insolvent; if in the reasonable opinion of the Designated Pipe-Line Operators, the Trustee and/or the Account Bank commits a material breach of the terms or warranties of the Trust and Account Bank Agreement; or if any approval given by the Authority under Condition 2A.5.2.3 expires or is revoked.

2A.5.1.3 Unless the Authority otherwise consents if the Licensee fails to enter into the arrangements referred to in Condition 2A.5.1.1 above by the date required by that

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Condition the Licensee shall use its best endeavours to enter into such arrangements as soon as possible thereafter.

2A.5.2 Criteria for appointment of the Trustee

2A.5.2.1 The person fulfilling the functions of Trustee from time to time pursuant to this Condition 2A.5 shall:

- (a) be a competent, fit and proper person to fulfil the Trustee Functions having the systems and controls in place to fulfil those functions; and
- (b) have sufficient suitably qualified and skilled personnel to enable it to perform the Trustee Functions.

2A.5.2.2 The person fulfilling the functions of Account Bank from time to time pursuant to this Condition 2A.5 shall:

- (a) be a competent, fit and proper person to provide and administer the PoT Account having the systems and controls in place to fulfil those functions; and
- (b) have sufficient suitably qualified and skilled personnel to enable it to provide and administer the PoT Account.

2A.5.2.3 The criteria specified in Conditions 2A.5.2.1 and 2A.5.2.2 shall be treated as satisfied in respect of any appointment if the Licensee appoints as the Trustee and/or the Account Bank, as appropriate, a person who at the time of appointment is a person approved by the Authority for the purposes of this Condition and if that approval has not expired or been revoked.

2A.5.3 The Trustee's functions

2A.5.3.1 The Trust and Account Bank Agreement shall, in accordance with Condition 2A.5.1.1, impose on the Trustee the following functions (referred to as the "Trustee Functions"):

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- (a) the maintenance of a bank account (the “PoT Account”) into which all monies paid by PS Gas Suppliers in respect of PS Transmission Payments shall be received, held on trust for and distributed to the Licensee and the other Designated Pipe-line Operators at the intervals and in accordance with the instructions of the PSA;
- (b) the receipt into the PoT Account and holding on trust of all monies paid by PS Gas Suppliers in discharge of PS Transmission Payments;
- (c) the distribution of monies from the PoT Account on the instructions of the PSA; and
- (d) providing the PSA promptly with any details concerning payments into and from the PoT Account as it may require at any time.

**2A.5.4 Trust and Account Bank Agreement criteria**

**2A.5.4.1** The Trust and Account Bank Agreement shall not, by object or effect, impose undue discrimination or confer undue preference on any Designated Pipe-line Operator and shall:

- (a) require the Trustee to fulfil the Trustee Functions in a manner which is transparent and which does not unduly discriminate as between Designated Pipe-line Operators;
- (b) require the Trustee to institute appropriate arrangements and procedures to enable the Trustee to fulfil the Trustee Functions in an efficient and economic manner;
- (c) make provision for the modification of the Trust and Account Bank Agreement, in the following circumstances only:
  - i. with the written consent of the Authority (such consent to be deemed as having been given at such time when the Authority has not sent written notice to the parties to the Trust and Account Bank Agreement

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of its objection to such modification and the grounds for such objection within 4 weeks of its receipt of full written details of the proposed modification); or

- ii. in accordance with a written direction made by the Authority to the extent necessary to ensure consistency with the Licence following consultation with the Designated Pipe-line Operators;
- (d) provide for its termination in the event that any approval granted by the Authority pursuant to Condition 2A.5.2.3 is revoked;
- (e) require the Trustee to co-operate with the Authority including without limitation by the sharing of information, both generally and to enable the Authority as far as is reasonably practicable to monitor whether the Trustee is continuing to fulfil the Trustee Functions;
- (f) require the Trustee to perform its functions promptly and diligently with reasonable skill and care, and in conformity with all applicable laws, rules and regulations;
- (g) require the Licensee to co-operate with the Trustee: such co-operation shall include but not be limited to providing the Trustee and other Designated Pipe-line Operators with such information as is at the Licensee's disposal which would facilitate the operation of the system of postalised charges in respect of the Postalised System provided that the Licensee shall not be required to provide to another Designated Pipe-line Operator confidential information, the provision of which would, or might, in the opinion of the Authority, seriously and prejudicially affect the interests of the Licensee or any PS Gas Supplier or Designated Pipe-line Operator;
- (h) subject to Condition 2A.5.1.2, provide that, except with the consent of the Authority, the Licensee shall not terminate the Trust and Bank Agreement until such time as a new Trustee has been appointed under a Trust and Bank

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Agreement conforming with all the requirements under this Condition 2A.5;  
and

- (i) require the parties thereto to ensure at all times that the terms and conditions of the Trust and Account Bank Agreement comply with the terms of the Licence.

2A.5.5 Licensee's obligations in relation to the Trustee

2A.5.5.1 The Licensee shall:

- (a) promptly after becoming aware thereof notify the Authority of any material or persistent breach of any obligation by any party under the Trust and Account Bank Agreement;
- (b) take all reasonable steps to enforce the obligations of the parties to the Trust and Account Bank Agreement whenever required, or whenever so directed by the Authority by written notice, and in accordance with the terms of the direction;
- (c) not knowingly waive any right under the Trust and Account Bank Agreement without the prior written consent of the Authority;
- (d) comply with its obligations under the Trust and Account Bank Agreement;
- (e) exercise its rights to terminate the Trust and Account Bank Agreement whenever directed by the Authority by written notice;
- (f) immediately notify the Authority if any party to the Trust and Account Bank Agreement, terminates or gives notice to terminate the Trust and Account Bank Agreement; and
- (g) use its reasonable endeavours to procure that the Trustee performs its functions promptly and diligently, with reasonable skill and care, and in conformity with all applicable laws, rules and regulations.

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**Condition 2A.6 – Distributions from the PoT Account and Designated Pipe-line Operators Agreement**

2A.6.1 PoT Account Calculations – Entitlements, Distributions and Payments

2A.6.1.1 The following shall be calculated in accordance with the provisions of this Condition 2A.6.1:

- (a) the monthly entitlement of the Licensee to sums from the PoT Account calculated on the basis of amounts receivable in respect of Monthly Postalised Payments, Auxiliary Payments, Termination Payments and Debt Payments;
- (b) the Year-End Amount if any due to or from the Licensee; and
- (c) the amount to be distributed to the Licensee from the PoT Account on a monthly basis in respect of (a) and (b) above.

2A.6.1.2 Monthly Entitlements

(a) Monthly Postalised Entitlement

The Monthly Postalised Entitlement (“MPEL<sub>m</sub>”) of Licensee “L” in respect of a month “m” shall be the lower of the following:

$$(i) \quad (TMPT_m + DPI_m) \times \frac{FRRL_t}{PSFRRL_t}$$

and

$$(ii) \quad FRRL_t + ADPIL_t - AMPEL_t$$

Where:

$TMPT_m$  = the aggregate (excluding any VAT on all such amounts) of:



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- (aa) all Monthly Postalised Payments payable into the PoT Account, which:
  - (1) have their Due Date falling in month “m”; and
  - (2) are payable in respect of Postalised System transmission services provided in month “m-2”, being the month in which gas flowed and the invoice for which was issued in month “m-1”; plus
- (bb) any Auxiliary Payments payable into the PoT Account which have their Due Date falling in month “m” and are payable in respect of the Gas Year “t” in which month “m-2” falls;
- (cc) any Termination Payments payable in respect of PS Transmission Payments relating to Gas Year “t” in which month “m-2” falls received into the PoT Account in month “m”.

FRRL<sub>t</sub> = the Licensee’s Forecast Required Revenue in respect of the Gas Year “t” in which month “m-2” falls;

PSFRR<sub>t</sub> = PS Forecast Required Revenue in respect of the Gas Year “t” in which month “m-2” falls;

AMPEL<sub>t</sub> = the aggregate Monthly Postalised Entitlements of the Licensee in respect of prior months in the Gas Year “t” in which month “m-2” falls;

DPI<sub>m</sub> = any interest paid on payments relating to Total Monthly Payments in month “m” received after the Due Date and before or on the Second Due Date; and

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$$ADPIL_t = \sum DPIm_t \times FRRL_t$$

PSFRR<sub>t</sub>

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(b) Debt Entitlement

The Debt Entitlement (“DEL”) of Licensee “L” calculated on a rolling monthly basis shall be its proportionate entitlement to Debt Payments, comprising:

- (i) its entitlement to outstanding Total Monthly Payments for services provided during a Gas Year and outstanding Debt Payments representing unpaid Total Monthly Payments relating to that Gas Year, in each case calculated by reference to the Licensee’s Forecast Required Revenue as a proportion of PS Forecast Required Revenue; plus
- (ii) its entitlement to debt incurred in respect of Year-End Amounts calculated by reference to the Licensee’s Year-End Amounts due to it as a proportion of the sum of all PS Year-End Amounts that are positive.

calculated as:

$$\text{DEL} = [(\text{ShortfallL} - \text{DPEL})/(\text{PSShortfall} - \text{PSDPE})] * (\text{DPm} + \text{DPID})$$

where:

DPEL = the aggregate of all Debt Entitlements of the Licensee in respect of previous months excluding the interest element, Z.

PSDPE = the aggregate of all Debt Entitlement amounts for all Designated Pipe-line Operators under their Respective Licences in respect of previous months excluding the interest element, Z.

ShortfallL = AEL – ADL in all previous months in Gas Years commencing on or after the Designation Date in respect of each Designated Pipe-line Operator;

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PSShortfall = the aggregate all Shortfall amounts for all Designated Pipe-line Operators under their Respective Licence;.

AEL = the aggregate of all entitlement amounts for the Licensee in respect of all previous months in Gas Years commencing on or after the Designation Date.

ADL = the aggregate of all distribution amounts for the Licensee in respect of all previous months in Gas Years commencing on or after the Designation Date.

DPm = the total charges payable by PS Gas Suppliers due in month “m” in respect of PS Notified Debt as contemplated by Condition 2A.3.4.1 and as detailed in the applicable Debt Notice;

DPIDm = Any interest paid on payments relating to Debt Payments in month “m” received after the Due Date and before or on the Second Due Date.

(c) Termination Entitlement

The Termination Entitlement (“TEL”) of Licensee “L” in relation to Termination Payments received into the PoT Account from Gas Suppliers to which the Licensee is the Primary DPO, with respect to future Gas Years as calculated by the PSA according to Condition 2A.4.3.1(n).

**2A.6.1.3 Year-End Amounts – Calculation of Entitlement/Obligation**

- (a) A year-end amount (“Year-End Amount” or “YEALt”) in respect of that Gas Year shall be calculated in accordance with the following formula, in relation to which if YEALt is a negative figure, the Licensee shall be obliged to make payment into the PoT Account of the amount of such figure within 25 Business Days of the date that it receives notice from the PSA of the relevant amount, and if YEALt is a positive figure, the Licensee shall be

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entitled to receive the amount of the Year-End Amount from the PoT Account:

$$\text{YEAL}_t = \frac{(\text{ARRL}_t \times (\text{PSTMPT}_t + \sum \text{DPI}_{mt} + \text{RPTotal} + \text{DPIR}_t))}{\text{PSARR}_t} - \text{AMPEL}_t$$

Where:

$\text{YEAL}_t$  = Year-End Amount in respect of Gas Year “t” and Licensee “L”;

$\text{ARRL}_t$  = the Licensee’s Actual Required Revenue in respect of Gas Year “t”;

$\text{PSARR}_t$  = the PS Actual Required Revenue in respect of Gas Year “t”;

$\text{PSTMPT}_t$  = the aggregate of  $\text{TMPT}_m$  as calculated in Condition 2A.6.1.2 (a) in respect of all the months falling within Gas Year “t”;

$\text{RPTotal}$  = the aggregate of all Capacity Reconciliation Payments and Commodity Reconciliation Payments, each in respect of Gas Year “t” and receivable from PS Gas Suppliers; and

$\text{AMPEL}_t$  = the aggregate of Monthly Postalised Entitlements of the Licensee in respect of Gas Year “t”.

$\text{DPIR}_t$  = any interest paid on payments relating to Reconciliation Payments received after the Due Date and before or on the Second Due Date falling in month “m”.

$\sum \text{DPI}_{mt}$  = the aggregate amount of interest paid on payments relating to Total Monthly Payments for Gas Year “t” payable in any month “m” received after the Due Date and before or on the Second Due Date.

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The amount of the distribution to be made to the Licensee from the PoT Account in any month (the “Monthly Distribution”) shall be calculated by the PSA on the basis of the balance of monies in the PoT Account, net of any amounts in the PoT account as a result of any requirement to maintain a minimum account balance and any interest earned on the PoT account balance, on the date of calculation of the Monthly Distribution in the relevant month (month “m”) (such balance of monies on the PoT Account at that date being referred to below as “W”). The Licensee shall be entitled to receive by way of Monthly Distribution an amount equal to the sum of each of DA1L, DA2L, DA3L, DA4L, DA5L and DA6L calculated as follows:

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(a) VAT Distributions

$$DA1L = VATL$$

where:

VATL = the aggregate amount of VAT Distributions for the Licensee as calculated by the PSA according to Condition 2A4.3.1 (d)

(b) Distribution to enable Licensee to fulfil obligation to reimburse Gas Suppliers

Where the Licensee is obliged to reimburse any sum to one or more of its Gas Suppliers in accordance with this Part 2A of the Licence and the Network Code then DA2L shall be a sum equal to GSR provided that if no such payment is payable by the Licensee to any of its Gas Suppliers in the relevant month DA2L shall be zero.

Where:

GSR = the aggregate amounts that the Licensee is required to reimburse to its Gas Suppliers in relation to PS Transmission Payments in accordance with this Part 2A of the Licence and the Network Code;

(c) Year-End Amount Distributions

In the month following a month in which Reconciliation Payments have been invoiced to one or more PS Gas Suppliers a distribution in respect of Year-End Entitlement DA3L shall be calculated as follows:

$$(i) \quad \text{If } W - PSDA1 - PSDA2 \geq PSYEA$$

then DA3L shall be a sum equal to YEALt; or

$$(ii) \quad \text{If } W - PSDA1 - PSDA2 < PSYEA$$

then DA3L shall be calculated as follows:

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$$DA3L = (W - PSDA1 - PSDA2) \times YEAL_t \div PSYEA$$

Provided that if YEAL is a negative figure then DA3L shall be zero.

where:

W = the balance of monies in the PoT Account, net of any amounts in the PoT Account as a result of any requirement to maintain a minimum account balance and any interest earned on the PoT Account balance

PSDA1 = the aggregate of all DA1L figures for all Designated Pipe-line Operators under their Respective Licence for month “m”;

PSDA2 = the aggregate of all DA2L figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

YEAL<sub>t</sub> = the Year-End Amount calculated in accordance with Condition 2 — A.6.1.3;

PSYEA = the aggregate of all positive Year-End Amounts for all Designated Pipe-line Operators under their Respective Licences;

(d) Monthly Postalisation Distributions

(i) If  $W - PSDA1 - PSDA2 - PSDA3 \geq PSMPE$

then DA4L shall be an amount equal to MPEL; or

(ii) If  $W - PSDA1 - PSDA2 - PSDA3 < PSMPE$

then DA4L shall be calculated as follows:

$$DA4L = (W - PSDA1 - PSDA2 - PSDA3) \times MPEL_m$$

PSMPE

where:



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PSDA1 = the aggregate of all DA1L figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

PSDA2 = the aggregate of all DA2L figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

PSDA3 = the aggregate of all DA3L figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

MPELm = the Monthly Postalised Entitlement of the Licensee calculated in accordance with Condition 2A.6.1.2(a) above;

PSMPE = the aggregate of all Monthly Postalised Entitlement figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

(e) Termination Distributions

(i) If  $W - \text{PSDA1} - \text{PSDA2} - \text{PSDA3} - \text{PSDA4} \geq \text{PSTE}$

then DA5L shall be a sum equal to TEL; or

(ii) If  $W - \text{PSDA1} - \text{PSDA2} - \text{PSDA3} - \text{PSDA4} < \text{PSTE}$

then DA5L shall be calculated as follows:

$$\text{DA5L} = (W - \text{PSDA1} - \text{PSDA2} - \text{PSDA3} - \text{PSDA4}) \times \text{TELm}$$

PSTE

where:

PSDA1 = the aggregate of all DA1L figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

PSDA2 = the aggregate of all DA2L figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

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PSDA3 =the aggregate of all DA3L figures for all Designated Pipeline Operators under their Respective Licences for month “m”;

PSDA4 =the aggregate of all DA4L figures for all Designated Pipeline Operators under their Respective Licences for month “m”;

TELM =the amount, if any, payable to the Licensee in respect of Termination Payments received into the PoT Account under the Network Code in month “m” which relate to Gas Years after the Gas Year in which termination occurs as calculated by the PSA under Condition 2A4.3.1 (n); and

PSTE =the aggregate of all TELM figures for all Designated Pipeline Operators under their Respective Licences for month “m”.

(f) Monthly Debt Payment Distributions

(i) If  $W - PSDA1 - PSDA2 - PSDA3 - PSDA4 - PSDA5 \geq PSDE$

then DA6L shall be a sum equal to DEL; or

(ii) If  $W - PSDA1 - PSDA2 - PSDA3 - PSDA4 - PSDA5 < PSDE$

then DA6L shall be calculated as follows:

$$DA6L = (W - PSDA1 - PSDA2 - PSDA3 - PSDA4 - PSDA5) \times \frac{DELm}{PSDE}$$

where:

PSDA1 =the aggregate of all DA1L figures for all Designated Pipeline Operators under their Respective Licence for month “m”;

PSDA2 =the aggregate of all DA2L figures for all Designated Pipeline Operators under their Respective Licence for month “m”;

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PSDA3 =the aggregate of all DA3L figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

PSDA4 =the aggregate of all DA4L figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

PSDA5 =the aggregate of all DA5L figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

DELM =the Debt Entitlement of the Licensee “L” for month “m” calculated in accordance with Condition 2A.6.1.2(b) above;

PSDE =the aggregate of all Debt Entitlement figures for all Designated Pipe-line Operators under their Respective Licences for month “m”;

**2A.6.2 Inter-Designated Pipeline Operators Provisions**

**2A.6.2.1 Designated Pipe-line Operators Agreement**

Unless the Authority otherwise consents, the Licensee shall on or before a date appointed by the Authority enter into and be a party at all times thereafter to a binding agreement with the other Designated Pipe-line Operators which complies with the criteria specified in Condition 2A.6.2.2 and which is in a form approved in advance by the Authority pursuant to which it will:

- (a) act together with the other Designated Pipe-line Operators to appoint and re-appoint the PSA from time to time;
- (b) establish the PoT Account and appoint and re-appoint the Trustee and/or the Account Bank from time to time;
- (c) in conjunction with other Designated Pipe-line Operators, enforce the PSA Agreement and the Trust and Account Bank Agreement; and

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- (d) undertake to the other Designated Pipe-line Operators (in consideration of equivalent undertakings) to issue invoices promptly and accurately, and to give effect to common payment terms and credit arrangements,

and which will contain such other provisions for the efficient operation of a system of PS Transmission Payments as the Designated Pipe-line Operators may agree and the Authority may approve (the “Designated Pipe-line Operators Agreement”).

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**2A.6.2.2 Designated Pipe-line Operators' Agreement Criteria**

- (a) The Designated Pipe-line Operators' Agreement shall not, by object or effect, impose undue discrimination or confer undue preference on any Designated Pipe-line Operator or PS Gas Supplier and shall:
  - (i) ensure the PSA, the Trustee and the Account Bank institute appropriate arrangements and procedures to enable the PSA to fulfil the PSA Functions and the Trustee to fulfil the Trustee Functions in an efficient and economic manner;
  - (ii) make provision for the modification of the Designated Pipe-line Operators Agreement in the following circumstances only:
    - (aa) with the written consent of the Authority (such consent to be deemed as having been given at such time when the Authority has not sent written notice to the parties to the Designated Pipe-line Operators Agreement of its objection to such modification and the grounds for such objection within 8 weeks of its receipt of full written details of the proposed modification); and
    - (bb) in accordance with a written direction made by the Authority to the extent necessary to ensure consistency with the Licence, following consultation with the Designated Pipe-line Operators.
- (b) The Designated Pipe-line Operators' Agreement shall include an obligation on the Licensee to co-operate with the other Designated Pipe-line Operators. Such co-operation shall include but not be limited to providing the PSA and other Designated Pipe-line Operators with such information as is at the Licensee's disposal (other than confidential information the provision of which would or might, in the opinion of the Authority, seriously and prejudicially affect the interests of the Licensee or any PS Gas Supplier or Designated

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Pipe-line Operator) and which would facilitate the operation of a system of PS  
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**Condition 2A.7 – New Licence Requirements relating to the Network Code**

- 2A.7.1 At any time when, and to the extent that, a Designation Order is and remains in force in respect of all or part of the Network the following provisions shall apply in relation to the Licensee's obligation to establish and implement procedures for the modification of its Network Code.
- 2A.7.2 The relevant objective, the achievement of which is to be facilitated by the Licensee's Network Code, shall include the operation of efficient and economic arrangements for a system of common tariffs in respect of the Licensee's Designated Network and the Designated Network (as such term is defined in the licence of each other Designated Pipe-line Operator) of all other Designated Pipe-line Operators.
- 2A.7.3 The procedures which the Licensee is required to establish and implement for the modification of the Network Code shall provide:-
- (a) for all other Designated Pipe-line Operators and PS Gas Suppliers to be consulted by the Licensee in relation to any modification of the Network Code proposed by the Licensee or any other party entitled to raise such proposals;
  - (b) for all other Designated Pipe-line Operators and PS Gas Suppliers to be notified as soon as possible of any proposed modification put forward by the Authority or by any PS Gas Supplier;
  - (c) that in proposing or reporting on any modification, the Licensee shall have regard to the impact that such modification might have on the operation of any other Designated Pipe-line Operator's network code; and
  - (d) where appropriate, for joint reports to be prepared.
- 2A.7.4 The Licensee shall consult all other Designated Pipe-line Operators and the PS Gas Suppliers before proposing any modification to the modification rules.