

# Annex B

PTL (Premier Transmission Limited)  
proposed licence modifications



**This Annex sets out the proposed modifications to the PTL conveyance licence (by way of only including in this document those provisions/conditions (in whole or in part) to which modifications are proposed.**

Licence granted under Article 8 of the Gas (Northern Ireland) Order 1996 for the conveyance of gas

## The Grant

1 Grant of Licence The Northern Ireland Authority for Energy Regulation (the "Authority"), in exercise of the powers conferred by Article 8(1) of the Gas (Northern Ireland) Order 1996 (the "Order"), and with the consent of the Department of Enterprise, Trade and Investment, grants to Premier Transmission Limited (registered number NI0126421) (the "Licensee") a licence to convey gas in the area designated in Schedule 1 during the period specified in paragraph 3 below, subject to:

(a) the standard conditions of licences for the conveyance of gas (the "Standard Conditions") which are in accordance with Article 11(2) of the Order incorporated by reference in this Licence, subject to any modifications made to the Standard Conditions in accordance with any provision for the modification of the Standard Conditions in the Order or the Energy (Northern Ireland) Order 2003 (the "Energy Order") or the Conditions;

(b) the conditions included in the Licence in accordance with Article 10 of the Order (together the 'Conditions'); and

(c) the Schedules hereto.

### 1.1.6 Definitions

Except where expressly stated to the contrary and unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

"affiliate" means, in relation to any person, any company which is a subsidiary of such person or a company of which such person is a subsidiary or a company which is another subsidiary of a company of which such person is a subsidiary;

- "amount" means, in relation to gas, the energy content thereof expressed in therms or kilowatt hours; except with effect from 1st January 2000 it means the said content expressed in kilowatt hours;
- "auditors" means the Licensee's auditors for the time being holding office in accordance with the requirements of the Companies (Northern Ireland) Order 1986;
- "authorisation of persons" means the power of the Licensee to authorise persons, pursuant to Schedule 5 of the Order;
- "Authority" means the Northern Ireland Authority for ~~Energy~~ Utility Regulation;
- "balancing" means (in relation to the Network and relevant period for balancing under the Network Code) taking such measures as may be available to the Licensee, in particular measures:
- (i) for managing the relationship between deliveries of gas to and offtakes from the Network during that period; and
  - (ii) to maintain pressures in the Network at all levels;
- which will in the reasonable opinion of the Licensee, ensure the safety and efficiency of the Network in that or any subsequent relevant period;
- "Business of the Economic Network" means any business of the Licensee and of any affiliate or related undertaking of the Licensee related to the construction, development, operation, maintenance and/or administration of the Economic Network;

"company"	means a company within the meaning of Article 3 of the Companies (Northern Ireland) Order 1986 or any other body corporate;
"consumer"	means any person supplied with gas to premises;
"conveyance charges"	means the charges made by the Licensee for the conveyance of gas;
"conveyance services"	means all services provided by the Licensee of conveying gas to, through and within the Licensed Area;
"Department"	means the Department <del>of Enterprise, Trade and Investment;</del> <a href="#">for the Economy;</a>
"distribution pipe-line"	means any pipe-line which is not a transmission pipe-line;
"domestic consumer"	means a consumer supplied, or requiring to be supplied, with gas at Domestic Premises;
"domestic premises"	means premises where the supply of gas is taken wholly or mainly for domestic purposes;
"Economic Network"	means all gas plant owned and/or operated and/or utilised by the Licensee from and about Twynholm in Scotland to and in Northern Ireland (comprising in respect of Northern Ireland, the Network);
"Energy Order"	means the Energy (Northern Ireland) Order 2003;
"exemption holder"	means the holder of an exemption under Article 7 of the Order;
"exercise of powers of Entry"	means the Licensee entering any premises, in accordance with the powers conferred by Schedule 5 of the Order;

"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;
"Grant"	means the commencing section of this Licence by which the Authority grants the Licensee the Licence;
"information"	includes documents, accounts, estimates, returns, reports or other information;
"Licence"	means this licence authorising the Licensee to convey gas in the Licensed Area, as granted to the Licensee under Article 8(1)(a) of the Order;
"Licensed Area"	means the area in which the Licensee is authorised to convey gas as described in Schedule 1;
"Licensed Business"	means the activities connected with the conveyance of gas pursuant to the Licence;
"Licensee"	means the company named in the Grant;
"LNG Facility"	means a facility or terminal used for the liquefaction of gas or the importation, offloading and re-gasification of LNG and includes ancillary services and temporary storage for the re-gasification process and delivery to the gas transmission system but does not include any part of the facility used for the storage of gas.
"Network"	“means all the pipe-lines (as defined by the Gas (Northern Ireland) Order 1996, and shall also include any plant, equipment or apparatus used for, or for any purposes connected with, the conveyance of gas) within the Licensed Area that are owned and/or operated by any licensee, which pipe-lines shall, in the case of conveyance to consumer’s premises and for the purposes of this definition, be deemed to terminate

immediately prior to the inlet of the first gas meter at such premises:"

"Network Code" means the ~~document~~ [Single Network Code](#) prepared ~~by the Licensee~~ under [and in accordance with](#) Condition [2.4.22.4D](#);

"non-domestic consumer" means a consumer who is not a domestic consumer;

"non-domestic premises" means premises which are not domestic premises;

"Order" means the Gas (Northern Ireland) Order 1996;

"owned" means in relation to any gas meter title in or control over a meter and includes meters leased to a person;

"person" means any company, firm, partnership, association, body corporate or individual;

"related undertaking" means any undertaking in which any person has a participating interest as defined by Article 268 of the Companies (Northern Ireland) Order 1986;

"separate accounts" means the accounts which are to be prepared for each Separate Business;

"Separate Business" means, each of the activities of the Licensee connected with:

(a) the conveyance of gas by means of a transmission pipe-line pursuant to a licence granted in accordance with Article (8)(1)(a) of the Order;

(b) the conveyance of gas by means of a distribution pipe-line pursuant to a licence granted in accordance with Article (8)(1)(a) of the Order;

- (c) the storage of gas pursuant to a licence granted in accordance with Article 8(1)(b) of the Order; and
- (d) the supply of gas pursuant to a licence granted in accordance with Article 8(1)(c) of the Order;

each taken separately from one another and from any other business of the Licensee or any affiliate or related undertaking of the Licensee, but so that where all or any part of any such business is carried on by an affiliate or related undertaking of the Licensee (save in respect of an affiliate or related undertaking which has a separate licence or exemption), such part of the business as is carried on by that affiliate or related undertaking shall be consolidated with any other such business of the Licensee (and of any other affiliate or related undertaking of the Licensee) so as to form a single Separate Business;

“ Storage Facility” means a facility used for the storage of gas and includes any part of a LNG Facility used for storage but does not include:

(a) any part of the facility that is used for production of gas, and

(b) any facility which is reserved exclusively by or for the Licensee in carrying out functions authorised by the Licence.

“subsidiary” has the same meaning as given to it in Article 4 of the Companies (Northern Ireland) Order 1986;

"transmission pipe-line" means any pipe-line having a design operating pressure exceeding 7 bar gauge; and



"transportation arrangements" means the arrangements which licence holders or exemption holders may have with the Licensee to have gas introduced into, conveyed by means of and taken out of the Network.

#### 1.1.9 Application

The Conditions shall only apply to the activities of the Licensee carried out in Northern Ireland, except where otherwise expressly specified.

Proposed modifications to Condition 1.14:

### **Condition 1.14: Notices**

#### 1.14.1 Notices

All notices to be given under any Condition shall be in ~~writing~~ Writing and shall ~~be deemed to have been properly given if delivered in person or sent by registered mail or transmitted by facsimile~~ to the relevant party at the address set out below or at such other address as that party may from time to time specify in writing to the others:

Licensee: Premier Transmission Limited (~~C/O Arthur Cox~~)  
First Floor  
The Arena Building,  
85 Ormeau Road,  
Belfast, BT7 1SH  
~~Capital House~~  
3 Upper Queen Street  
Belfast  
BT1 6PU

Authority: Northern Ireland Authority for Energy Utility Regulation  
Queens House,  
14 Queen Street,  
Belfast, BT1 6ED

~~Brookmount Buildings,  
42 Fountain Street,  
Belfast, BT1 5EE~~

~~Facsimile Telephone Number (02890) 311740~~

Department: ~~Department of Enterprise, Trade and Investment, for the~~  
Economy

~~Energy Division Group,  
Adelaide House,  
39/49 Adelaide Street,  
Belfast, BT2 8FD  
Netherleigh House,  
Massey Avenue,  
Belfast, BT4 2JP~~

~~Facsimile Telephone Number (02890) 529549~~

Writing includes writing sent or received by Electronic Communication

Electronic Communication means a message comprising text that:

(a) is sent over a Public Electronic Communications Network;

(b) can be stored in that network or in the recipient's terminal equipment until it is collected by the recipient; and

(c) is in a particular form and is used for a particular purpose and the recipient of it has expressed a willingness, to the sender, to receive it in that form and for that purpose.

Public Electronic Communications Network has the meaning given in section 151 of the Communications Act 2003.

#### 1.14.2 Receipt

Any notice given under the provisions of Condition 1.14.1 shall be deemed to have been duly delivered and received:

(i) at the actual time of delivery, if delivered personally;

(ii) three (3) working days subsequent to the date of posting, if sent by registered mail; and

(iii) at the time of receipt, if ~~transmitted by facsimile where there is confirmation of uninterrupted transmission by a transmission report and provided that the original of the notice is then delivered personally or sent by registered mail as soon as reasonably practicable~~ sent by Electronic Communication.

## **Condition 1.21: Regulatory Instructions and Guidance**

### 1.21.1 Introduction

- (a) The purpose of this Condition 1.21 is to set out the scope, contents, and common governance arrangements for the Regulatory Instructions and Guidance (“**RIGs**”) published by the Authority pursuant to this condition.
- (b) The RIGs are the primary means by which the Authority directs the Licensee to collect and provide the information to the Authority that the Authority needs to enable it to administer the Price Control Conditions [in](#) Part 3 of [this](#) Licence and any determinations made by the Authority under or for the purposes of the Price Control Conditions.

### 1.21.2 Licensee’s obligation under this condition

- (a) Unless and so far as the Authority otherwise consents, the Licensee must have in place and maintain appropriate systems, processes, and procedures to enable it:
  - (i) to estimate, measure, and record the information detailed in the RIGs (“specified information”); and
  - (ii) to provide such information to the Authority in respect of such periods and within such timeframes as are specified in the RIGs.
- (b) To facilitate compliance with paragraph (a) of this Condition 1.21.2, the accounting records and other records kept by the Licensee with respect to the specified information must:
  - (i) be so arranged as to ensure that such information can be separately identified and reasonably attributed as between the Licensee’s business and the business of any affiliate or related undertaking of the Licensee; and
  - (ii) be maintained for a period of eight years, or such shorter period as set out in the RIGs, from the date that they are made.

### 1.21.3 Scope and content of RIGs

- (a) Subject to paragraphs (b) and (c) of this Condition 1.21.3, the matters that may be included, or for which provision may be made, in the RIGs are:
- (i) instructions and guidance on the establishment of systems, processes, procedures, and ways for recording and providing specified information;
  - (ii) instructions and guidance on the standards of accuracy and reliability that are applicable to the recording of specified information (including different classes of such information);
  - (iii) a timetable for the development of such systems, processes, and procedures as are required to achieve such standards;
  - (iv) the methodology for calculating or deriving numbers comprising specified information;
  - (v) provision with respect to the meaning of words and phrases used in defining specified information;
  - (vi) requirements as to the form and manner in which, or the frequency with which, specified information must be recorded;
  - (vii) requirements as to the form and manner in which, or the frequency with which, specified information must be provided to the Authority;
  - (viii) requirements as to which (if any) of the specified information is to be subject to audit, the terms on which an auditor is to be appointed by the Licensee for that purpose, and the nature of the audit to be carried out by that person;
  - (ix) requirements as to the circumstances in which the Authority may appoint an examiner to examine the recording of the specified information by the Licensee;
  - (x) a statement on whether and to what extent each category of the specified information is required for the purposes of the RIGs; and

- (xi) provision about how the Authority intends to monitor, assess, and enforce compliance with the RIGs (as to which, see also Condition 1.21.6).
- (b) The provisions of the RIGs must not exceed what is reasonably required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the Licensee in complying with those provisions.
- (c) No specified information may exceed what could be requested from the Licensee by the Authority under Condition 1.3.1.

#### 1.21.4 Development and modification of the RIGs

- (a) The Authority may issue new RIGs or modify any existing RIGs by issuing a direction for that purpose to the Licensee.
- (b) Data collected in relation to each formula year must be reported according to the RIGs issued to the Licensee by the Authority as they may be (where applicable) modified in line with this Condition 1.21.4 and with Condition 1.21.5.
- (c) A direction issued by the Authority under paragraph (a) of this Condition 1.21.4 will be of no effect unless the Authority has first:
  - (i) given notice to the Licensee that it proposes to issue new RIGs or (as the case may be) to modify the RIGs:
    - (A) specifying the date on which it proposes that the provisions of the document to be issued or modified should take effect;
    - (B) setting out the text of the RIGs to be issued or (as the case may be) modified and the Authority's reasons for proposing to issue or modify it; and
    - (C) specifying the time (which will not be less than a period of 28 days from the date of the notice) within which representations in response to such proposals may be made; and

- (ii) considered any representations in response to the notice that are duly made and not withdrawn.
- (d) The requirements for the issuing of new RIGs or modification of existing RIGs set out in paragraph (c) of this Condition 1.21.4 may be satisfied by actions taken by the Authority before as well as after the coming into effect of this condition.

#### 1.21.5 Requirements for new or more detailed information

- (a) This Condition 1.21.5 applies if any modified or new RIGs have the effect of introducing a requirement to provide:
  - (i) a new category of specified information; or
  - (ii) an existing category of specified information to a greater level of detail, which has not previously been collected by the Licensee, whether under the provisions of the RIGs or otherwise.
- (b) Where this Condition 1.21.5 applies, the Licensee may provide estimates to the Authority in respect of the relevant category of specified information for any formula year specified by the Authority.
- (c) The estimates that are mentioned in paragraph (b) of this condition may be derived from such other information available to the Licensee as may be appropriate for that purpose.

#### 1.21.6 Compliance with the provision of the RIGs

- (a) The Licensee must at all times comply with the provisions of the RIGs for the time being in force pursuant to this condition.
- (b) Where the Licensee holds more than one gas conveyance licence within a single legal entity, it must comply with the requirements of this condition separately in respect of each such licence.

- (c) Nothing in this condition requires the Licensee to provide any documents or give any information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

#### 1.21.7 Definitions

For the purposes of this condition:

**"examiner"** means, in relation to the RIGs, a person whose degree of knowledge and experience of the matters that are the subject of the RIGs will enable him to properly carry out and complete the tasks required of him under the terms of his nomination by the Authority pursuant to the provisions of the RIGs;

**"specified information"** means information (or a category of information) that is so described or defined in the RIGs.

~~**"Price Control Conditions"** Means condition 3.1.6 in this Licence~~

**"Price Control"** means Condition 3.1 of the Licence.



### 2.2.1 Determination of conveyance charges by the Licensee

The Licensee shall establish the methods and principles on which transmission charges shall be determined for gas suppliers wishing and entitled (or entitled within the Gas Year in respect of which the methods and principles shall be determined for the next following Gas Year) to use the Network and, provided the Authority's approval has been obtained in accordance with Condition 2.2.3, the Licensee shall publish the same in accordance with Condition 2.2.2. Those methods and principles shall ensure cost recovery in each Post-Finance Gas Year (as defined in Condition 3.1.10.2) in accordance with Condition 3.1.10 and, in each Finance Gas Year (as defined in Condition 3.1.10.2) in accordance with the other provisions of Condition 3.1.

2.3.16 No obligation to connect premises

Nothing in Condition 2.3.14 and Condition 2.3.15 shall require the Licensee to make or maintain the connection:

- (a) if the making or maintaining of the connection involves danger to the public and/or a risk to the safety of the Network, provided that the Licensee has taken all such reasonable steps to prevent such danger from occurring;
- (b) if there is insufficient capacity in the Network;
- (c) if the Licensee has reasonable grounds to believe the making of the connection would be in conflict with:
  - (i) the relevant objectives set out in Condition [2.4.12.4D.2](#);
  - (ii) any public service obligation (where applicable); or
- (d) if there are any serious economic difficulties with take or pay contracts;

and in any such case the Licensee shall give duly substantiated reasons for believing such circumstances apply.

**Condition 2.4C: Gas Transportation Agreement**

2.4C.1 This Condition applies where the Licensee is a party to the Gas Transportation Agreement.

2.4C.2 Where this Condition applies the Licensee shall take such steps and do such things as are within its power to:

- (a) review, from time to time and in conjunction with any other person that is a party to the Gas Transportation Agreement, the Gas Transportation Agreement with a view to determining, taking into account the operation of the Gas Transportation Agreement and the Licensee's obligations under this Licence, whether any amendment should be made to it;
- (b) amend the Gas Transportation Agreement as may from time to time be required to:
  - (i) reflect the outcome of a review conducted pursuant to paragraph 2.4C.2 (a); or
  - (ii) comply with a direction issued by the Authority pursuant to this Condition 2.4C; and
- (c) ensure that it does not amend, or agree to amend, the Gas Transportation Agreement unless:
  - (i) the proposed amendment has first been submitted to the Authority by the Licensee; and
  - (ii) the Authority has given its approval to the proposed amendment.

2.4C.23 In this Condition:

<b>Gas Transportation Agreement</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) the Transportation Agreement originally made on 21 August 1996 between BGE (UK) Limited and Premier</li> </ul>
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	<p>Transco Limited, as amended or supplemented by any other agreements from time to time; and/or</p> <p>(b) any agreement which, whether in consequence of the expiry or termination of the agreement referred to in paragraph (a) or otherwise, is or is proposed to:</p> <hr/> <p><del>any agreement which, whether in consequence of the expiry or termination of the agreement referred to in paragraph (a) or otherwise, is or is proposed to:</del></p> <p>(i) be entered into between all of the parties to the agreement referred to in paragraph (a); and</p> <p>(ii) include provisions which concern or relate to the same subject matter as the provisions in the agreement referred to in paragraph (a).</p>
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**Condition 2.4E: Moffat Tripartite Agreement**

2.4E.1 This Condition applies where the Licensee is a party to the Moffat Tripartite Agreement.

2.4E.2 Where this Condition applies the Licensee shall take such steps and do such things as are within its power to:

- (a) review, from time to time and in conjunction with any other person that is a party to it, the Moffat Tripartite Agreement with a view to determining, taking into account the operation of the agreement and the Licensee's obligations under the Licence, whether any amendment should be made to it;
- (b) amend the Moffat Tripartite Agreement as may from time to time be required to reflect the outcome of a review conducted pursuant to paragraph 2.4E.2 (a); and
- (c) ensure that it does not amend, or agree to amend, the Moffat Tripartite Agreement unless:
  - (i) the proposed amendment has first been submitted to the Authority by the Licensee, where applicable together with the results of any consultation on the proposed amendment; and
  - (ii) the Authority has given its approval to the proposed amendment.

2.4E.3 The Licensee shall not terminate, or agree to terminate, the Moffat Tripartite Agreement unless it has obtained prior written approval from the Authority to do so.

2.4E.4 In this Condition:

<b><u>Moffat Tripartite Agreement</u></b>	<p><u>means:</u></p> <p><u>(a) the tripartite agreement originally made on 29 September 2015 between National Grid Gas plc, GNI (UK) Limited, and</u></p>
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	<p><u>Premier Transmission Limited covering arrangements for capacity allocation and bundling, nomination flows and allocation of gas flow quantities for the Moffat Interconnection Point, as amended, restated and/or supplemented by any other agreement from time to time; and/or</u></p> <p><u>(b) any agreement which, whether in consequence of the termination of the agreement referred to in paragraph (a) or otherwise, is or is proposed to:</u></p> <p><u>(i) be entered into between all of the parties to the agreement referred to in paragraph (a); and</u></p> <p><u>(ii) include provisions which concern or relate to the same subject matter as the provisions in the agreement referred to in paragraph (a).</u></p>
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Condition 2.4F Not Used

## **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**") 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;
- (b) the identification and implementation of cost efficiencies by HP Conveyance Licensees to be obtained from Single System Operation;
- (c) the implementation and maintenance of a Single Network Code;
- (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; and
- (e) the accurate and transparent allocation, and robust monitoring and reporting, of costs associated with the implementation and operation of 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 (by the Licensee and every other HP Conveyance Licensee) to any User using any part of the HP System of the HP Conveyance Licensees ("**Single System Operation Arrangements**").

2.17.3 The arrangements 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 a date as directed by the Authority, a 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; 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 2.4D, 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 may be proposed, considered and implemented or rejected (“**single network code modification procedures**”);
  - (c) the establishment of a governing committee that shall provide oversight and governance and have responsibility for the delivery and operation of the 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; (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 (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 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 (e.g. PRISMA); and

- (g) any other matter relating to the common provision of 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 6 weeks prior to 1st October 2017 or by such later date as 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; 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;

- (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;
- (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;
  - (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 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);
- (b) take all reasonable steps to reach agreement on variations proposed by the different Parties to the SSO;
- (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;
- (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
- (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 1 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 2.4D 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 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:

<b>Governing Committee</b>	has the meaning given to it in paragraph 2.17.3(c).
<b>HP Conveyance Licensee</b>	means any person holding a licence granted, or treated as granted, under Article 8(1)(a) of the Gas (Northern Ireland) Order and authorising the holder to convey gas through high pressure pipe-lines.
<b>HP System</b>	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.
<b>Network</b>	has the meaning given to it in Condition 1.

<b>Party</b>	has the meaning given to it in paragraph 2.17.5.
<b>Single System Operation</b>	has the meaning given to it in paragraph 2.17.1 and does not include control room services and physical pipeline operation
<b>SSO Agreement</b>	has the meaning given to it in paragraph 2.17.3(a).
<b>SSO IT System</b>	has the meaning given to it in paragraph 2.17.3(e).
<b>SSO Team</b>	has the meaning given to it in paragraph 2.17.3(d).
<b>Single Network Code</b>	has the meaning given to it in paragraph 2.4D.1(a) <a href="#">of Condition 2.4D of the Licence.</a>
<b>Single System Operation Arrangements</b>	has the meaning given to it in paragraph 2.17.2.
<b>User</b>	has the meaning given to it in paragraph 2.4D.14 <a href="#">of Condition 2.4D of the Licence.</a>

## **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:

<u>“Activation Test”</u>	<u>means the test set out in the CMP Methodology Statement for assessing and determining whether there is contractual congestion in respect of an Interconnection Point;</u>
“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 Pipeline Operator;
“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;
“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”	means the amount calculated in accordance with Condition 2A.2.5.3(d) for each Capacity Product in a relevant Gas Year;
“Auction Price”	means, in respect of auctions for Capacity Products that are bundled with the capacity products of an interconnected system operator, the share of the price determined in the auction that is payable to the 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;
“Capacity Figures”	shall have the meaning ascribed to that term in Condition 2A.2.3.1(b);
“Capacity Percentage”	shall have the meaning ascribed to that term in Condition 2A.2.5.3(b);
“Capacity Product”	means the products for the provision of capacity at Entry Points or Exit Points made available by Designated Pipe-line Operators listed in the Gas Product Multipliers and Time Factors Table;
“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;
<u>“CMP Methodology Statement”</u>	<u>means the document required to be prepared in accordance with Condition 2A.2.1.12 setting out the Designated Pipe-line Operators' arrangements for implementing Congestion Management Procedures;</u>

“Commodity Percentage” shall have the meaning ascribed to that term in Condition 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;

“Congestion Management Procedures”

means procedures in relation to:

(a) the surrender, by any person, of capacity held by them in respect of any IP Entry Point;

(b) the monitoring of utilisation of capacity, in relation to any IP Entry Point, for the purposes of assessing whether it is necessary to apply the:

(i) Long Term Use or Lose it Rules; and/or

(ii) Firm Day Ahead Use it or Lose it Rules;

“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;
“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 an entry overrun charge payable by a Gas Supplier in respect of an Entry Point where the quantity of gas allocated to the Gas Supplier under the Network Code exceeds the capacity booked by the Gas Supplier under the Network Code at that Entry Point, which charges are to be calculated in accordance with the Gas Transmission Charging Methodology Statement;
- “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;
- “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 <del>is not a Transit Point and which</del> 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 nominations in excess of Firm Annual Capacity (in kWh/day) deemed to be held at such time by such Gas Supplier in respect of an Exit Point in accordance with the provisions of the Network Code, 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;
<u>“Firm Day Ahead Use it or Lose it Rules”</u>	<u><a href="#">means the requirements of point 2.2.3 of Annex 1 to Regulation (EC) No. 715/2009 (as amended);</a></u>

“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 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 Firm Annual 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 the Forecast Postalised Commodity Charges, the Forecast Postalised Annual Capacity Charges, the Forecast Postalised Non-Annual Capacity Charges , and 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 Value;
Gas Product Multipliers and Time Factors Table	A table approved annually by the Authority following consultation setting out the Capacity Products to be offered by the DPOs and the weightings for Capacity Products to be used in the calculation of the Postalised Charges. The updated Table shall be published by the Licensee.
“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;
<u>“GB Uniform Network Code”</u>	<u>means the uniform network code prepared pursuant to standard special condition A11 of the gas transporter licences granted or treated as granted under section 7 of the Gas Act 1986;</u>
“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;
“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;
“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;
<u>“HP Conveyance Licensee”</u>	<u>has the meaning given to it in Condition 2.17 (Single System Operation Arrangements) of the Licence;</u>
“Initial Firm Capacity”	means the total of all Firm Annual Capacity 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 and the total Firm Non-Annual Capacity forecast to be held by the Licensee’s Gas Suppliers in respect of [the same] a Gas Year;
“Invoice Date”	means the tenth Business Day in a month;



<u>"Interconnection Point"</u>	<u>has the meaning given to it in the Network Code;</u>
"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;
<u>"Long Term Use it or Lose it Rules"</u>	<u>means the requirements of point 2.2.5 of Annex 1 to Regulation (EC) No. 715/2009 (as amended);</u>
"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;
<u>"Moffat Non-IP Entry Point"</u>	<u>has the meaning given to it in the Network Code;</u>
"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);
"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;
“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;
“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;
“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;

“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 Pipeline 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 (Entry Overrun Charges and Exit Ratchet Charges); Conditions 2A.2.5.5 (Monthly Postalised Payments); 2A.3.4 (Debt Payments); <del>and</del> 2A.2.6.4 (Reconciliation Payments); <u>and</u> 2A.2.5.2(c) (Auxiliary Payments) <del>and 2A.2.6.6 (Supplemental Payments)</del> 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>

“Quarterly Capacity Quantities”	means for each Capacity Product the aggregate of Firm Annual Capacity or Firm Non Annual Capacity held by all Gas Suppliers in a Quarter;
“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;

“Separate Business”	means each of the following businesses of the Licensee (as appropriate):  (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;  (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  (iii) the supply of gas pursuant to a licence granted in accordance with Article 8(1)(c) of the Order  each taken separately from one another and from any other business of the Licensee or any affiliate or related undertaking of the Licensee;
<u>“Stranraer Exit Point”</u>	<u>has the meaning given to it in the Network Code;</u>
<u>“Stranraer Shipper”</u>	<u>means the person appointed, under the GB Uniform Network Code, to ship gas from the Moffat Non-IP Entry Point to the Stranraer Exit Point pursuant to the terms of the Network Code;</u>
<u>“Supplemental Payment”</u>	<u>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;</u>
“Supply Business”	means, where applicable, the Separate Business of the Licensee which carries on the business of the supply of gas;
“Termination Payments”	means any amount payable on the termination of a Gas Supplier’s Accession Agreement under the terms of the Network Code;

“Terms of Reference”	means the terms of that name appended to the Network Code which govern the operation of the Credit Committee;
“Total Monthly Payments	shall have the meaning ascribed to that term in Condition 2A.3.4.3;
<del>“Transit”, “Transiting”</del>	<del>or forms thereof, refers to the conveyance of gas through the Designated Network to another part of the Postalised System;</del>
<del>“Transit Point”</del>	<del>means a point of interconnection between the Designated Network and another pipe-line forming part of the Postalised System;</del>
“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”	means the figure calculated in accordance with 2A.2.5.3(a)
“Total Weighted Year-End Capacity”	means the figure calculated in accordance with 2A.2.6.3(a)
“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);
“VRF Service”	means the Interruptible Virtual Reverse Flow service offered by the Licensee in accordance with Condition 2A.2.1.6 and Conditions 2A.2.1.8 to 2A.2.1.10;
“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.



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 [Entry](#) 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.

[2A.2.1.10](#) 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 modifications to the statement as the Authority may direct and must re-submit the statement to the Authority for approval.

#### **Capacity increase through oversubscription and buy back scheme [and congestion management](#)**

[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.2.1.11~~[2A.2.1.12](#) 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, prepare and submit to the Authority for approval, arrangements for implementing Congestion Management Procedures (the **CMP Methodology Statement**) ~~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~~[2A.2.1.13](#) If the Authority does not approve the OS Scheme [and/or the CMP Methodology Statement](#) 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 [and/or the CMP Methodology Statement](#) which have been submitted to it as are specified in the direction.

2A.2.1.132A.2.1.14 \_\_\_\_\_ 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 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~~2A.2.1.15 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~~2A.2.1.16 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~~2A.2.1.17 The charges referred to in Condition 2A.2.1.~~13~~14(c) and 2A.2.1.~~15~~16 shall, in respect of a Gas Year, not be subject to reconciliation or other adjustment on any ground.

~~2A.2.1.17~~2A.2.1.18 The Licensee shall:

- (a) 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:
  - i
- (b) not apply the Congestion Management Procedures other than in accordance and in compliance with the CMP Methodology Statement and the Network Code;
- (c) in accordance and in compliance with the OS Scheme, the CMP Methodology Statement, and the Network Code, from time to time carry out an Activation Test to determine whether there is contractual congestion at an Interconnection Point and publish the findings of

each Activation Test carried out by it in a manner that will bring it to the attention of interested parties;

(d) ensure that it does not activate any or all of the mechanisms set out in the OS Scheme and CMP Methodology Statement for an Interconnection Point until either:

(i) the Activation Test for that Interconnection Point has been passed; or

(ii) where the Activation Test for that Interconnection Point has not yet been passed, without the prior approval of the Authority.

2A.2.1.182A.2.1.19 The Licensee shall:

- (a) not make any changes to the OS Scheme (including the OS Charging Statement) or the CMP Methodology 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 and/or the CMP Methodology Statement 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 and CMP Methodology Statement in a manner that will bring it to the attention of interested parties and provide a copy on request to any person.

2A.2.1.192A.2.1.20 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 Pipeline 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~~2A.2.1.21~~ 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 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.2.1.22 The Licensee shall:

- (a) comply with the CMP Methodology Statement;
- (b) comply with a direction issued to it by the Authority under this paragraph to apply or cease to apply (as the case may be) the Firm Day Ahead Use it or Lose it Rules and/or mechanisms, as set out in the CMP Methodology Statement;
- (c) following activation of the mechanisms set out in the CMP Methodology Statement in accordance with Condition 2A.2.1.18(d):
- (i) submit to the Authority by 30th April and 31st October of each Year the monitoring report prepared by it under and in accordance with CMP Methodology Statement on the demand for and utilisation of capacity (together with the underlying data used in preparing the report);
- (ii) notify the Authority, as soon as reasonably practicable, of any proposed withdrawal of capacity from a Shipper pursuant to the a Long Term Use it or Lose it rules and mechanisms and specifying:

- (A) the Shipper from whom the capacity is proposed to be withdrawn;
  - (B) the amount of capacity proposed to be withdrawn; and
  - (C) the period for which the capacity is proposed to be withdrawn; and
- (iii) where pursuant to any provision in the CMP Methodology Statement, the Licensee or a Shipper from whom capacity is proposed to be withdrawn refers any question relating to the proposed decision to the Authority for determination-, comply with the Authority's determination.



- 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 Entry to and Exit of gas 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.2.5.5 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 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.2.5.5 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) 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:

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

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 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.2.6 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 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.~~

### 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”:

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

$$\text{YEPComC}_t = \frac{(\text{PSARR}_t - T_t) * \text{Commodity Percentage}}{(\text{PS Annual Exit Quantity}_t)}$$

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 Pipe-line Operator’s Respective Licence) for the relevant 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:

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

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 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 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 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 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 Gas Supplier “s” in Gas Year “t” calculated according to the following formula:

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

where:

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

$\sum_{s=1}^n \text{ORC}_{st}$  is the aggregated sum for all gas Suppliers of the Entry Overrun Charges in Gas Year “t” calculated as follows:

(a) The sum of monthly overrun charges as defined in Condition 2A.2.5.5

plus

(b) Any Entry Overrun Charge to the Stranraer Shipper for Gas Year “t” calculated in accordance with Part 3 of the Licence.

$\text{TIA}_{ut} - \sum_{s=1}^n \text{TIA}_{st}$  is the total invoice amount for all Gas Suppliers in Gas Year “t”, calculated as follows:

(a) the total aggregated sum of the monthly invoice amounts, excluding the amounts relating to VAT, in Gas Year  $t$  for all Gas Suppliers, as calculated according to Condition 2A.2.5.5;

plus

(b) the total aggregated sum of the monthly invoice amounts, excluding the amounts relating to VAT, in Gas Year “t” for the Stranraer Shipper-, as calculated in accordance with Part 3 of the Licence;



TIA<sub>st</sub> is the total invoice amount, excluding the amount relating to VAT, for Gas Supplier “us” in ~~of~~ year “t”, calculated as the sum of monthly invoice amounts for Gas Supplier “us” calculated according to Condition 2A.2.5.5<sub>i</sub>;

n is the total number of Gas Suppliers active in Gas Year “t” plus, for the purposes of this calculation, the Stranraer Shipper.

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 Pipe-line Operators.**3.1.3** **The Forecast Required Revenue**

### 3.1.3 The Forecast Required Revenue

- (a) The Forecast Required Revenue of the Licensee in respect of the Gas Year which commenced on 1 October 2004 shall be an amount to be determined by the Authority and notified to the Licensee on or before the date that the Licence comes into full force and effect.
- (b) The Forecast Required Revenue of the Licensee in respect of each subsequent Gas ~~Year~~Year<sub>t</sub> (FRRL<sub>t</sub>) (other than any Gas Year which is a Post Finance Gas Year) shall be calculated in accordance with the following formula:

(i) ~~the Licensee's forecast of (aa) (bb) and (cc) below, namely:-~~

(aa)  $FRRL_t = (A_{f_t} + B_{f_t} + C_{f_t}) - (D_{f_t} + E_{f_t} + F_{f_t} + H_{f_t})$

Where:

$A_{f_t}$  = the Fixed Amount ~~for such Gas Year<sub>t</sub>~~ (which is represented ~~forecast~~ by the ~~term  $A_t$  in the formula set out in Condition 3.1.4(b)~~) plus Licensee for the Gas Year<sub>t</sub>;

~~(bb)~~ $B_{f_t}$  = the amount of the Eligible Pass-Through Costs ~~for such Gas Year<sub>t</sub>~~ (which is ~~represented forecast~~ by the Licensee for the term  $B_t$  in the formula set out in Condition 3.1.4(b)); plus Gas Year<sub>t</sub>;

~~(cc)~~ $C_{f_t}$  = the Postalisation Adjustment ~~for such Gas Year<sub>t</sub>~~ (which is ~~represented forecast~~ by the ~~term  $C_t$  in the formula set out in Condition 3.1.4(b)~~) Licensee for the Gas Year<sub>t</sub>;

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(ii) ~~the Licensee's forecast of (dd), (ee), (ff) and (hh) below, namely:-~~

~~(dd)~~  $D_{f,t}$  = the Ratio Account Credit forecast by the Licensee for such the Gas Year<sub>t</sub> ~~(which is represented by the term  $D_t$  in the formula set out in Condition 3.1.4(b)); plus Year<sub>t</sub>;~~

~~(ee)~~  $E_{f,t}$  = the Insurance Recoveries ~~for such Gas Year<sub>t</sub> (which is represented~~ forecast ~~by the term  $E_t$  in the formula set out in Condition 3.1.4(b)); plus~~ Licensee for the Gas Year<sub>t</sub>;

~~(ff)~~  $F_{f,t}$  = the Forecast UC Revenues for such Gas Year<sub>t</sub> ~~derived from charges~~ Year<sub>t</sub> ~~calculated in accordance with Condition 3.1.8 (which is represented by the term  $F_t$  in the formula set out in Condition 3.1.4(b)); plus~~ 4(a); and

~~(hh)~~  $H_{f,t}$  = the Licensee OS Revenues Share forecast by the Licensee for such the Gas Year ~~(which is represented by the term  $H_t$  in the formula set out in Condition 3.1.4(b));~~

### 3.1.4 Actual Required Revenue

- (a) The Licensee's Actual Required Revenue ( $ARR_t$ ) for any Gas Year shall be the amount determined in accordance with the formula set out in Condition 3.1.4(b) for such Gas Year  $t$ .
- (b) The formula for the calculation of the Licensee's Actual Required Revenue is as follows, namely:-

$$ARR_t = (A_t + B_t + C_t + Z^*(S_t) + X_t) - (D_t + E_t + F_t + H_t + Y_t).$$

### 3.1.5 Definition of Formula Terms

As used in the formula in Condition 3.1.4 and elsewhere in this Condition 3.1:-

$t$  = denotes a Gas Year;

$t-1$  = denotes the Gas Year which immediately precedes the Gas Year for the purposes of which any forecast or calculation is made in accordance with this Condition 3.1 (and the subscript  $t-2$  shall be construed accordingly);

$A_t$  = in respect of any Gas Year, the Fixed Amount for such Gas Year;

$B_t$  = in respect of any Gas Year, the Eligible Pass-Through Costs for such Gas Year;

$C_t$  = in respect of any Gas Year, the Postalisation Adjustment for such Gas Year;

$S_t$  = in respect of any Gas Year, the Approved Surplus determined by the Authority in accordance with Condition 3.1.6 and notified by the Authority to the Licensee on or before the eighth Business Day in November following the end of such Gas Year;

$Z_t =$  in respect of any Gas Year, a factor between 0 to 1, as determined by the Authority for such Gas Year and notified by the Authority to the Licensee on or before the eighth Business Day in November following the end of such Gas Year; and

- (a) the part of  $S_t$  which is not attributable to the value ascribed to that term by the  $H_t$  term embodied in the formula in Condition 3.1.6 a factor between 0 to 1, as determined by the Authority for such Gas Year and notified by the Authority to the Licensee on or before the eighth Business Day in November following the end of such Gas Year; and
- (b) the part of  $S_t$  which is attributable to the value ascribed to that term by the  $H_t$  term embodied in the formula in Condition 3.1.6, a factor equal to 1;

$X_t =$  in respect of :

- (a) any Relevant Gas Year , the Unspent QSP Amount in respect of such Relevant Gas Year; and
- (b) any Gas Year which is not a Relevant Gas Year, zero ;

$D_t =$  in respect of any Gas Year, the Ratio Account Credit for such Gas Year;

$E_t =$  in respect of any Gas Year, the Insurance Recoveries for such Gas Year;

$F_t =$  in respect of any Gas Year, the Actual UC Revenues for such Gas Year; determined in accordance with Condition 3.1.8.4(b).

$H_t =$  in respect of any Gas Year, the Licensee OS Revenues Share for such Gas Year; and

$Y_t =$  in respect of:

- (a) any Gas Year which is immediately preceded by a Relevant Gas Year, the Unspent QSP Amount Reversal in respect of such Gas Year ; and
- (b) any Gas Year which is not immediately preceded by a Relevant Gas Year, zero.

3.1.7.2 As used in this Licence:-

**“Competition and Markets Authority” or “CMA”** means the body of that name established by section 25 of the Enterprise and Regulatory Reform Act 2013.

~~“UC Revenues” means, in respect of any Gas Year, the cash amounts actually received (or in the context requires forecast to be received) by the Licensee from business upstream of the Northern Ireland high water mark in that Gas Year, in respect of the charges calculated in accordance with Condition 3.1.8 after deduction of value added tax (if any) and any other taxes based directly on the amounts so received;~~

**“Postalisation Adjustment”** means, in respect of any Gas ~~Year~~Year<sub>t</sub>, the aggregate (which may be positive or negative) of the amounts set out in (i), (ii) and (iii) below:

- (i) costs and expenses, losses and/or liabilities incurred or to be incurred by the Licensee in Gas Year <sub>t</sub> associated with the PSA and/or the Trustee under the agreements under which they are appointed;
- (ii) amounts due in respect of Commodity Reconciliation Payments in Gas Year <sub>t</sub>, calculated according to the following formula:

$$\frac{\text{UNRPT}_{t-2}}{\text{CPI}_{t-2}} \times (1+\text{RE})^{1.5} \times [\text{CPI}_t] \times [\frac{\text{ARRL}_{t-2}}{\text{PS ARR}_{t-2}}]$$

where:

UNRPT<sub>t-2</sub> = the Unrecovered Postalisation Payment as calculated by the PSA in respect of Gas Year <sub>t-2</sub>;



$CPI_t$  = the forecast of the absolute value of the General Index of Consumer Prices – All items (1996 =100) as published by the Office of National Statistics (Series Identifier CHVJ) for Gas Year  $t$ , as published in the preceding year’s May edition of the Bank of England Inflation Report or if such index is no longer published, such alternative index as the Authority shall, after consultation with the Licensee, determine most closely reflects the General Index of Consumer Prices (1996 = 100);

$CPI_{t-2}$  = the absolute value of the General Index of Consumer Prices – All items (1996 =100) as published by the Office of National Statistics (Series Identifier CHVJ) - for Gas Year  $t-2$ , or if such index is no longer published, such alternative index as the Authority shall, after consultation with the Licensee, determine most closely reflects the General Index of Consumer Prices – All items (1996 =100);

$ARR_{t-2}$  ≡ the Licensee’s Actual Required Revenue in respect of Gas Year  $t-2$ ;

$PS\ ARR_{t-2}$  = the sum of the Actual Required Revenues (as defined in the Respective Licence of each Designated Pipe-line Operator) of all Designated Pipe-line Operators in respect of Gas Year  $t-2$ ;

$RE$  = the applicable real interest rate, which is calculated as the one year LIBOR rate, as published on the 10th Business Day of June

in Gas Year  $t-1$ , plus 2% minus a CPI factor, calculated as:

LIBOR rate % + 2% -  $\left[\left(\frac{CPI_t}{CPI_{t-1}}\right) - 1\right] \times 100$ ;

$CPI_{t-1}$  = the absolute value of the General Index of Consumer Prices – All items (1996 =100) as published by the Office of National Statistics (Series Identifier CHVJ) - for Gas Year  $t-1$ , or if such index is not available the latest CPI figure published in Gas Year  $t-1$  (or if such index is no longer published, such alternative index as the Authority shall, after consultation with the Licensee, determine most closely reflects the General Index of Consumer Prices – All items (1996 =100));

(iv)(iii) such amount as the Authority may, after consultation with the Department, deem appropriate in respect of costs incurred by the Licensee in connection with approved activities in relation to the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland;

"Gas Transmission Charging Methodology Statement" has the meaning given to it in Condition 2A.1 of the Licence;

"GNI (UK)" means GNI (UK) Limited or any other person or entity (whether or not possessing independent legal personality) which for the time being or from time to time constructs or procures the construction of and/or operates (or which represents its intentions so to do) the GNI (UK) Network;

"**GNI(UK) Network**" —means the pipeline constructed, owned or controlled by or on behalf of GNI (UK) from a point at or near Moffat to a point at or near Twynholm;

"**Licensee Predictable Operating Costs**" means costs and expenses incurred by the Licensee or any affiliate thereof in or associated with the following matters relating to the operation of the Economic Network:

(a) inspection of the Economic Network, the Economic Network backfill material and the Economic Network route (or any parts thereof) by aerial, subsea or any other method;

~~(e)~~(b) on line inspection of the pipe-line interior;

~~(d)~~(c) measures for protection against corrosion including but not limited to the checking of and confirmation that such measures are functioning correctly;

~~(e)~~(d) routine testing and test operation of all valves fixtures, fittings and instrumentation comprised in the Economic Network;

~~(f)~~(e) routine or recommended pressure testing and certification of the Economic Network as required under legislation, standards or applicable recommendations current at February 1992;

~~(g)~~(f) liaison with landowners; and

~~(h)~~(g) all internal and overhead costs and expenses of the Licensee (whether or not containing a profit element) of or in any way associated with the performance, management, procuring, arranging or supervision of any of the items or matters referred to in paragraphs (a) to (f) of this definition. For the avoidance of doubt, such costs and expenses shall be assessed on a basis consistent with applicable external man-hour rates of charge from time to time of the Licensee,

but shall exclude any such costs or expenses relating to the GNI (UK) Network; [and](#)

**"Licensee Unpredictable Operating Costs"** means

- (a) all costs and expenses which have been reasonably and properly incurred by the Licensee or any affiliate thereof in operating, repairing or maintaining the Economic Network and any land or substrata on, in, under or over which it is laid other than the Licensee Predictable Operating Costs and excluding any such costs or expenses relating to the GNI (UK) Network; and
- (b) to the extent to which they constitute Licensee Unpredictable Operating Costs for the purposes of paragraph (a) of this definition, any amounts that the Network Code shall specify as constituting Licensee Unpredictable Operating Costs.

**"Predecessor Conveyance Licence"** means the licence to convey gas dated 6<sup>th</sup> September 1996 granted to the Licensee under Article 8(1) of the Order, which was revoked by the Department at the time of grant of the Licence.

**"OS Revenues"** means, in respect of any Gas Year, the net revenues received in respect of the provision of the OS Services as determined in accordance with the OS Scheme;

**"Licensee OS Revenues Share"** means, in respect of any given Gas Year, the part of the OS Revenues actually received and retained in cash by the Licensee out of the proceeds of OS Revenues, after deduction of value added tax (if any) and any other taxes payable by the Licensee on the amounts so received and in accordance with the relevant provision of the OS Scheme;

**"OS Capacity"** and **"Buy-Back Capacity"** have the meanings given to them in Condition 2A.1.1 [\);](#)

**“Specific Project”** means:

- (a) a project for the carrying out of specific physical works (whether by way of repair, replacement, renewal, refurbishment, upgrade, enhancement, improvement, modification, addition or otherwise), but for the avoidance of doubt excluding any works as are referred to in (b) below; or
- (b) physical works (irrespective of the number or nature of such works or how they are described, scoped or classified) carried out or proposed to be carried out by or for GNI (UK) in a given Gas Year and the costs (or part of the costs) of which are recoverable from the Licensee under the Gas Transportation Agreement and, for the avoidance of doubt, the physical works referred to in this subparagraph (b) shall constitute a single Specific Project.

**“Qualifying Specific Project”** means a Specific Project in relation to which the Licensee has included (pursuant to Condition 3.1.3 (b)(i)(bb)) as part of its Forecast Required Revenue for the Gas Year referred to in such Condition an amount in respect of Eligible Pass-Through Costs for such Gas Year of not less than £200,000 in September 2021 prices (such sum to be adjusted annually by reference to  $CPI_t$ )

**“Relevant Gas Year”** means a Gas Year in respect of which:

- (a) the Licensee’s Forecast Required Revenue includes an amount such as is referred to in the definition of Qualifying Specific Project (each such amount so included being a “QSP Forecast Amount”); and
- (b) the costs incurred in such Gas Year in respect of any Qualifying Specific Project fall short of the QSP Forecast Amount in respect of such Qualifying Specific Project ( each such shortfall being a “QSP Spending Shortfall”)

**“Unspent QSP Amount”** means:

- (a) in respect of a Relevant Gas Year , the aggregate of all QSP Spending Shortfalls for such Relevant Gas Year; and
- (b) in respect of a Gas Year which is not a Relevant Gas Year, zero.

**“Unspent QSP Amount Reversal”** means:

- (a) in respect of any Gas Year (whether or not itself a Relevant Gas Year) which is immediately preceded by a Relevant Gas Year, the Unspent QSP Amount in respect of such immediately preceding Relevant Gas Year; [and](#)
- (b) in respect of any other Gas Year, zero.

### 3.1.8 Upstream Charges (UC Charges)

3.1.8.1 This Condition 3.1.8 sets out the arrangements for charging the Stranraer Shipper for gas transportation on the Economic Network upstream of the Northern Ireland high water mark, as follows:

- (a) The Forecast UC Commodity Charge shall be calculated by the PSA in accordance with Condition 3.1.8.42 (a) and a Forecast UC Capacity Charge shall be calculated by the PSA in accordance with Condition 3.1.8.23 (a).
- (b) Non-IP Entry Overrun Charges and Exit Ratchet Charges for the Stranraer Shipper may also be calculated, where required under the Network Code, by the PSA in accordance with Condition 3.1.8.6;
- (c) Year-End UC Charges shall be calculated by the PSA in accordance with Condition 3.1.8.8 and Year End UC Reconciliation Payments shall be calculated in accordance with Condition 3.1.8.9;
- (d) PS Code Charges for the Stranraer Shipper shall be determined in accordance with the Network Code;
- (e) the Licensee shall operate the OS Scheme as it relates to Stranraer in accordance with Condition 3.1.8.5.

#### 3.1.8.13.1.8.2 **Forecast UC Commodity Charge**

- (a) The Forecast UC Commodity Charge in respect of Gas Year<sub>t</sub> to be charged to each person (a “UC Gas Supplier”) shipping gas to an exit point (a “UC Exit Point”) from the Economic Network upstream of the Northern Ireland high water mark the Stranraer Shipper in respect of each unit of gas allocated to such UC Gas Supplier under the Network Code in respect of each UC Stranraer Exit Point shall be calculated by the PSA in accordance with the following formula:

$$UCComC = \frac{[(PSFRR - FRR) + FRRU] *}{}$$

$$UCComC_t = \frac{[(PSFRR_t - FRRL_t) + FRRU_t] * Commodity Percentage}{(PS Forecast Annual Quantity_t + UC Forecast Annual Quantity_t)}$$

where:

UCComC<sub>t</sub> = the Forecast UC Commodity Charge in respect of Gas Year “t”;

PSFRR<sub>t</sub> = the PS Forecast Required Revenue, in respect of Gas Year “t”, as defined in Condition 2A.1.1;

FRRL<sub>t</sub> = the Forecast Required Revenue of the Licensee excluding Forecast UC Revenues in respect of Gas Year “t”, determined in accordance with Condition 3.1.3(b);

FRRU<sub>t</sub> = the Forecast Required Revenue of the Licensee including Forecast UC Revenues in respect of Gas Year “t”, which shall be calculated in accordance with the following formula:

$$FRRU_t = FRRL_t + Fft$$

where:

Fft means the Forecast UC Revenues associated with the Stranraer Shipper in respect of Gas Year “t” calculated in accordance with Condition 3.1.8.4(a);

Commodity Percentage shall have the meaning ascribed to that term in Condition 2A.2.5.2(a)

(PS Forecast Annual Quantity + Quantity<sub>t</sub> shall have the meaning ascribed to that term in Condition 2A.2.5.2(a); and



UC Forecast Annual ~~Quantity~~)

where:

~~FRRUQuantity<sub>t</sub> = the Licensee's forecast Required Revenue including UC Revenues, which shall be the aggregate of the Licensee's forecast of the amounts referred to in Condition 3.1.3(B)(1)(aa),(bb) and (cc) minus the Licensee's forecast of the amounts referred to in Condition 3.1.3(B)(2)(dd), (ee) and (gg)~~

~~UCComC = the Forecast UC Commodity Charge;~~

~~UC Forecast Annual Quantity = the Licensee's forecast total quantity of gas, in respect of a Gas Year "t" which all UC Gas Supplierst the Stranraer Shipper will export from UCthe Stranraer Exit Points.~~

- (b) ~~The~~A Monthly UC Commodity Payment shall be calculated by the Licensee in accordance with the following formula in respect of gas allocated ~~to each UC Gas Supplier~~under and in accordance with the provisions of the Single Network Code to the Stranraer Shipper at ~~a UC~~Stranraer Exit Point in respect of the previous month, the components of which shall be applied in respect of month ~~("m") in of~~ Gas Year ~~("t")~~ and shall be payable by ~~UC Gas Supplier ("s")~~the Stranraer Shipper:

$$\text{MUCComP}_s = \text{UCComC} \times \text{MUCEQ}_s$$

$$\text{MUCComP}_{mt} = \text{UCComC}_t \times \text{MUCEQ}_{mt}$$

where:

$\text{MUCComP}_{smt}$  = the Monthly UC Commodity Payment ~~for UC Gas Supplier s;~~ payable by the Stranraer Shipper in respect of month "m" in Gas Year "t";

$\text{UCComC}_t$  = the Forecast UC Commodity Charge applicable by the Stranraer Shipper in respect of Gas Year "t";

$\text{MUCEQ}_{smt}$  = the total quantity of gas, allocated to ~~UC Gas Supplier s~~ the Stranraer Shipper in respect of ~~a UC~~ Stranraer Exit Point in respect of month "m";

### ~~3.1.8B OS Services at Stranraer~~

~~(a) Notwithstanding any provision of or in (and, specifically, any definition which is set out in or is incorporated into) the OS Conditions or the OS Scheme, which might indicate to the contrary, the provisions concerning the calculation and application of charges (whether payable by or to the Licensee) for the provision of the OS Services:~~

~~shall not regulate the calculation and application of charges for any provision of OS Services which involve a UC Exit Point (as defined in Condition 3.1.8.1(a));~~  
Gas Year t.

~~(b) Charges for any provision of OS Services which relate to or involve a UC Exit Point shall be calculated and applied in~~

~~accordance with the following provisions of this Condition 3.1.8B namely:~~

~~(i) — the Licensee shall charge to each UC Gas Supplier (as defined in Condition 3.1.8.1(a)) to whom it allocates OS Capacity at a UC Exit Point in respect of a given Day an amount (in respect of each kWh / day of such OS Capacity) as determined pursuant to the charging methodology statement referred to in Condition 2A.2.1.9(a);~~

~~— the Licensee shall charge to each UC Gas Supplier, in respect of each kWh of gas which is allocated to that UC Gas Supplier at a UC Exit Point in any circumstance in which the UC Gas Supplier's entitlement to the allocation of such gas arises from the utilisation of OS Capacity, an amount equal to the UCComC (as defined in Condition 3.1.8.1(a)) which is applicable at the time of the allocation;~~

~~(ii) — the Licensee shall pay to UC Gas Suppliers from whom the Licensee purchases Buy-Back Capacity such amounts as are determined pursuant to the charging methodology statement referred to in Condition 2A.2.1.20(c).~~

~~(d) — For the avoidance of doubt, the charges described in this Condition 3.1.8B shall, in respect of a Gas Year, not be subject to reconciliation or other adjustment on any ground following the end of a Gas Year.~~

~~(e) — As used in this Condition 3.1.8B, “OS Scheme”, “OS Services”, “OS Capacity”, and “Buy-Back Capacity” shall have the meaning given to them in the OS Conditions (as defined in Part 2A).~~

3.1.8.23.1.8.3 Forecast UC Capacity Charge (Payable Non-IP Entry Capacity Price and the Payable Exit Capacity Price for the Stranraer Shipper)

- (a) The payable Non-IP Entry Capacity price and the payable exit capacity price for the Stranraer Shipper in respect of Gas Year “t”<sub>t</sub> (the “Forecast UC Capacity Charge”) to be charged to ~~each UC Gas Supplier~~ the Stranraer Shipper in respect of each unit of ~~firm~~ capacity held by ~~each UC Gas Supplier in respect of a UC~~ the Stranraer Shipper at the Moffat Non-IP Entry Point and the Stranraer Exit Point shall be calculated by the PSA in accordance with the following formula:

$$\begin{aligned}
 & \text{UCCapC} = \frac{[(\text{PSFRR} - \text{FRR}) + \text{FRRU}] \times \text{Capacity}}{\text{TWFC}_t + \text{UC Firm Capacity}} \\
 & \text{UCCapC}_t = \frac{[(\text{PSFRR}_t - \text{FRR}_t) + \text{FRRU}_t] * \text{Capacity Percentage}}{(\text{TWFC}_t + \text{UCFC}_t)}
 \end{aligned}$$

Percentage

where:

“UCCapC”<sub>t</sub> = the Forecast UC Capacity Charge in respect of Gas Year —“t”;

“UC Firm Capacity” ~~at any relevant time~~ Percentage shall have the meaning ascribed to that term in Condition 2A.2.5.3(b);

TWFC<sub>t</sub> = the Total Weighted Forecast Capacity bookings for PS Gas Suppliers in respect of a UC Gas Supplier, Gas Year “t”<sub>t</sub> calculated in accordance with Condition 2A.2.5.3 (a);

UCFC<sub>t</sub> = the Non-IP Entry Capacity at the Moffat Non-IP Entry Point and the exit capacity held by such UC Gas Supplier on a firm basis in respect of a UC at the Stranraer Exit Point forecast to be held, in accordance with the provisions of the Network Code and in respect of a Gas Year (or any part of a Gas Year); "t", by the Stranraer Shipper;

- (b) The Monthly UC Capacity Payment payable by the Stranraer Shipper shall be calculated in accordance with the following formula in respect of the UC Firm capacity held by each UC Gas Supplier the Stranraer Shipper, the components of which shall be applied in respect of month "m" in Gas Year "t" and shall be payable by UC Gas Supplier "s":

where:

$$\frac{\text{MUCCapPs}}{12} = \frac{\text{UCCapC}_t \times \text{UCFC}_s}{12}$$

$$\text{MUCCapPs} - \text{MUCCapP}_{mt} = \frac{\text{UCCapC}_t \times \text{UCAC}_t}{12}$$

MUCCapP<sub>mt</sub> = the Monthly UC Capacity Payment in respect of month "m" in Gas Year "t";

UCCapC<sub>t</sub> = the Forecast UC Capacity Charge applicable in in respect of Gas Year "t"; and

UCAC<sub>t</sub> = the actual amount of capacity allocated to the Stranraer Shipper in respect of the Moffat Non-IP Entry Point and the Stranraer Exit Point in respect of Gas Year; and Year "t";

~~UCFCs = the UC Firm Capacity held by UC Gas Supplier s in respect  
\_\_\_\_\_ of Gas Year<sub>t</sub>.~~

**3.1.8.34 Forecast UC Revenue ~~Receivable~~ Revenues and Actual UC Revenues**

(a) The Licensee's Forecast ~~of~~ UC Revenues ( $F_t$ ) in respect of any Gas Year " $t$ " ~~Year  $t$~~  shall be ~~the aggregate of~~ calculated as:

$$\text{_____ } F_t = (\text{UCComC}_t \times \text{UC Forecast Annual Quantity}_t \text{Quantity}_t) + (\text{UCCapC}_t \times \text{the UC Firm Capacity held by all UC Gas Suppliers in Gas Year}_t \text{UCFC}_t)$$

**3.1.9 ~~Supplemental Payment~~**

The Licensee ~~\_\_\_\_\_~~ where:

~~\_\_\_\_\_ UCComC<sub>t</sub> and UC Forecast Annual Quantity<sub>t</sub> shall charge a Supplemental Payment have the meaning given to the Gas Supplier supplying gas to Premier Power Limited and who had a contract these terms in place with Premier Power Limited at the date of Condition 3.1.8.2(a); and~~

~~\_\_\_\_\_ UCCapC<sub>t</sub> and UCFC<sub>t</sub> shall have the meaning given to these terms in Condition 3.1.8.3(a).~~

(b) ~~\_\_\_\_\_ the Grant (the "Committed Supplier")~~ Licensee's Actual UC Revenues ( $F_t$ ) means, in respect of ~~each any~~ Gas Year ending " $t$ ", the cash amounts actually received by the Licensee from the Stranraer Shipper in respect of the charges calculated in accordance with Conditions 3.1.8.2, 3.1.8.3 and 3.1.8.6(c) (but excluding charges calculated in accordance with the Gas Year 2010/2011 if Conditions 3.1.8.6 (a) and (b)) after deduction of value added tax (if any) and any other taxes based directly on the amounts so received.

### 3.1.8.5 OS Services relating to Stranraer

3.1.8.5.1 The Licensee may offer certain OS Services and/or apply other congestion management arrangements (in accordance with the OS Conditions as well as with the OS Scheme and CMP Methodology Statement) which relate to Stranraer and for this purpose the Licensee shall:

- (a) be entitled to release capacity at the Moffat Non-IP Entry Point for allocation as OS Capacity;
- (b) be entitled to receive OS Revenues associated with the release of capacity at the end of any Moffat Non-IP Entry Point (and the subsequent allocation of such capacity at the Moffat IP) in accordance with the OS Scheme;
- (c) pay to the Stranraer Shipper any share of OS Revenues due to it as a result of the application of the OS Scheme.

3.1.8.5.2 The Licensee shall:

- (a) notify the Authority of any intended withdrawal, by the Licensee, of capacity at the Moffat Non-IP Entry Point, specifying the amount of capacity proposed to be withdrawn, the period for which the capacity is proposed to be withdrawn and any justification provided by the Stranraer Shipper for that capacity;
- (b) not withdraw any such capacity without the prior approval of the Authority, subject to any conditions of the approval which conditions may relate to:
  - (i) the amount of capacity that may be withdrawn at the Moffat Non-IP Entry Point; and
  - (ii) the period for which it may be withdrawn.

3.1.8.5.3 For the avoidance of doubt, the charges described in this Condition 3.1.8.5 shall, in respect of a Gas Year, not be subject to reconciliation or other adjustment on any ground.

3.1.8.5.4 As used in this Condition 3.1.8.5, the terms “OS Scheme”, “OS Services”, and “OS Capacity” shall have the meaning given to them in the OS Conditions (as defined in Part 2A of the Licence).

### **3.1.8.6 Non-IP Entry Overrun Charges and Exit Ratchet Charges for the Stranraer Shipper**

(a) The Licensee may charge to the Stranraer Shipper a Non-IP Entry Overrun Charge as provided for under the terms of the Network Code and the Gas Transmission Charging Methodology Statement and in accordance with Condition 3.1.8.6(b);

(b) the relevant daily price ( $P_{\text{daily}}$ ) to be used to determine the Non-IP Entry Overrun Charge payable by the Stranraer Shipper in respect of any Gas Day on which the quantity of gas allocated to the Stranraer Shipper exceeds the Non-IP Entry Capacity held by the Stranraer Shipper shall be

$$\frac{UCCapC_t}{365}$$

where,  $UCCapC_t$  shall have the meaning given to it in Condition 3.1.8.3(a);

(c) the Licensee may charge to the Stranraer Shipper an Exit Ratchet Charge as provided for under the terms of the Network Code.

### **3.1.8.7 Total monthly invoices to the Stranraer Shipper**

(a) The total monthly invoice amounts for capacity and commodity for the Stranraer Shipper in month “m” of Gas Year:



$$\frac{CSCP \times \underline{ARR} - \{((AUOC \times (1 - cap)) + ((ARR - AUOC) \times ((1 - F) - cap)))\} - OTHCP \times \underline{ARR}}{\underline{PSARR}}$$

and that Supplemental Payment "t" shall be calculated as follows:

$$\frac{\{((AUOC \times (1 - cap)) + ((ARR - AUOC) \times ((1 - F) - cap)))\} - (OTHCP + CSCP) \times \underline{ARR}}{\underline{PSARR}}$$

where:

CSCP = the total of the Monthly Postalised Commodity Payments paid by the Committed Supplier during the Gas Year;

$$\underline{AUOC} = \frac{\underline{TIAUC}_{mt} = \underline{MUCCapP}_{mt} + \underline{MUCComP}_{mt} + \underline{ORCUC}_{mt} + \underline{ERCUC}_{mt} + \underline{VAT}}{\underline{PSARR}}$$

Where:

TIAUC<sub>mt</sub> is the total of the Licensee Unpredictable Operating Costs incurred by the capacity and commodity invoice amount for the Stranraer Shipper in month "m" of Gas Year "t";

MUCCapP<sub>mt</sub> shall have the meaning given to it in Condition 3.1.8.3(b);

MUCComP<sub>mt</sub> shall have the meaning given to it in Condition 3.1.8.2(b);

ORCUC<sub>mt</sub> means the Non-IP Entry Overrun Charges payable by the Stranraer Shipper in month “m” of Gas Year “t”.

ERCUC<sub>mt</sub> means the Exit Ratchet Charges payable by the Stranraer Shipper in month “m” of Gas Year “t”.

VAT means the appropriate rate of Value Added Tax, as required to be applied to the applicable elements of the invoice;

(b) the Licensee in the Gas Year; shall invoice the Stranraer Shipper monthly for PS Code Charges and shall invoice OS Revenues, where applicable, relating to OS Capacity in accordance with Condition 3.1.8.5 and any other applicable ad hoc invoicing requirement arising from time to time in accordance with the Network Code.

~~OTHCP~~ = ~~the total of the Monthly Postalised Commodity Payments paid by all PS Gas Suppliers other than the Committed Supplier during the Gas Year;~~

~~F~~ = ~~the value in respect of the Gas Year taken from the following table:~~

Gas Year	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011
F	0.0895	0.0931	0.0947	0.0963	0.097 €	0.0987	0.0996

~~(cap)~~ = ~~the~~ 3.1.8.8  
End of Year UC Charges

(a) The Year-End UC Charges shall comprise a Year-End UC Commodity Charge calculated in accordance with Condition 3.1.8.8(b), a Year-End UC Capacity Charge calculated in accordance with Condition 3.1.8.8(c) and a UC Overrun Reconciliation Payment calculated in accordance with Condition 3.1.8.9(d) in each case calculated by the PSA;

(b) The Year-End UC Commodity Charge in respect of each unit of gas allocated to the Stranraer Shipper under the Network Code in respect of Stranraer Exit Point on each day during Gas Year “t”<sub>t</sub> shall be calculated as:

$$\text{YEUCComC}_t = \frac{[(PSARR_t - ARRL_t) + ARRU_t] * \text{Commodity Percentage}}{(PS \text{ Annual Quantity}_t + UC \text{ Annual Quantity}_t)}$$

where

YEUCComC<sub>t</sub> = the Year-End UC Commodity Charge in respect of Gas Year “t”<sub>t</sub>;

PSARR<sub>t</sub> = the total PS Actual Required Revenue for Gas Year “t”<sub>t</sub> determined in accordance with Condition 2A.2.6.2;

$$\text{ARRU}_t = \text{ARRL}_t + F_t$$

where:

ARRL<sub>t</sub> means the Actual Required Revenue of the Licensee not including Actual UC Revenue for Gas Year “t”<sub>t</sub> determined in accordance with Condition 3.1.4; and

F<sub>t</sub> means the Actual UC Revenue of the Licensee for Gas Year “t”<sub>t</sub> determined in accordance with Condition 3.1.8.4(b);

PS Annual Quantity<sub>t</sub> means the sum of the Annual Exit Quantities of PS Gas Suppliers in respect of Gas Year “t”<sub>t</sub>, determined in accordance with Condition 2A.2.6.2;

UC Annual Quantity<sub>t</sub> means the total quantity of gas, (measured in kWh) allocated to the Stranraer Shipper in respect of the Stranraer Exit Point in Gas Year “t”<sub>t</sub>;

(c) The Year-End UC Capacity Charge in respect of each kWh of capacity allocated to the Stranraer Shipper under the Network Code in respect of the Moffat Non-IP Entry Point and the Stranraer Exit Point on each day during Gas Year “t”<sub>t</sub> shall be calculated as:

$$YEUCCapC_t = \frac{[(PSARR_t - ARRL_t) + ARRU_t] * Capacity Percentage}{(TWC_t + UCAC_t)}$$

where:

YEUCCapC<sub>t</sub> = the Year End UC Capacity Charge in respect of Gas Year “t”<sub>t</sub>;

PSARR<sub>t</sub> shall have the meaning given to it in Condition 3.1.8.8(a);

ARRL<sub>t</sub> shall have the meaning given to it in Condition 3.1.8.8(a);

ARRU<sub>t</sub> shall have the meaning given to it in Condition 3.1.8.8(a);

Capacity Percentage<sub>t</sub> shall have the meaning ascribed to that term in Condition 2A.2.5.3(b);

3.1.10 TWC<sub>t</sub> means the Total Weighted Annual Capacity Bookings of PS Gas Suppliers in respect of Gas Year “t”<sub>t</sub> determined in accordance with Condition 2A.2.6.3(a); and

UCAC<sub>t</sub> is the actual amount of capacity allocated to the Stranraer Shipper in respect of Moffat Non-IP Entry Point and Stranraer Exit Point in respect of Gas Year “t”<sub>t</sub>;

### 3.1.8.9 End of Year UC Reconciliation Payment

(a) The UC Commodity Reconciliation Payment (YEUCComRP<sub>t</sub>) in respect of Gas Year t shall be calculated as:

$$\underline{YEUCComRP_t = (YEUCComC_t - UComC_t) \times UC Annual Quantity_t}$$

where:

YEUCComC<sub>t</sub> shall have the meaning given to it in Condition 3.1.8.8(b);

UComC<sub>t</sub> shall have the meaning given to it in Condition 3.1.8.2(a); and

UC Annual Quantity<sub>t</sub> shall have the meaning given to it in Condition 3.1.8.8(b).

(b) The UC Capacity Reconciliation Payment (YEUCCapRP<sub>t</sub>) in respect of Gas Year “t”<sub>t</sub> shall be calculated as:

$$\underline{YEUCCapRP_t = (YEUCCapC_t - UCapC_t) \times UCAC_t}$$

where:

YEUCCapC<sub>t</sub> shall have the meaning given to it in Condition 3.1.8.8(c);

UCCapC<sub>t</sub> shall have the meaning given to it in Condition 3.1.8.3(a); and

UCAC<sub>t</sub> shall have the meaning given to it in Condition 3.1.8.3(b).

(c) The UC Overrun Reconciliation Payment in respect of the Stranraer Shipper shall be calculated according to the following formula:

$$\text{TORCUC}_t = \left( \sum_{s=1}^n \text{ORC}_{st} \right) \times \frac{\text{TIAUC}_t}{\sum_{s=1}^n \text{TIA}_{st}}$$

where:

TORCUC<sub>t</sub> is the proportion of the total of the Entry Overrun Charges due to the Stranraer Shipper in Gas Year “t”;

$\sum_{s=1}^n \text{ORC}_{st}$  is the aggregated sum for all gas Suppliers of the Entry Overrun Charges in Gas Year “t” calculated as follows:

(a) The sum of monthly overrun charges as defined in Condition 2A.2.5.5 plus

(b) any Non-IP Entry Overrun Charges for Gas Year “t”, calculated in accordance with Condition 3.1.8.6 (a);

TIAUC<sub>t</sub> is the total of all monthly invoice amounts for the Stranraer Shipper in Gas Year “t” excluding VAT amounts;

$\sum_{s=1}^n \text{TIA}_{st}$  is the total of all monthly invoice amounts for (a) all Gas Suppliers, and (b) the Stranraer Shipper, as determined in accordance with Condition 2A.2.6.5;

n is the total number of Gas Suppliers active in Gas Year “t” plus, for the purposes of this calculation, the Stranraer Shipper;

(d) The Total UC Reconciliation Payment (TUCRP<sub>t</sub>) in respect of the Stranraer Shipper for Gas Year “t” shall be calculated as:

$$\underline{TUCRP_t = YEUCComRP_t + YEUCCapRP_t - TORCUC_t}$$

where:

YEUCComRP<sub>t</sub> means the UC Commodity Reconciliation Payment calculated in accordance with Condition 3.1.8.9(a);

YEUCCapRP<sub>t</sub> means the UC Capacity Reconciliation Payment calculated in accordance with Condition 3.1.8.9(b); and

TORCUC<sub>t</sub> shall have the meaning given to it in Condition 3.1.8.9(c),

and where the Total Reconciliation Payment (a) is a positive value it shall be a payment due from the Stranraer Shipper, and (b) it is a negative value it shall be a payment due to the Stranraer Shipper.

### **3.1.8.10 Provision of forecasts and information relating to the calculation of charges for the Stranraer Shipper**

(a) The Licensee shall, in each Gas Year, provide to the Authority to the same timescales as the Forecast Figures required to be provided under Condition 2A.2.3.1, the following forecasts and information for the next Gas Year (GY) and each of the following four Gas Years inclusive (GY+1 to GY+4 respectively):

(i) the Forecast UC Annual Quantity in a Gas Year together with:

- (aa) an explanation of the reasons why any Forecast UC Annual Quantities in respect of any of the Gas Years GY+1 to GY+4 are expected to be greater or less than the Forecast UC Annual Quantity in respect of GY; and
    - (bb) a breakdown showing the proportions of the Forecast UC Annual Quantity attributable to each Quarter of GY;
  - (ii) the assumptions on which the figures provided pursuant to Condition 3.1.8.10(a)(i) were based, which:
    - (aa) in respect of the Stranraer Shipper shall include but not be limited to numbers of consumers and average forecast quantity per consumer; and
    - (bb) 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 UCFC in respect of GY+1 to GY+4 inclusive, together with an explanation of the reasons why any UCFC in respect of any of the Gas Years GY+1 to GY+4 are expected to be greater or less than the UCFC in respect of GY; and the assumptions on which the figures provided pursuant to Condition 3.1.8.10(a)(iii) were based.
- (b) The Licensee shall:
  - (i) use its reasonable endeavours to ensure that all forecast figures supplied to the Authority in accordance with Condition 3.1.8.10 are as accurate as possible having



- regard to the information and forecasts available to the Licensee including that provided by the Stranraer Shipper; and
- (ii) provide to the Authority, with the figures provided under Condition 3.1.8.10(a)(i), and 3.1.8.10(a)(iii), a full explanation as to how they have been calculated.
- (c) In the event that the Stranraer Shipper has failed to provide such information prior to the date specified by 2A.2.3.1(a), the Licensee shall:
- (i) ensure that the figures are as accurate as possible having regard to the information and forecasts available to the Licensee; and
- (ii) inform the Authority that the Stranraer Shipper has failed to provide the required information;
- (d) 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 figures provided in accordance with Condition 3.1.8.10;
- (e) The Licensee may fulfil its obligations under this Condition 3.1.8.10 by providing the relevant information in a joint report with one or more other Designated Pipeline Operators;
- (f) If, in the Authority's reasonable opinion, having regard to information and explanations provided by the Licensee and representations made on or before the fourth Business Day in April by any party which the Authority reasonably considers to have sufficient interest in making such representations (such parties to include the Licensee):

(i) a figure provided under Condition 3.1.8.10 does not represent an accurate estimate taking into proper account all relevant information; and/or

(ii) the assumptions provided in accordance with Condition 3.1.8.10(a)(ii) or 3.1.8.10(a)(iii) are inappropriate,

the Authority may by notice to the Licensee, given on or before the fifth Business Day in April of the relevant Gas Year, modify the figures, such notice to contain an explanation of the reasons for such modification.

(g) The modified figure set out in any notice given by the Authority under paragraph (f) above, shall be substituted for, and for all purposes treated as, the Forecast UC Annual Quantity and/or the UCFC figure submitted by the Licensee.

(h) If the Licensee fails to provide the figures required in accordance with Condition 3.1.8.10(a):

(i) the Authority shall be entitled, on or after the fifth Business Day in April by written notice to the Licensee, to determine the Forecast UC Annual Quantity and the UCFC: and

(ii) any such determination of the Authority may:

(aa) reflect the actual figures in respect of the previous Gas Year; or

(bb) reflect such other figures as the Authority reasonably deems appropriate.

### **3.8.1.11 Information relating to previous Gas Year**

(a) In each Gas Year the Licensee shall submit, along with the Actual Figures which are to be submitted to the Authority and the PSA under Condition 2A.2.3.2, the UC Actual Quantity and the

UCAC and 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 Stranraer Shipper for the relevant Gas Year.
- (c) If the Licensee fails to provide the information required under 3.1.8.11(a) the Authority shall be entitled to determine the actual figures for the Stranraer Shipper as it reasonably deems appropriate and shall inform the Licensee by notice of the actual figures so determined.

### **3.1.8.12 Publication of UC Charges**

Subject to any contrary requirements in this Condition 3.1.8, the Licensee shall publish in such form and manner as the Authority may direct:

- (a) no later than 31<sup>st</sup> May each year, the Forecast UC Commodity Charge and Forecast UC Capacity Charge, or revised forecast charges as calculated under Condition 3.1.8.10, 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 UC Charges in respect of a Gas Year, a statement of the Year-End UC Charges.

### **3.1.8.13 Definitions**

For the purposes of this Condition 3.1.8:

**“Moffat IP”** means the Moffat Interconnection Point as defined in the Network Code;

**“Moffat Non-IP Entry Point”** has the meaning given to it in Condition 2A.1.1;

**“Non-IP Entry Capacity”** has the meaning given to it in the Network Code;

**“Non-IP Entry Overrun Charge”** means the entry overrun charge payable by the Stranraer Shipper in respect of the Moffat Non-IP Entry Point where the quantity of gas allocated to the Stranraer Shipper under the Network Code exceeds the capacity booked by the Stranraer Shipper under the Network Code and the SIA at the Moffat Non-IP Entry Point, which charge is to be applied and calculated in accordance with Condition 3.1.8.6 (a) and (b);

**“Stranraer Exit Point”** has the meaning given to in in Condition 2A.1.1;

**“Stranraer Interoperator Agreement” or “SIA”** has the meaning given to it in Condition 3.1.8.1; and

**“Stranraer Shipper”** has the meaning given to it in Condition 2A.1.1;

3.1.9 Not used **Supplemental Payment**

~~The Licensee shall charge a Supplemental Payment to the Gas Supplier supplying gas to Premier Power Limited and who had a contract in place with Premier Power Limited at the date of the Grant (the "Committed Supplier") in respect of each Gas Year ending with the Gas Year 2010/2011 if at the end of any such Gas Year:~~

$$\frac{\text{CSCP} \times \text{ARR} - \left\{ \left[ \text{AUOC} \times (1 - \text{cap}) \right] + \left[ (\text{ARR} - \text{AUOC}) \times ((1 - F) - \text{cap}) \right] \right\} - \text{OTHCP} \times \text{ARR}}{\text{PSARR}} - \text{PSARR}$$

~~and that Supplemental Payment shall be calculated as follows:~~

$$\frac{\left\{ \text{AUOC} \times (1 - \text{cap}) \right\} + \left\{ (\text{ARR} - \text{AUOC}) \times ((1 - F) - \text{cap}) \right\} - (\text{OTHCP} + \text{CSCP}) \times \text{ARR}}{\text{PSARR}}$$

where:

~~CSCP = the total of the Monthly Postalised Commodity Payments paid by the Committed Supplier during the Gas Year;~~

~~AUOC = the total of the Licensee Unpredictable Operating Costs incurred by the Licensee in the Gas Year;~~

~~OTHCP = the total of the Monthly Postalised Commodity Payments paid by all PS Gas Suppliers other than the Committed Supplier during the Gas Year;~~

~~F = the value in respect of the Gas Year taken from the following table:~~

Gas Year	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011
F	0.0895	0.0931	0.0947	0.0963	0.097 6	0.0987	0.0996

—(cap)— = the Capacity Percentage.

### 3.1.10 **Allowed Revenue after Final Repayment Date**

3.1.10.1 Not less than 12 months prior to the date which the Licensee anticipates will be the Final Repayment Date the Licensee shall submit to the Authority:

- (i) a proposal as to the formula to be used for calculation of its allowed revenue recovery from conveyance charges (the "Total Allowed Transmission Revenue") in respect of Post Finance Gas Years (as defined in Condition 3.1.10.2) (the "Proposed Formula"); and
- (ii) a forecast of the amount of its Total Allowed Transmission Revenue in respect of the first five Post Finance Gas Years (the "Forecast");

3.1.10.2 The Licensee shall, in setting its charges for the conveyance of gas for each Gas Year which starts after the Final Repayment Date (such Gas Years being "Post Finance Gas Years" and the expression "Finance Gas Years" shall be construed accordingly) shall do so in accordance with such arrangements as are agreed by the Authority having regard to the principle that the Licensee shall be entitled to receive by way of conveyance charges:-

- (a) the costs incurred by the Licensee deemed necessary or appropriate by the Authority in administering, maintaining and operating the Economic Network;
- (b) the costs incurred by the Licensee deemed necessary or appropriate by the Authority to expand, reinforce and renew the Economic Network;
- (c) during the Post Finance Gas Years which end prior to the date on which an expert appointed by the Licensee (the "Expert") anticipates that the required decommissioning works as described below will be commenced, revenues which (when

aggregated with any revenues recovered by it during Finance Gas Years in respect of the costs of decommissioning pursuant to the Authority Direction) are sufficient to fund the expected costs (as determined by the Expert) of carrying out such works of decommissioning of the Economic Network as are required to be carried out pursuant to applicable law and the contractual obligations of the Licensee. The remit of the Expert shall be the assessment of the nature and extent of the decommissioning works which are required and the likely costs of those decommissioning works; and

- (d) the aggregate of the amounts calculated under (a), (b) and (c) above will be reduced by the amount of any free surplus cash (excluding, for the avoidance of doubt, any cash which is held in a fund or reserve for the purpose of financing future costs or decommissioning costs) available to the Licensee for payment of the costs referred to in (a), (b) and (c) above.

3.1.10.3 The Licensee shall promptly provide such further information or explanation and access to documents and records as the Authority reasonably requires for the purpose of verifying that the Proposed Formula and the Forecast submitted to it by the Licensee comply with the principles set out in Condition 3.1.10.2.

3.1.10.4 The Authority may, following review of the Proposed Formula and the Forecast, by written notice (including, where approval has been given by the Authority pursuant to Condition 3.1.10.4(ii), details of the amendments made by the Authority and the reasons for them) to the Licensee:

- (i) approve the Proposed Formula and the Forecast. The Proposed Formula shall then be the basis for calculating Total Allowed Transmission Revenue; or
- (ii) approve the Proposed Formula and the Forecast with such amendments as it deems necessary or appropriate to ensure



compliance with the basis of calculation set out in Condition 3.1.10.2.

3.1.10.5 In the event that the Authority gives its approval under Condition 3.1.10.4(ii) (in this Condition 3.1.10.5, the "Approval"):-

- (i) the Approval shall not have effect for 28 days commencing with the date of the notice of the Approval;
- (ii) the Licensee may within 28 days of the date of the notice of the Approval request the Authority by written notice to the Authority (a "disapplication notice"), not to apply the provisions of Condition 3.1.10.4(ii) in which event the Approval shall not apply;
- (ii) the disapplication notice may be withdrawn by the Licensee at any time within six months of the date of the disapplication notice;
- (iii) unless within six months of the date of the disapplication notice (provided such disapplication notice has not been withdrawn) the Authority publishes a decision under Article 14(8) of the Order to modify in whole or part this Condition 3.1.10, then the Proposed Formula and the Forecast (in the form originally proposed by the Licensee under Condition 3.1.10.1) shall apply as if approved by the Authority pursuant to Condition 3.1.10.4(i);
- (iv) in the event of the Authority publishing a decision under Article 14(8) of the Order to modify in whole or part this Condition 3.1.10, the Licensee exercising its right to appeal to the CMA against that decision in accordance with Article 14B of the Order, and the CMA in respect of the provisions to which the disapplication notice relates:

- (A) quashing the decision of the Authority under Article 14E(2)(a) of the Order; and
- (B) neither remitting the matter back to the Authority under Article 14E(2)(b) of the Order nor substituting its own decision for that of the Authority under Article 14E(2)(c) of the Order,

then the Proposed Formula and the Forecast (in the form originally proposed by the Licensee under Condition 3.1.10.1) shall apply as if approved by the Authority pursuant to Condition 3.1.10.4(i).

### **3.1.11 Termination Payments**

If the Licensee receives any sums due under the Network Code upon the termination of a Gas Supplier's Accession Agreement in respect of future Gas Years following the Gas Year in which the date of termination occurs, the Authority shall amend the Forecast Required Revenue and Actual Required Revenue to take account of such payment, according to a methodology agreed with the Licensee.

### **3.1.12 Payments for Previous Use of Economic Network**

The Licensee shall be entitled to invoice and receive (or, if already invoiced prior to the grant of the Licence, to receive), pursuant to the Licence and the Network Code, any charge or other amount in respect of the conveyance of gas through the Economic Network at any time prior to the revocation of the Predecessor Conveyance Licence and which (if the Predecessor Conveyance Licence had remained in full force and effect in accordance with its terms) the Licensee would have been entitled to invoice and receive (or, as the context requires, to receive) after the time of revocation of the Predecessor Conveyance

Licence in accordance with the Predecessor Conveyance Licence and the Network Code.

### Condition 3A.1 – Stranraer Interoperator Agreement

3A.1.1 The Licensee shall take all steps within its power to prepare and enter into, and shall thereafter maintain in force and comply with, an agreement (known as the **Stranraer Interoperator Agreement** (the **SIA**)) with the Stranraer Shipper that provides for:

- (a) the allocation of capacity at the Moffat Non-IP Entry Point; and
- (b) the operation of the Moffat Non-IP Entry Point to be undertaken in accordance with the agreement and the Network Code.

3A.1.2 The SIA shall:

- (a) set out all of the terms that govern the relationship between the Licensee and the Stranraer Shipper with regard to the allocation of capacity at the Moffat Non-IP Entry Point;
- (b) include, in particular, terms that provide for:
  - (i) the Licensee to recover charges from the Stranraer Shipper only in accordance with the provisions of the SIA, the Single Network Code and/or the Licence;
  - (ii) the procedures to be adopted by the Licensee in relation to requests from the Stranraer Shipper for:
    - (A) an extension to the period for which Non-IP Entry Capacity is allocated;
    - (B) an amendment to the amount of Non-IP Entry Capacity allocated to the Stranraer Shipper,

which procedures shall provide for the approval of the Authority to be required in respect of any such extension and/or amendment;
  - (iii) the procedures to be adopted by the Parties for:

- (A) processing and resolving any dispute between them in relation to the period for which Non-IP Entry Capacity is allocated and/or the amount of allocated Non-IP Entry Capacity; and
- (B) amending the SIA, including if required to reflect the resolution of any such dispute; and
- (C) unresolved disputes on the matters referred to in paragraph 3A.1.2(ii)(A) and (B) to be referred to the Authority for determination.

3A.1.3 The Licensee shall:

- (a) submit to the Authority for its approval a SIA which meets the requirements of this Condition; and
- (b) not enter into a SIA which has not been approved by the Authority.

3A.1.4 The Licensee shall not:

- (a) vary or agree to vary the SIA entered into pursuant to the requirements of paragraphs 3A.1.1 and 3A.1.2 unless:
  - (i) the proposed variation has first been submitted to the Authority by the Licensee; and
  - (ii) the Authority has given its approval to the proposed variation;
- (b) terminate or agree to terminate the SIA:
  - (i) without first obtaining the approval of the Authority; or
  - (ii) otherwise in accordance with a direction to terminate the SIA given to the Licensee by the Authority under this paragraph 3A.1.4(b)(ii).