

## **Condition 2.5: Network Code**

### **2.5.1 The relevant objective**

The Licensee shall establish transportation arrangements, being arrangements other than those to which Conditions 2.3, 2.3A 2.4 and Part 2A relate, for the conveyance of gas through transmission pipelines and distribution pipelines which are calculated to facilitate the achievement of the "relevant objective", that is to say:

- (a) the efficient and economic operation of the Network; and
- (b) subject thereto:
  - (i) compliance with the Licensee's other obligations under this Licence Document; and
  - (ii) subject to Condition 2.5.1(b)(i) and the Licensee's exclusive rights to supply gas under Condition 3.2.2, effective competition between gas suppliers using the Network.

### **2.5.2 Network Codes**

The Licensee shall:

- (a) (i) prepare and provide the Authority no later than 1<sup>st</sup> October 2004 with a document (the "Transmission Network Code") setting out the terms (except to the extent governed by Conditions 2.3, 2.3A, 2.4 and Part 2A) of the arrangements for the conveyance of gas through transmission pipelines established under Condition 2.5.1;
- (ii) prepare and provide the Authority no later than 1<sup>st</sup> November 2004 with a document (the "Distribution Network Code") setting out the terms (except to the extent governed by Conditions 2.3 and 2.4) of the arrangements for the conveyance of gas through distribution pipelines established under Condition 2.5.1;

- (b) put such Transmission Network Code and Distribution Network Code (together referred to in this Condition as “the Network Codes” and each a “Network Code”) in place except as the Authority otherwise consents; and
- (c) except in so far as the Authority consents to the Licensee doing so, not enter into any arrangements for the conveyance of gas except in accordance with the provisions of the Network Codes applicable from time to time to the circumstances of the case.

2.5.3 Where a term of a Network Code or of the modification rules referred to in Condition 2.5.5 is framed so that its proper implementation is to be determined by whether it facilitates the achievement of the relevant objective, either the Licensee or any gas supplier who has entered into transportation 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.

#### 2.5.4 Modification of the Network Codes

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

- (a) a Network Code to be reviewed;
- (b) a Network Code to be reviewed so as to enable gas suppliers to have gas conveyed in the Network to premises in the Licensed Area at such times as it can reasonably be anticipated a gas supplier may supply such premises;
- (c) modifications to be proposed by the Authority, the Licensee or by a gas supplier;
- (d) adequate publicity to be given to any proposal by:
  - (i) drawing it to the attention of gas suppliers;
  - (ii) sending a copy of the proposal to anyone who requests it; 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;
- (e) the preliminary views of the Authority to be sought in relation to any matter arising on a proposal to modify a Network Code; and
- (f) the representations or objections, with respect to any proposal to modify a Network Code, made (and not withdrawn) by any gas supplier and by other persons who are likely to be materially affected by the proposal to be properly considered.

#### 2.5.5 Modification Rules

The Licensee shall:

- (a) prepare each of "the modification rules", that is to say a document, or documents, setting out the terms of the procedures established under Condition 2.5.4, and shall furnish the Authority with a copy of each of the modification rules;
- (b) not make any modification to either of the modification rules except:
  - (i) after consulting relevant gas suppliers;
  - (ii) after furnishing the Authority with a report on such consultation and consideration; and
  - (iii) with the consent of the Authority; and
- (c) furnish the Authority with a copy of any modification so made.

#### 2.5.6 Prohibition on irregular modification

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

- (a) to comply with Condition 2.5.7(c); or
- (b) with the consent of the Authority;

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

#### 2.5.7 Role of Authority in modifications

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

- (a) refer for determination by the Authority any question as to whether the representations or objections by any relevant gas supplier or other person with respect to 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 a relevant gas supplier, giving particulars of any alternative proposal by the Licensee to modify a Network Code in respect of the same matter;
  - (iii) giving particulars of any representations or objections by a relevant gas supplier or other person with respect to those proposals;
  - (iv) stating whether, in its opinion, any proposed modification should or should not be made;
  - (v) stating the factors which, in its opinion, justify making or not making a proposed modification; and
  - (vi) giving such further information as may be prescribed by the modification rules; and
- (c) comply with any direction given by the Authority to make a modification to a 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 a Network Code or any alternative proposal, better facilitate the achievement of the relevant objective.

#### 2.5.8 Publication of Network Codes

The Licensee shall:

- (a) publish a summary of the Network Codes and each of the modification rules as modified from time to time in such form and manner as the Authority may from time to time direct; and
- (b) send a copy of the Network Codes and each of the modification rules as modified from time to time to any person who asks for a copy 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.

#### 2.5.9 Authority to determine material effect on persons of transportation arrangements

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