

The Company Secretary
West Transmission Limited
The Arena Building
85 Ormeau Road
Belfast
BT7 1SH

19 July 2018

The Gas (Northern Ireland) Order 1996
Direction pursuant to Condition 6.5.1 of Licence for the Conveyance of Gas

The Northern Ireland Authority for Utility Regulation (the **Authority**) makes the following direction under and in accordance with Condition 6.5.1 of the licence to convey gas dated 11 February 2015 (the **Licence**) granted to West Transmission Limited (the **Licensee**) under Article 8(1)(a) of the Gas (Northern Ireland) Order 1996.

The Table in Condition 6.5.1

The table in Condition 6.5.1 of the Licence shall be modified by the incorporation into it of the amounts identified in the columns headed Amount 1 and Amount 2 in the table immediately below, in respect of each Gas Year specified in that table –

Gas Year Ending on 1st October in the year	Amount 1 (£)	Amount 2 (£)
2018	Zero	Zero
2019	6,797,927.07	4,994,395.40
2020	4,994,395.40	4,994,395.40
2021	4,994,395.40	4,994,395.40
2022	4,994,395.40	4,994,395.40
2023	4,994,395.40	4,994,395.40
2024	4,994,395.40	4,994,395.40

Gas Year Ending on 1st October in the year	Amount 1 (£)	Amount 2 (£)
2025	4,994,395.40	4,994,395.40
2026	4,994,395.40	4,994,395.40
2027	4,994,395.40	4,994,395.40
2028	4,994,395.40	4,994,395.40
2029	4,994,395.40	4,994,395.40
2030	4,994,395.40	4,994,395.40
2031	4,994,395.40	4,994,395.39
2032	4,994,395.39	4,994,395.39
2033	4,994,395.39	4,994,395.39
2034	4,994,395.39	4,994,395.39
2035	4,994,395.39	4,994,395.39
2036	4,994,395.39	4,994,395.39
2037	4,994,395.39	4,994,395.39
2038	4,994,395.39	4,994,395.39
2039	4,994,395.39	4,994,395.39
2040	4,994,395.39	4,994,395.39
2041	4,994,395.39	4,994,395.39
2042	4,994,395.39	4,994,395.39
2043	4,994,395.39	4,994,395.39
2044	4,994,395.39	4,994,395.39

Gas Year Ending on 1 st October in the year	Amount 1 (£)	Amount 2 (£)
2045	4,994,395.39	4,994,395.39
2046	4,994,395.39	4,994,395.39
2047	4,994,395.39	4,994,395.39
2048	4,994,395.39	4,994,395.39
2049	4,994,395.39	4,994,395.39
2050	4,994,395.39	4,994,395.39
2051	4,994,395.39	4,994,395.39
2052	4,994,395.39	4,994,395.39
2053	4,994,395.39	4,994,395.39
2054	4,994,395.39	4,994,395.39
2055	Zero	Zero
2056	Zero	Zero
2057	Zero	Zero
2058	Zero	Zero

Condition 6.5.1 – Supplemental Provision

Condition 6.5.1 of the Licence shall be modified by the addition of the further text set out below, each element of which makes supplemental provision in relation to the indexation of the amounts set out in the table.

Opening Paragraph

Condition 6.5.1 of the Licence shall be modified by the insertion in its first paragraph of the following words, which shall be added immediately after the words 'the table immediately below' and prior to the full stop –

, where each such amount shall first have been subject to indexation in accordance with the provisions set out under the sub-heading *Indexation* following that table

Immediately After the Table

Condition 6.5.1 of the Licence shall be further modified by the insertion, immediately after the table and immediately before the paragraph which begins with the words 'The Authority may', of the following additional section –

Indexation

Each of the amounts set out in respect of any Gas Year in the columns headed Amount 1 and Amount 2 in the table immediately above shall be multiplied by the Index Ratio applicable to (in the case of amounts in the column headed Amount 1) the month of March or (in the case of amounts in the column headed Amount 2) the month of September in such Gas Year, in each case rounded to five decimal places (0.000005 being rounded upwards).

Change or delay in the Index

The following provisions shall apply in order to take account of changes in circumstances affecting the Index:

A. Change in base

If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the calendar month from and including that in which such substitution takes effect:

- (a) the definition of "Index" in this Condition 6.5.1 shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, to such other date or month as may have been substituted therefor); and
- (b) the definition of "Base Index Figure" in this Condition 6.5.1 shall be deemed to refer to the number calculated as the product of the existing Base Index Figure (being initially the figure set out below) and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.

B. Delay in publication of Index

If (other than in circumstances which fall within section A. above) the Index which is normally published in the Monthly Digest of Statistics in the third month and which relates to the fourth month (the "**relevant month**") before the month in

which a payment is due to be made in respect of the Notes is not published on or before the fifth Business Day (the "**relevant day**") before the date (the "**date for payment**") on which such payment is due, the definition of "Index Figure" in this Condition 6.5.1 which is applicable to the month in which the date of payment falls shall be deemed to refer to:

- (a) such substitute figure (if any) as the Noteholder Agent (acting on the instructions of the Majority Noteholders) determines to have been published by the Bank of England or such other body designated by the UK Government for such purpose for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury stock selected by an Adviser; or
- (b) if no such determination is made by the Noteholder Agent (acting on the instructions of the Majority Noteholders) or Adviser within two Business Days of the relevant day, the Index Figure last published (or, if later, the substitute figure last determined pursuant to (a) above) before the date for payment.

If an Index Figure, having been applied pursuant to (b) above to the relevant month, is subsequently published while a Note is still outstanding, then one of the amounts stated in the table above in respect of the Gas Year in which the date of such subsequent publication falls (being Amount 1 if the date of subsequent publication falls in the six month period ending on 31 March in the Gas Year and Amount 2 if the date of subsequent publication falls in the six month period ending on 30 September in the Gas Year) shall be deemed to be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made to the Noteholders on the basis of the Index Figure applicable by virtue of (b) above, below or above the amount of the relevant payment that would have been due if the Index subsequently published had been published on or before the relevant day.

Definitions relating to indexation

The following words and expressions shall have the meanings ascribed to them below.

"Account Bank" means Barclays Bank PLC or any other bank which is a Qualifying Bank and is agreed between the parties to the Common Terms Agreement that are also parties to the Accounts Mandate Agreement, and which holds any of the WTL Accounts or Issuer Accounts and acts as custodian pursuant to the terms of the Accounts Mandate Agreement;

"Accounts Mandate Agreement" means the Finance Document of that name;

"Adviser" means an index-linked gilt edged market maker (or any other appropriate party), in each case as selected by the Issuer and approved by the Noteholders, or, in the event the Issuer

fails to appoint such person within a reasonable period of time, such person selected by the Noteholder Agent (acting on the instructions of the Majority Noteholders);

"Base Index Figure" means 280.50645;

"Business Day" means a day (other than a Saturday or Sunday) on which banks and financial markets are open for the transaction of business of the nature required by the Common Terms Agreement in Northern Ireland and London;

"Common Terms Agreement" means the Finance Document of that name;

"Index" means (a) subject to (b) below, the United Kingdom All Items RPI as published by the Office for National Statistics (January 1987 = 100) contained in the Monthly Digest of Statistics (or contained in any official publication substituted therefor) or any comparable index which may replace the United Kingdom All Items RPI or (b) such other index as is substituted therefor pursuant to Clause 9.2.3 (*Cessation of or fundamental changes to the Index*) of the Note Purchase Agreement);

"Index Figure" means:

(a) subject as provided below:-

- (i) in relation to the first calendar day of any calendar month, the Index for the calendar month falling 3 (three) calendar months earlier (for example, the Index Figure for 1st June in any year shall be the Index for March in that year); and
- (ii) in relation to any other day ("**Reference Day**"), a figure (rounded to the nearest fifth decimal place) calculated by linear interpolation between the Index for the first calendar day of the month falling 3 (three) calendar months earlier than the Reference Day falls and the Index for the first calendar day of the month falling 2 (two) calendar months earlier than the Reference Day falls, and the formula used to calculate the Index in relation to the Reference Day (" RI_{Date} ") can be expressed as follows:

$$RI_{Date} = RI_M + \left(\frac{t-1}{D} \right) [RI_{M+1} - RI_M]$$

where:

" RI_M " is the Index in relation to the first day of the calendar month falling 3 (three) calendar months earlier than the Reference Day falls;

" t " is the calendar day corresponding to the Reference Day;

"**D**" is the number of days in the calendar month in which the Reference Day falls; and

" **RI_{M+1}** " is the Index in relation to the first day of the calendar month falling 2 (two) calendar months earlier than the Reference Day falls; or

- (b) (if the Index Figure is amended pursuant to Clause 9.2.3 (*Cessation of or fundamental changes to the Index*) of the Note Purchase Agreement) such amended Index Figure.

"**Index Ratio**" applicable to any month means the Index Figure applicable to such month divided by the Base Index Figure.

"**Issuer Accounts**" means the account designated as the Issuer Operating Account in the name of the Issuer and such other accounts as may be opened by the Issuer with the consent of the Noteholder Agent with the Account Bank under the terms of the Accounts Mandate Agreement;

"**Majority Noteholders**" means Noteholders representing more than 50 per cent (50%) of the total Outstanding Principal Amount of the Notes

"**Moody's**" means Moody's Investors Service, Inc, a Delaware Corporation, and any successor thereto, and if such corporation shall for any reason no longer perform the function of a rating agency, Moody's shall be deemed to refer to any other internationally recognised rating agency designated by the Noteholder Agent;

"**Notes**" means the £180,700,000 0% per cent. guaranteed secured notes issued by the Issuer due September 2054;

"**Noteholder**" means in respect of a Note, the person in whose name such Note is for the time being registered in the Register;

"**Noteholder Agent**" means at any given time, the person who is a party to the Note Purchase Agreement at that time in the capacity of Noteholder Agent;

"**Note Purchase Agreement**" means the Finance Document of that name;

"**Outstanding Principal Amount**" means the outstanding principal amount of the Notes;

"**Qualifying Bank**" means any bank which is authorised to accept deposits (for the purposes of the Financial Services and Markets Act 2000) and:

- (a) whose short-term debt is rated at least A-2 by S&P and P-2 by Moody's and whose long-term debt is rated at least A- by S&P and at least A3 by Moody's or

- (b) in the case of a bank whose long-term debt is not rated, any other bank, specifically approved in writing by the Noteholder Agent, whose short-term debt is rated at least A-2 by S&P and P-2 by Moody's

"Reference Gilt" means:

- (a) on and from the date of the Note Purchase Agreement to and including 31 March 2019, the index-linked sterling obligation of the United Kingdom Government listed on the Official List of the Financial Conduct Authority (in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended) and traded on the London Stock Exchange as 1½% Index-Linked Treasury Gilt 2037; and
- (b) thereafter, the index-linked sterling obligation of the United Kingdom Government listed on the Official List of the Financial Conduct Authority (in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended) and traded on London Stock Exchange whose comparable weighted average life most closely matches the weighted average life of the Notes on the relevant day.

"Register" means the Register maintained pursuant to the Note Purchase Agreement;

"S&P" means Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc, a Delaware Corporation, and any successor thereto, and if such corporation shall for any reason no longer perform the function of a rating agency, S&P shall be deemed to refer to any other internationally recognised rating agency designated by the Noteholder Agent;

"WTL Accounts" means the accounts with the following designations in the name of the Licensee:

- (a) the ARE Suspense Account;
- (b) the Social Enhancement Account;
- (c) the Debt Service Payment Account;
- (d) the Debt Service Reserve Account;
- (e) the Reconciliation Account;
- (f) the WTL Operating Account;
- (g) the Insurance Account;
- (h) the Liquidity Reserve Account;

- (i) the BBR Account,

and such other accounts as may be opened by WTL with the consent of the Noteholder Agent with the Account Bank under the terms of the Accounts Mandate Agreement;

"WTL Operating Account" means the account designated as the WTL Operating Account in the name of the Licensee opened with the Account Bank and maintained pursuant to the Accounts Mandate Agreement.

Direction under this Condition 6.5.1

Condition 6.1.4 - Definition of Eligible Pass-Through Costs

Condition 6.1.4 of the Licence shall be modified in the manner set out immediately below, by the inclusion of the following additional paragraphs in the places indicated (specifying items that would otherwise not be included in the definition of Eligible Pass-Through Costs) and the renumbering of existing paragraphs and references as indicated –

After paragraph (n), insert:

- (o) all fees, costs and expenses (including in particular trustees' fees, registrars' fees, rating agency surveillance fees and legal and other professional costs and expenses) incurred by the Licensee or by the Issuer on or in connection with any financing or refinancing of the Network;

Renumber existing paragraph (o) as paragraph (p)

After new paragraph (p) insert:

- (q) any amount paid by the Licensee, pursuant to arrangements approved by the Authority from time to time, into any bank account for the purpose of building up a fund to finance the cost of removing, restoring, reinstating, making safe or other decommissioning of any part of the Network;

Renumber existing paragraphs (p) and (q) as paragraphs (r) and (s) respectively

Replace the paragraph references in new paragraph (r) with a reference to paragraphs (a) to (q)

Replace the paragraph references in new paragraph (s) with a reference to paragraphs (a) to (r)

After the words 'but excluding:' insert:

- (t) any cost, expense, loss, liability or other amount incurred by the Licensee which is met by withdrawals from the fund referred to in paragraph (q) or any interest earned on that fund;

Renumber existing paragraphs (r) to (t) as paragraphs (u) to (w) respectively.

Condition 6.1.2(b) – Definitions of ARE Suspense Account and Available Post-ARE Cash

Condition 6.1.2(b) of the Licence shall be modified so that the definitions of the terms 'ARE Suspense Account' and 'Available Post-ARE Cash' in that Condition shall be as specified immediately below –

ARE Suspense Account

means the account designated as the ARE Suspense Account in the name of the Licensee, opened with the Account Bank and maintained pursuant to the Accounts Mandate Agreement.

And for these purposes the expressions "Account Bank" and "Accounts Mandate Agreement" shall have the meanings given to them in Condition 6.5.1.

Available Post-ARE Cash

means, if an Adverse Regulatory Event is waived or remedied in accordance with the provisions of the Common Terms Agreement (and no other Adverse Regulatory Event remains outstanding), and the credit balance in the ARE Suspense Account is transferred to the WTL Operating Account, an amount equal to:

(a) the credit balance so transferred; less

(b) the Net Debt Service for the Gas Year in which the credit balance is so transferred

save that if (b) exceeds (a) that amount shall be zero.

And for these purposes the expressions "Common Terms Agreement" and "WTL Operating Account", as used above shall have the meanings given to them in Condition 6.5.1.

Date of Effect of this Direction

This direction shall have effect, and the Licence shall be modified in accordance with its terms, on the date specified below.



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Authorised on behalf of
**The Northern Ireland Authority for
Utility Regulation**

Dated: ...19 July 2018.....