

Annex A – SSO Licence Condition

Condition 2.17: Single System Operation Arrangements

Introduction

2.17.1 The purpose of this Condition 2.17 is to streamline the interaction and communication that is required between gas suppliers and each HP Conveyance Licensee, through the common provision by all HP Conveyance Licensees of their services and systems (which common provision shall be referred to as "~~single-system-operation~~Single System Operation") that facilitates the achievement of the following objectives:

(a) development and administration of gas transportation services in Northern Ireland in an efficient and coordinated manner;

~~(a)~~(b) the identification and implementation of cost efficiencies by HP Conveyance Licensees to be obtained from ~~single-system-operation~~Single System Operation;

~~(b)~~(c) the implementation and maintenance of a Single Network Code;

~~(c)~~(d) the provision of a single point and system of contact for gas suppliers, including through the use of a single IT interface, for all administration services relating to ~~single-system-operation~~Single System Operation; and

~~(d)~~(e) the accurate and transparent allocation, and robust monitoring and reporting, of costs associated with the implementation and operation of ~~single-system-operation~~Single System Operation.

Arrangements for Single System Operation

2.17.2 The Licensee shall take all reasonable steps to establish, implement, maintain in force, and comply with arrangements which ensure delivery of ~~single-system-operation~~Single System Operation (by the Licensee and every other HP Conveyance Licensee) to any User using any part of the ~~Networks~~HP System of the HP Conveyance Licensees ("~~single-system-operation arrangements~~Single System Operation Arrangements").

2.17.3 The arrangements ~~established pursuant~~referred to in paragraph 2.17.2 shall include the following:

(a) the entering into by the Licensee and every other HP Conveyance Licensee, by ~~no later than 2 months prior to operation or a date~~ as ~~otherwise~~ directed by the Authority, a ~~single-system-operation~~Single System Operation agreement (a **SSO Agreement**) which contains such provisions as are requisite to meet the objectives set out in

paragraph 2.17.1, and implement the requirements set out in paragraphs 2.17.2-~~and~~; [2.17.3 and](#) 2.17.4;

- (b) the preparation, implementation and maintenance in force of a Single Network Code pursuant to the requirements of Condition 2.4, which sets out:
 - (i) the terms of the transportation arrangements established by the Licensee, and every other HP Gas Conveyance Licensee, in respect of the conveyance of gas through any part of the HP System; and
 - (ii) the procedures whereby modifications to the ~~single network code~~[Single Network Code](#) may be proposed, considered and implemented or rejected (“**single network code modification procedures**”);
- (c) the establishment of a governing committee that shall ~~have managerial~~[provide oversight and governance and have](#) responsibility for the delivery and operation of the ~~single system operation arrangements~~[Single System Operation Arrangements](#) (the **Governing Committee**);
- (d) the establishment of a dedicated team (the **SSO Team**) to:
 - (i) carry out the day-to-day activities involved in delivering the ~~single system operation arrangements~~[Single System Operation Arrangements](#); (this does not include Control Room Services and physical pipeline operation); and
 - (ii) provide secretarial and administration services in respect of the Single Network Code including, without limitation, the administration of the single network code modifications procedures;
- (e) the implementation, and subsequent maintenance and operation, of an information technology system to store, retrieve, transmit and manipulate data required or used for the purposes of providing the ~~single system operation arrangements~~[Single System Operation Arrangements](#) (the **SSO IT System**);
- (f) the use only of the SSO IT System, and no other gas transportation information technology system, in the provision of the ~~single system operation arrangements~~[Single System Operation Arrangements](#) save that it is acknowledged that the SSO IT system will need to interface with any other external IT system required to deliver ~~single system operations~~[Single System Operations](#) (e.g. PRISMA); and
- (g) any other matter relating to the common provision of ~~single system operation arrangements to a User~~[Single System Operation.](#)

- (i) which, [following agreement with the Licensee](#), is specified in a direction issued by the Authority, to the Licensee under this Condition 2.17 and to every other HP Conveyance Licensee under the equivalent condition in the Conveyance Licence held by that licensee; or
- (ii) in respect of which the Authority has given its consent following a joint request made to it by the Licensee and every other HP Conveyance Licensee.

SSO Agreement

2.17.4 The Licensee shall, in conjunction and co-operation with every other HP Conveyance Licensee, take all reasonable steps to prepare and, by no later than ~~2 months~~6 weeks prior to ~~operation~~1st October 2017 or by such later date as ~~otherwise may be~~ directed by the Authority, submit to the Authority for its approval a SSO Agreement which meets the requirements of this Condition.

2.17.5 The SSO Agreement shall:

- (a) set out all of the terms that govern the relationship between the Licensee and every other HP Conveyance Licensee (each a **Party**) to act in conjunction and co-operation with each other to establish, implement and comply with the ~~single system operation arrangements~~Single System Operation Arrangements; and
- (b) include, in particular, terms that provide for:
 - (i) the procedures to be adopted by the Parties, and the rights, obligations and principal tasks of each Party, in implementing, operating and maintaining the ~~single system operation arrangements~~Single System Operation Arrangements;
 - (ii) the level of resources, including financial and personnel resources, to be contributed by each Party to the implementation, operation and maintenance of the ~~single system operation arrangements~~Single System Operation Arrangements;
 - (iii) the establishment, constitution (by reference to the seniority and number of employees of each Party), and role and responsibilities, of the Governing Committee;
 - (iv) the establishment, constitution (by reference to the seniority and number of employees of each Party), role and responsibilities of the SSO Team;
 - (v) the procedures to be adopted by the Parties for:
 - (A) processing and resolving any dispute between them in respect of their respective rights, obligations and principal tasks in implementing, operating and maintaining the ~~single system operation arrangements~~Single System Operation Arrangements;
 - (B) amending the SSO Agreement, including if required to reflect the resolution of any such dispute; and

(C) unresolved disputes to be referred to an appropriate third party for determination, which third party may in respect of certain types of dispute be the Authority;

(vi) any other matter which may be specified in a direction issued following agreement with the Licensee or consent given by the Authority to the Licensee under this Condition 2.17 and to every other HP Conveyance Licensee under the equivalent condition in the Conveyance Licence held by that licensee.

2.17.6 The Authority may within 25 ~~days~~Business Days of receiving an SSO Agreement for approval pursuant to paragraph 2.17.5:

(a) approve the SSO Agreement as submitted; or

(b) give notice to the Licensee and every other HP Conveyance Licensee that in its opinion the SSO Agreement does not meet the requirements of this Condition 2.17. ~~which notice shall specify the reasons for such opinion.~~

2.17.7 Where the Authority gives notice under paragraph 2.17.6(b), it may require the Licensee to make, acting in conjunction and co-operation with every other HP Conveyance Licensee, such revisions as are in the Authority's opinion necessary or expedient in order for the SSO Agreement to meet the requirements of this Condition 2.17.

2.17.8 The Licensee shall not enter into an SSO Agreement which has not been approved by the Authority.

2.17.9 The Licensee shall, acting in conjunction and co-operation with every other HP Conveyance Licensee, take all reasonable steps to:

(a) vary the SSO Agreement as may be required to:

(i) comply with any notice given by the Authority under paragraph 2.17.7;

(ii) reflect any direction issued or consent given by the Authority under paragraph 2.17.5(b)(vi);

~~(iii)(b)~~ reflect changes as take all reasonable steps to reach agreement on variations proposed by the different Parties to the SSO;

~~(b)(c)~~ periodically conduct a review of the SSO Agreement to ensure that it continues to be fit for the purpose of meeting the requirements of this Condition 2.17;

~~(e)~~(d) submit a copy of the report of the review conducted in accordance with sub-paragraph (b) to the Authority as soon as reasonably practicable after the review; and

~~(d)~~(e) vary the SSO Agreement as may be required in light of any outcome of the review.

2.17.10 The Licensee shall not vary, or agree to vary, the SSO Agreement approved by the Authority without the Authority's approval to the variation.

SSO Team

2.17.11 The Licensee shall, acting in conjunction and co-operation with every other HP Conveyance Licensee, take all reasonable steps to establish an operational SSO Team by no later than ~~4~~¹st October 2017 [or at such later date as may be directed by the Authority](#).

SSO IT System

2.17.12 The Licensee shall, acting in conjunction and co-operation with every other HP Conveyance Licensee, take all reasonable steps to ensure that:

- (a) a SSO IT System is implemented by no later than 1 October 2017 [or at such later date as may be directed by the Authority](#); and
- (b) the SSO IT System is capable of handling, and delivering the arrangements (relating to data storage, manipulation, exchange and retrieval) set out in the Single Network Code.

Single Network Code

2.17.13 The Single Network Code shall be prepared pursuant to, and meet the requirements set out in Condition 2.4 of the Licence.

Reports

2.17.14 The Licensee shall, acting in conjunction and co-operation with every other HP Conveyance Licensee, take all reasonable steps to submit, as soon as reasonably practicable after 31 December and not later than six months after the gas year end, a report providing details of the performance of the Licensee, acting in conjunction and co-operation with every other HP Conveyance Licensee, in implementing, maintaining in force and complying with the ~~single system operation arrangements~~ [Single System Operation Arrangements](#) made pursuant to paragraph 2.17.2, in that calendar year.

2.17.15 Form and content of the report required by paragraph 2.17.14 to be as so specified by the Authority.

Interpretation and Definitions

2.17.16 Where any provision in this Condition requires the Licensee to act '*in conjunction [and co-operation](#) with every other HP Conveyance Licensee*' in the fulfilment of an obligation, the Licensee shall:

- (a) use all reasonable endeavours to work together with every other HP Conveyance Licensee to fulfil the relevant obligation;

- (b) provide such assistance as is reasonably required by each other HP Conveyance Licensee such that the relevant obligation may be fulfilled; and
- (c) to the extent the Licensee is not reasonably capable of fulfilling the relevant obligation without the assistance of any or every other HP Conveyance Licensee:
 - (i) ensure that the SSO Agreement requires the HP Conveyance Licensee to provide the assistance in question, and, where it does not, seek to amend the SSO Agreement so that it does include such a requirement; and
 - (ii) exercise all rights available to it in order to obtain the assistance in question.

2.17.17 In this Condition:

Governing Committee	has the meaning given to it in paragraph 2.17.3(c).
HP Conveyance Licensee	means any person holding a licence granted, or treated as granted, under Article 8(1)(a) of the Gas (NI) (Northern Ireland) Order and authorising the holder to convey gas through high pressure pipe-lines.
<u>HP System</u>	<u>means the total system that comprises all of the systems of high pressure gas pipe-lines in Northern Ireland through which gas is conveyed by HP Conveyance Licensees.</u>
Network	has the meaning given to it in Condition 1.
Party	has the meaning given to it in paragraph 2.17.5.
<u>Single System Operation</u>	<u>has the meaning given to it in paragraph 2.17.1 and does not include control room services and physical pipeline operation</u>
SSO Agreement	has the meaning given to it in paragraph 2.17.3(a).
SSO IT System	has the meaning given to it in paragraph 2.17.3(e).
SSO Team	has the meaning given to it in paragraph 2.17.3(d).

Single Network Code	has the meaning given to it in paragraph 2.4.1(a).
Single System Operation Arrangements	has the meaning given to it in paragraph 2.17.2.
User	has the meaning given to it in paragraph 2.4.14.

~~Annex B~~ — Single Network Code

Condition 2.44D: Single Network Code

~~2.4.1~~ Licensee's Obligations

2.4D.1 The Licensee shall, acting in conjunction and co-operation with every other HP Conveyance Licensee, by 1 October 2017 or by such later date as may be directed by the Authority, take all reasonable steps to:

- (a) prepare, provide to the Authority for its approval, and at all times have in force a Single Network Code, being a document which:
 - (i) sets out the terms and arrangements established by the Licensee and every other HP Conveyance Licensee for the conveyance of gas, being arrangements other than those to which Conditions 2.2 and 2.3 relate, in respect of the Networks of the HP Conveyance Licensees;
 - (ii) is designed to facilitate achievement of the “relevant objectives” set out in paragraph 2.44D.2;
 - (iii) provides for the matters set out in paragraph 2.44D.3;
 - (iv) provides for mechanisms for the resolution of any disputes arising in relation to any of the provisions of the Single Network Code; and
- (b) put in place appropriate contractual arrangements, approved by the Authority, which require compliance with the Single Network Code by the Licensee, every other HP Conveyance Licensee, the Users, and any third parties who may become parties to the Single Network Code.

~~2.4.2~~ Objectives

2.4D.2 The “relevant objectives” of the Single Network Code referred to in paragraph 2.44D.1(a)(ii) are:

- (a) the secure, safe, reliable, efficient and economic development and operation and maintenance of the Network, with due regard to the environment; and
- (b) subject thereto:

- (i) the efficient discharge of and compliance with the obligations imposed on the Licensee and each HP Conveyance Licensee by their respective gas conveyance licensees; and
- (ii) subject to sub-paragraph (b)(i), the promotion of effective competition between Users.

2.4.3 Relevant Matters

2.4D.3 The Single Network Code shall provide for such matters as may be specified by the Authority and which include:

- (a) measures for the balancing of the ~~Network~~HP System;
- (b) the methodology used to procure the gas required for the balancing of the ~~Network~~HP System;
- (c) the methodology by which the charges are to be levied on Users for the balancing of the ~~Network~~HP System;
- (d) the technical safety criteria applicable to the operation of the ~~Network; and~~HP System.

2.4.4 Other Arrangements for the Conveyance of Gas

~~2.4D.4~~ Subject to the provisions of Conditions 2.2 and 2.3, the Licensee shall not, except in so far as the Authority consents to the Licensee doing so, put in place or require any person to accept or enter into terms for the conveyance of gas except in accordance with the Single Network Code.

2.4.5 Referring Matters to the Authority

~~2.4D.5~~ Where a term of the Single Network Code or of the modification rules referred to in Condition 2.44D.6 is framed so that its proper implementation is to be determined with regard to whether it facilitates the achievement of the relevant objectives, either the Licensee or any other party to the Single Network Code who has entered into arrangements to which that term applies, may, to the extent that the term so provides, refer to the Authority for determination any question as to whether a manner in which the Licensee proposes to implement the term would secure that objective.

2.4.6 Code Modification Procedures

2.4D.6 The Licensee shall, acting in conjunction and co-operation with every other HP Gas Conveyance Licensee, take all reasonable steps to establish and implement procedures for the modification of the Single Network Code, subject to the provisions of this Condition, so as to better facilitate the achievement of the relevant objectives and which will enable:

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

2.4.7 Modification Rules

~~The~~2.4D.7 Subject to Standard Condition 2A, the Licensee shall, acting in conjunction and co-operation with every other HP Conveyance Licensee, take all reasonable steps to:

- (a) prepare "the modification rules", that is to say a document setting out the terms of the procedures established under Condition ~~2.4~~4D.6, and shall furnish the Authority with a copy of the modification rules for approval; by no later than 6 weeks prior to 1st October 2017.
- (b) ensure that no amendment is made to the modification rules except:
 - (i) after consulting the other parties to the Single Network Code;

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

2.4.8 Prohibition on irregular modifications

~~The~~**2.4D.8** Subject to Standard Condition 2A, the Licensee, acting in conjunction and co-operation with every other HP Conveyance Licensee, shall not modify the Single Network Code except:

- (a) to comply with Condition 2.~~4~~**4D**.9(c); or
- (b) otherwise, with the consent of the Authority,

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

2.4.9 Role of Authority in modifications

~~Where~~**2.4D.9** Subject to Standard Condition 2A, where a proposal is made pursuant to the modification rules to modify the Single Network Code, the Licensee shall, acting in conjunction and co-operation with every other HP Conveyance Licensee:

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

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

~~2.4.10~~ Publication of the Single Network Code

2.4D.10 The Licensee shall, acting in conjunction and co-operation with every other HP Conveyance Licensee, take all reasonable steps to:

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

~~2.4.11~~ Authority to determine material effect on persons of transportation arrangements

2.4D.11 Except in so far as the Authority otherwise consents, the Licensee shall, acting in conjunction and co-operation with every other HP Conveyance Licensee, refer for determination by the Authority any question as to whether a person is likely to be materially affected by a proposal to modify the Single Network Code.

~~2.4.12~~ Reasons for refusal of access

2.4D.12 The Single Network Code prepared in accordance with this Condition shall require the Licensee, acting in conjunction and co-operation with every other HP Conveyance

Licensee, to give duly substantiated reasons for any refusal of access to any pipeline forming part of the Network.

~~2.4.13~~ Prohibition on undue discrimination

2.4D.13 The Licensee shall, acting in conjunction and co-operation with every other HP Conveyance Licensee, ensure that it does not show an undue preference for or undue discrimination against any person or class or classes of person:

- (a) in assessing, in conjunction and co-operation with any every other HP Conveyance Licensee, a person's application to become a party to the Single Network Code; and/or
- (b) in its interpretation of the Single Network Code and the application of procedures contained in the Single Network Code.

~~2.4.14~~ Definitions

2.4D.14 In this Condition:

HP Conveyance Licensee	has the same meaning given to it in Condition 2.17 (Single System Operation of the High Pressure Gas System)
User	means, as the context requires, any gas supplier or any person acting on behalf of a gas supplier, who has made, or seeks to make, arrangements with the Licensee, acting in conjunction <u>and co-operation</u> with every other HP Conveyance Licensee, in pursuance of which gas is, or is to be, conveyed through the HP System and/or any gas conveyance transmission system forming part of the HP System.

