

Condition 2.2: Security and Continuity of Supply

2.2.1 Licensee to maintain its financial affairs

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

2.2.2 Licensee to maintain supply/demand match

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

2.2.3 Security Standard

The security standard means:

- (a) the availability of a supply of gas which would at least equal the Daily Firm Demand which, having regard to historical weather and other data demand from at least the previous 50 Years, is likely to be exceeded (whether on one or more Days) only in 1 Year out of 20 Years; and
- (b) the availability of supplies of gas over a Year which would equal the aggregate amount of Daily Firm Demand over a Year which, having regard to such data as aforesaid, is likely to be exceeded only in 1 Year out of 50 Years.

2.2.4 Additional Definitions

In this Condition:

"Daily Firm Demand" means the peak aggregate daily demand for gas by the Licensee's consumers from time to time which might reasonably be expected after the Licensee had interrupted or reduced the supply of gas to each consumer to the extent that (otherwise than in the circumstances mentioned in Condition 2.14.4) it was entitled to do so under its contract

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with that consumer;

| "Day"

means a period beginning at ~~6am~~05:00 hours on one day and ending immediately before ~~6am~~05:00 hours on the following day and "daily" shall be construed accordingly; and

"Year"

means a period of 12 months beginning with 1st October.

PART 3A - GENERAL CONDITIONS FOR THE SUPPLY LICENCE OF GAS
SUPPLIERS SHIPPING GAS ACROSS DESIGNATED NETWORKS

Part 3A

Condition 3A.1 : Interpretation And Construction

Definitions For Supplier Postalisation Licence Conditions

Interpretation and Construction

Definitions

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

“Annual Capacity Product” means a Capacity Product with a duration of one year that provides for capacity to be made available throughout a Gas Year;

“Business Day” means a day, other than a Saturday or Sunday, on which banks are open for ordinary banking business in Belfast;

“Capacity Product” means the products for the provision of capacity at Entry Points or Exit Points made available by Designated Pipe-line Operators;

“Credit Committee” means the committee which is convened and operates in accordance with the “Terms of Reference”;

“Designated Network” means such parts of a Designated Pipe-line Operator’s Network as is or are designated from time to time pursuant to the Designation Order;

“Designated Pipe-line Operator” means a person licensed to convey gas under Article 8(1)(a) of the Order for the Licensee through the Postalised System;

“Designation Date” means the date specified in a Designation Order on which any part of a Designated Pipe-line Operator’s Network through which the Licensee is entitled to have gas conveyed shall be designated as postalised;

“Designation Order” means an order made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003 designating gas plant comprised within the

Network as being subject to a common tariff;

“Enter”, “Entering”

or forms thereof, refers to the offtaking of gas at an Entry Point;

“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 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;

“Exit”, “Exiting”

or forms thereof, refers to the offtaking of gas at an Exit Point;

“Exit Point”

means a point on the Designated Network at which gas is offtaken from the Designated Network by the Licensee, which is not a Transit Point and which constitutes an Exit Point under the Network Code;

“Firm Capacity”

means, at any relevant time in respect of a Gas Supplier, capacity (in KWh/day) held at such time by such Gas Supplier on a firm basis in respect of an Exit Point in accordance with the provisions of the Network Code and in respect of a Gas Year (or any part thereof); except that if any Minimum Capacity Value in respect of such period and such Gas Supplier is greater than such allocated capacity then the Firm Capacity deemed to be held by such Gas Supplier shall be that Minimum Capacity Value;

“Forecast
Quantity”

Supplier

means the quantity of gas which the Licensee forecasts it will Enter and Exit from a Designated Network in a given period, provided that, if in relation to the Licensee such quantity is less than any applicable Minimum Quantity Value, the Forecast Supplier Quantity in relation to the Licensee shall be such Minimum Quantity Value;

“Gas Supplier”

means any person authorised by licence under Article 8 of the Order or by exemption under Article 7 of the Order to supply gas, (including the Licensee as so authorised or exempted) and who is

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entitled to Enter and 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 Enter and Exit gas from the Designated Network as if it were a Gas Supplier;

“Gas Year” means the period of time beginning at 06:0005:00 hours on 01 October in any calendar year and ending at 06:0005:00 hours on 01 October in the next succeeding calendar year;

“kWh” means 3,6000,000 joules as defined in ISO 1000-1981(E);

“Minimum Quantity Value” means any minimum quantity of gas (in kWh) in respect of which the Licensee is obliged under contract to a Designated Pipe-line Operator to pay transmission charges in respect of a Gas Year or part thereof;

“Network” means all gas plant owned, operated or utilised by a Designated Pipe-line Operator through which that Designated Pipe-line Operator is conveying gas for the Licensee;

“Network Code” means that document so described and published by a Designated Pipe-line Operator by virtue of the licence granted to that Designated Pipe-line Operator under Article 8(1)(a) of the Order;

“Non Annual Capacity Product” means a Capacity Product for a period shorter than a Gas Year that provides for capacity to be made available in a Gas Year;

“Order” means The Gas (Northern Ireland) Order 1996;

“Postalised System” means the system comprising all gas pipe-lines designated as being subject to a common tariff pursuant to all orders made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003 in force at such time;

“Primary DPO” means a Designated Pipe-line Operator holding a licence to convey gas in respect of a part of the Postalised System on which the Licensee is entitled to Exit gas;

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- “Primary DPO Network” means all gas plant owned, operated or utilised by a Primary DPO through which that Primary DPO is conveying gas for the Licensee and from which the Licensee is entitled to Exit gas;
- “PS Transmission Payments” means any amount which a Primary DPO is obliged or entitled to charge to the Licensee in respect of the provision of gas conveyance services on the Postalised System under such Primary DPO’s licence to convey gas;
- “Quarter” means each successive three calendar month period in a Gas Year, the first of which shall run from and including ~~06:00~~05:00 hours 01 October until ~~06:00~~05:00 hours 01 January in that Gas Year; and “Quarterly” shall be construed accordingly.
- “Terms of Reference” means the terms of that name appended to the Network Code which govern the operation of the Credit Committee;
- “Transit Point” means a point of interconnection between a Designated Network and another pipeline forming part of the Postalised System;

3A.1.1 Interpretation

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

3A.1.2 Provision of Information

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

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

3A.2 Conveyance Charges

3A.2.1 Application of provisions relating to common tariff

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

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

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

- (a) the Forecast Supplier Quantity together with:
 - (i) an explanation of the reasons why any Forecast Supplier Quantity in respect of any of the Gas Years GY+1 to GY+4 are expected to be greater or less than the Forecast Supplier Quantity in respect of GY;
 - (ii) a breakdown showing the proportions of the Forecast Supplier Quantity in respect of each Entry Point and Exit Point attributable to each Quarter of GY; and
- (b) a breakdown of the Annual Capacity Products and Non-Annual Capacity Products which the Licensee is forecast to use at each Entry Point in GY to GY+4.
- ~~(bc)~~ the assumptions on which the figures provided pursuant to Condition 3A.2.~~12~~.1(a) are based. In respect of power stations this shall include but not be limited to load factors, generation output and efficiency. In

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respect of a Licensee supplying gas to distribution networks this shall include but not be limited to numbers of consumers and average forecast quantity per consumer.

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

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

3A.2.3 Payment of PS Transmission Payments

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