

NATURAL GAS TRANSMISSION LICENCE

GRANTED TO

BORD GÁIS ÉIREANN

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PART I: TERMS OF THE LICENCE

1. The Commission for Energy Regulation (hereinafter referred to as the "Commission"), in exercise of the powers conferred by Section 16(1)(b) of the Gas (Interim) (Regulation) Act, 2002 (hereinafter referred to as the "Act") hereby grants to Bord Gáis Éireann and any permitted assignee (hereinafter referred to as the "Licensee") a licence to operate transmission pipelines for the purpose of transporting natural gas as specified in Schedule 1 during the period specified in paragraph 3, subject to the Conditions (hereinafter referred to as the "Conditions") set out in Part II.
2. The Conditions are subject to modification or amendment in accordance with their terms or with Section 16(16)(b) of the Act. The licence hereby granted (hereinafter referred to as "this licence") is further subject to the terms as to revocation specified in Schedule 2.
3. This licence shall come into force on 17th September 2004 and, unless revoked in accordance with the provisions of Schedule 2, shall continue in full force and effect until determined by not less than 15 years' notice in writing given by the Commission to the Licensee, with such notice not to be served earlier than the 15th anniversary of the date which this licence comes into force.
4. For the purposes of paragraph 1, "permitted assignee" means a person to whom this licence has been assigned in accordance with the Conditions (so far as relevant).

Sealed with the common seal of the Commission for Energy Regulation on 17th September 2004.

Member of Commission

Member of staff of Commission

PART II: CONDITIONS OF THE LICENCE

Condition 1: Interpretation and construction

1. Unless the contrary intention appears:
 - (a) words and expressions used in the Conditions or the Schedules shall be construed as if they were in an enactment and the Interpretation Act, 1937 (as amended) applied to them; and
 - (b) references to an enactment shall include primary and subordinate legislation and in both cases any modification or re-enactment thereof and any successor or replacement legislation thereto after the date when this licence comes into force.
2. Any word or expression defined in the Act for the purposes of any provision of the Act shall, unless the contrary intention appears, have the same meaning when used in the Conditions or in the Schedules.
3. In the Conditions and in the Schedules, unless otherwise specified or the context otherwise requires:

“affiliate” in relation to any person means a holding company of such person, any subsidiary of such person or any subsidiary of a holding company of such person;

“Auditors” means the Licensee’s auditors for the time being holding office (where applicable, in accordance with the requirements of the Companies Acts, 1963 to 2001);

“code of operations” means, a code of operations required to be prepared by the holder of a natural gas licence pursuant to Section 13(1) of the Act, and approved by the Commission, as from time to time revised, amended, supplemented or replaced with the approval or at the direction of the Commission;

“Distribution Business” means the business (if any) of the Licensee and any affiliate or related undertaking of the Licensee consisting in the operation of any one or more distribution pipelines;

“distribution system” means a system made up of distribution pipelines (as specified by the Commission

under the Act);

“distribution zone”

means a geographical area of a distribution system encompassing one or more points at which natural gas is (or may in the future be) transferred from a transmission system to that distribution system and one or more associated points at which natural gas is offtaken from the distribution system by shippers;

“eligible customer”

means a person of a type mentioned in subsection (1) of Section 10A of the Gas Act, 1976 or a customer of a type mentioned in Article 19 of Directive 98/30/EC;

“Environmental Laws”

means those laws which are from time to time in force, whose purpose is the protection of the environment, which includes, but is not limited to, the protection of human health, flora, fauna and the eco-systems on which they depend, and for the avoidance of doubt shall include but shall not be limited to the Environmental Protection Act, 1992, the Waste Management Acts, 1996 and 2001 and all legislation relating to the assessment of environmental impacts, and the protection of air, land and waters;

“gas fitting”

means any appliance, apparatus or other thing including associated flueing and ventilation equipment which is used in connection with the consumption or use of natural gas;

“Gas Point”

means a metered point at which natural gas may be offtaken from a distribution or transmission system for the purposes of supply direct to a particular final customer;

“Gas Point Registration Number”

means the unique number allocated to a Gas Point to record its physical location;

**“Gas Point Registration Operator”
or “GPRO”**

means the person designated as such by the Commission under Condition 8 (Gas Point Registration Operator) to carry out the functions set out in that Condition, in its role as

	such and any other person in so far as, with the consent in writing of the Commission, it carries out any part of that role on behalf of the person so designated;
“holding company”	means a holding company within the meaning of Section 155 of the Companies Act, 1963;
“levy order”	means an order made under paragraph 16 of the Schedule to the Act of 1999, or under Section 21(1) or Section 22(2) of the Act;
“Licensee”	means Bord Gáis Éireann;
“metering equipment”	means meters and associated equipment installed on a distribution or transmission system at points of natural gas custody transfer or for other fiscal purposes and meeting the relevant standards of accuracy set by law and/or any relevant regulatory authority;
“modification”	includes addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;
“natural gas legislation”	means any or all of the Gas Acts, 1976 to 2002 (as relevant in the context);
“network”	means the totality of transmission and distribution pipelines used for the transmission, distribution and supply of natural gas to, from or within the State;
“network emergency”	means an emergency endangering persons and/or property and arising from a deviation in gas pressure or gas quality in the network or any part thereof;
“Network Emergency Manager”	means the person designated as such by the Commission under Condition 14 (Network Emergency Manager), in his role as such;
“related undertaking”	in relation to any person means any undertaking having a participating interest in that person or any undertaking in which that

	<p>person has a participating interest as defined in Regulation 35 of the European (Companies: Group Accounts) Regulations, 1992 (S.I.201 of 1992);</p>
“relevant safety requirements”	<p>means the requirements relevant to the safe operation of the Transmission Business set by one or more of the bodies designated for the purpose by the Commission and notified to the Licensee by the Commission ;</p>
“relevant supplier”	<p>means, in relation to any premises or to a customer supplied with natural gas at any premises, the supplier of natural gas to those premises;</p>
“relevant transporter”	<p>means, in relation to any premises or to a customer supplied with natural gas at any premises, the operator of the distribution pipeline which conveys natural gas to those premises or, where those premises are connected directly to a transmission pipeline, the operator of the transmission pipeline which conveys gas to the relevant premises;</p>
“Section 2(1) order”	<p>means an order made under Section 2(1) of the Gas (Amendment) Act, 1987;</p>
“Separate Business”	<p>means each of the Supply, Storage, Distribution and Transmission Businesses taken separately from one another and from any other business of the Licensee, but so that where all or any part of such business is carried on by an affiliate or related undertaking of the Licensee 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) so as to form a single Separate Business;</p>
“shipper”	<p>means any person engaged in the shipping of natural gas;</p>
“Storage Business”	<p>means the business (if any) of the Licensee and any affiliate or related undertaking of the</p>

	Licensee consisting in the storage of natural gas;
“subsidiary”	means a subsidiary within the meaning of Section 155 of the Companies Act, 1963;
“supplier”	means a person engaged in the supply of natural gas (and includes shippers);
“Supply Business”	means the business (if any) of the Licensee and any affiliate or related undertaking of the Licensee consisting in the supply of natural gas;
“Supply Point”	means a point at which natural gas may be offtaken from a distribution or transmission system consisting of one or more Gas Points;
“Transmission Business”	means the business of the Licensee consisting in the operation of one or more transmission pipelines as authorised by this licence, and includes the activities of the Gas Point Registration Operator and the Network Emergency Manager (where the Licensee has been designated as such);
“transmission system”	means a system made up of transmission pipelines (as specified by the Commission under the Act);
“transporter”	means a person who operates one or more transmission or distribution pipelines; and

4. Unless otherwise specified:

- (a) any reference to a numbered Condition or to a numbered Schedule is respectively a reference to the Condition or the Schedule being that number in this licence;
- (b) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition or Schedule in which the reference occurs; and
- (c) (without prejudice to any provision which restricts such variation, supplement or replacement) any reference to any agreement, licence (other than this licence),

code or other instrument shall include a reference to such agreement, licence, code or other instrument as varied, supplemented or replaced from time to time.

5. The heading or title of any Part, Condition, Schedule or paragraph shall not affect the construction thereof.
6. Where any obligation of the Licensee is expressed to require performance within a specified time limit that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform within the time limit).
7. The provisions of Section 4 of the Act of 1999 shall apply for the purposes of the delivery or service of any document, direction or notice to be delivered or served pursuant to this licence and directions issued by the Commission pursuant to any Condition shall be delivered or served as aforesaid.
8. Unless otherwise specified, where a Condition requires, or makes provision for or reference to:
 - (a) any communication from or by the Commission to the Licensee (including, without limitation, any notification, direction, approval, consent or agreement to be given by the Commission); or
 - (b) any communication from or by the Licensee to the Commission (including, without limitation, any notification, application or provision of information by the Licensee),

such communication shall be in writing.

Condition 2: Connection to and use of the Licensee's transmission system

1. The Licensee shall comply with any and all requirements, duties and obligations imposed on the Licensee:
 - (a) under and/or pursuant to Section 10A of the Act of 1976 (including without limitation any regulations made by the Commission under Subsection (3) of that Section) or Section 14 of the Act;
 - (b) under and/or pursuant to an order made under Section 2(1) of the Gas (Amendment) Act, 1987, which confers on the Licensee functions relating to the transmission of natural gas; or
 - (c) under and/or pursuant to a consent given under Section 39A(1) of the Gas Act, 1976 in so far as that consent relates to a pipeline forming part of the Licensee's transmission system.

Condition 3: Connection to gas fittings

1. The Licensee shall not connect its transmission system to any gas fitting, or to any pipe or equipment used in any premises, or in connection with any particular premises, to convey natural gas to any gas fitting, unless:
 - (a) the gas fitting in question has been installed by a technician who is entered on the register of gas fittings technicians designated by the Commission for the purposes of this Condition; or
 - (b) the Licensee has satisfied itself that the gas fitting in question has been safely and properly installed in accordance with any relevant codes, standards and industry best practice.

Condition 4: Efficient procurement of assets and services

1. The Licensee shall procure and operate such assets and services as may be necessary to enable the Licensee to discharge its obligations in relation to the Transmission Business under:
 - (i) natural gas legislation; and
 - (ii) this licence.
2. In procuring assets and services pursuant to paragraph 1, the Licensee shall procure assets and services from the most economical sources available to it having regard to the quantity and nature of the assets and services required to enable it to discharge its obligations under natural gas legislation and this Licence and to the diversity, number, timeliness of delivery, safety and reliability of such assets and services.
3. This Condition shall not extend to prescribing the manner or circumstances in which the Licensee shall at any time call for the delivery of assets and services under any contract or arrangement entered into pursuant to paragraph 1.
4. Any provision of assets or services by or to the Licensee, for the purposes of discharging its functions under this licence, to or from any affiliate, related undertaking or any Separate Business of the Licensee shall be on arm's length commercial terms.

Condition 5: Relevant assets

1. The Licensee shall prepare and maintain a register of all relevant assets in a form as specified by the Commission from time to time. The Licensee shall provide the Commission with such a register in such form and at such times as the Commission may specify.
2. The Licensee shall not dispose of, or relinquish operational control over, any relevant asset if the disposal or relinquishment of control would adversely affect its ability to discharge its obligations under any natural gas legislation, or the carrying on of activities authorised or required by this licence, and any question arising under this Condition shall be determined by the Commission.
3. The Commission shall issue directions from time to time requiring the Licensee to give prior notification to the Commission of proposed disposals of relevant assets of a specified description and these directions may include a direction that certain categories of such disposals may not take place until either the Commission has expressly agreed to them or a specified time period has elapsed.

4. In this Condition:

"disposal" includes any sale, assignment, gift, lease, licence, transfer, mortgage, charge, restriction on use (whether physical or legal), or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party and **"dispose"** shall be construed accordingly;

"relevant asset" means:

- (a) any material asset for the time being forming part of a transmission system;
- (b) any material asset under construction which may, subject to the approval of the Commission, form part of a transmission system;
- (c) any interconnector which may, subject to the approval of the Commission, form part of a transmission system;
- (d) any control centre for use in conjunction with a transmission

system; and

- (e) any legal or beneficial interest which can be considered material in land and/or premises upon which any of the foregoing is situated and/or used by the Licensee in the discharge of its functions under this licence; and
- (f) any equipment which can be considered material used by the Licensee in the discharge of its functions under this licence.

5. Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 6: Additional use or disposal of relevant assets

1. If any or all of the relevant assets are being used or disposed of, or if any or all of the relevant assets are proposed to be used or disposed of, by the Licensee (or any Separate Business of the Licensee) for interests other than or in addition to discharging the functions of the Transmission Business, the Licensee shall, as soon as is practicable after the date of issue of this licence, notify the Commission of same and provide the Commission with such information as the Commission requires in relation to such usage or disposal.
2. Where the Commission issues directions from time to time requiring the Licensee to give prior notification to the Commission of proposed additional uses or disposals of relevant assets of a specified description (which directions may include a direction that certain categories of such disposals may not take place until either the Commission has expressly agreed to them or a specified time period has elapsed), the Licensee shall comply with such directions.
3. In this Condition:

"disposal"	has the meaning given in Condition 5 and "disposed" shall be construed accordingly;
"relevant asset"	Has the meaning given in Condition 5.
5. Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 7: Detection and prevention of theft of natural gas

1. In respect of its transmission system, the Licensee shall (and shall ensure that its agents) take all reasonable steps to detect and prevent:
 - (a) the theft of natural gas;
 - (b) damage to any natural gas pipeline, metering equipment and ancillary works; and
 - (c) interference with any metering equipment.

2. Where the Licensee has reason to believe that:

- (a) the theft of natural gas is taking place or has taken place; or
- (b) there has been interference with the metering equipment, or its associated equipment, to alter its register or prevent it from duly registering the quantity of natural gas supplied or produced,

the Licensee shall, as soon as reasonably practicable, inform the affected supplier or transporter of the incident in question.

3. The Licensee shall, at such time as the Commission may direct, after this licence has come into force, prepare and submit for approval by the Commission a code of practice for revenue protection and shall comply with the relevant provisions of that code.
4. The Licensee shall comply with the relevant provisions of any code of practice for revenue protection drawn up by any other natural gas undertaking and approved by the Commission, a copy of which is provided to the Licensee by the Commission.
5. In this Condition:

“code of practice for revenue protection” means the procedure used by the Licensee to ensure the accurate recording of natural gas consumption and production;

“theft of natural gas” means the dishonest use, causing of waste or diversion of natural gas, within the meaning of Section 15 of the Energy (Miscellaneous Provisions) Act, 1995.

Condition 8: Gas Point Registration Operator

1. If designated by the Commission for the purposes of this Condition, the Licensee shall establish, operate and maintain a service to be known as the Gas Point Registration Operator ("GPRO") which shall carry out the functions and fulfil the obligations set out in this Condition provided that to such extent and for so long only as the Commission may consent in writing:
 - (a) the Licensee shall on behalf of the GPRO carry out such of the functions and fulfil such of the obligations set out in this condition as the Commission may specify in such content;
 - (b) any functions and obligations so carried out by the Licensee shall be deemed to be carried out by the GPRO; and
 - (c) references to the GPRO in this and any other licence or other document shall be deemed to include a reference to the Licensee in so far as it carries out the role of GPRO or any part of that role as aforesaid.

For the avoidance of doubt any such consent given by the Commission may be withdrawn at the discretion of the Commission at any time.

2. The GPRO shall establish and maintain a register which, for each Gas Point through which a natural gas customer is supplied, records:
 - (a) the Gas Point Registration Number;
 - (b) details of the customer supplied at that Gas Point (both past and current);
 - (c) the relevant supplier(s) (including shippers) (both past and current);
 - (d) details of the metering equipment installed;
 - (e) the relevant Supply Point;
 - (f) meter reading data;
 - (g) contact details for the current customer;
 - (h) the distribution zone in which it is located;
 - (i) the daily calorific value declared by the relevant transporter; and
 - (j) its capacity.

3. The GPRO shall prepare, submit for approval by the Commission and publish a code of practice for metering and data services.
4. The GPRO shall establish, in consultation with other natural gas undertakings and other bodies as notified to it by the Commission, and, subject to the approval of the Commission, publish details of, a process for the efficient and expeditious means by which final customers may change from one supplier to another.
5. The process referred to in paragraph 4 shall include:
 - (a) the data to be made available by, and provided to, shippers, as more fully set out in the code of practice called for in paragraph 3; and
 - (b) the administrative procedures by which the change of supplier is to be effected.
6. The GPRO shall provide data processing and data aggregation services in respect of all Gas Points.
7. For the purposes of paragraph 6:

“data processing” means the processing, validation, estimation and substitution of meter reading data in respect of the consumption of natural gas at premises; and

“data aggregation” means the collation, summation and attribution of meter reading data (whether actual or estimated), and the delivery of such data to the relevant natural gas undertakings for settlement and/or billing purposes.

Condition 9: Co-operation with the Gas Point Registration Operator

1. The Licensee shall co-operate with the GPRO with a view to ensuring that the information and/or data required by the GPRO for the purposes of its functions and the provision of its services are complete and accurate.
2. The Licensee shall comply promptly with all requests from the GPRO for co-operation and information and/or data reasonably required by the GPRO for the discharge of its functions.
3. The Licensee shall comply with any code of practice published by the GPRO in accordance with a requirement of a natural gas licence and relating to the discharge of the functions of the GPRO.

Condition 10: Provision of metering and data services

1. The Licensee shall publish and offer on request standard terms for the following services to any natural gas undertaking:
 - (a) the provision of metering equipment;
 - (b) the installation, commissioning, testing, repair, removal, replacement, relocation and maintenance of metering equipment;
 - (c) data collection; and
 - (d) data transfer.
2. Where so requested by a natural gas undertaking, the Licensee shall enter into an agreement with that undertaking for the provision of any or all of the services listed in paragraph 1 on the standard terms pursuant to paragraph 1 and in compliance with any requirement pursuant to Condition 2 (Connection to and use of the Licensee's transmission system).
3. The data collection and data transfer services offered and provided by the Licensee pursuant to paragraphs 1 and 2 shall meet the technical specifications in relation to data set by the GPRO in its code of practice for metering and data services published in accordance with a requirement of a natural gas licence.
4. Any dispute arising as to the terms on which services are to be provided pursuant to this Condition shall be determined by the Commission.
5. In this Condition:

“data collection” means the collection and verification of meter reading data from natural gas meters; and

“data transfer” means the transfer of metered data to the GPRO.

Condition 11: Long term development statement

1. The Licensee shall comply with a direction given by the Commission to prepare a statement in such form as may be specified in the direction giving, with respect to each of the 7 succeeding years, such information as the Commission may specify in the direction, including such information by way of forecasts of:

- (a) the use likely to be made of the Licensee's transmission system; and
- (b) the likely development of that system and those facilities which the Licensee expects from time to time to be taken into account in determining the charges for making connections to, and use of, that system,

as it is reasonably practicable for the Licensee to provide and which will assist a person who is (or may be expected to be) of a type mentioned in Subsection (1) of Section 10A of the Gas Act, 1976 who contemplates:

- (i) seeking the connection of a pipeline of his to the Licensee's transmission system;
- (ii) entering into transportation arrangements with the Licensee; or
- (iii) seeking the connection of the Licensee's transmission system to premises,

in identifying and evaluating the opportunities for doing so.

2. Except in so far as the Commission consents to the Licensee not doing so, the Licensee shall on an annual basis prepare a revision of any statement prepared under paragraph 1 so as to ensure that, so far as is reasonably practicable, the information in the revised statement is up to date.

3. The Licensee shall, subject to any requirement to comply with paragraph 4 below:

- (a) furnish the Commission with a copy of the statement prepared under paragraph 1 and of each revision of the statement prepared under paragraph 2;
- (b) in such form and manner as the Commission may direct, publish such a summary of the statement or, as the case may be, of a revision of the statement as will assist a person in deciding whether to ask for a copy of the version mentioned in sub-paragraph (c); and
- (c) prepare a version of the statement or revision which excludes, so far as is practicable, any such matter as is mentioned in paragraph 4 and send a copy thereof to any person who asks for one and makes such payment to the Licensee in respect of the cost thereof as it may require

not exceeding such amount as the Commission may from time to time approve for the purposes hereof.

4. In complying with the requirements of paragraph 3(b), the Licensee shall have regard to the need for excluding, so far as is practicable, any matter which relates to the affairs of a person where the publication of that matter would or might seriously and prejudicially affect his interests.
5. Any question arising under paragraph 4 as to whether the publication of some matter which relates to the affairs of a person would or might seriously and prejudicially affect his interests shall be determined by the Commission.

Condition 12: Transmission System Standards

1. Part A of this Condition shall apply only where the Licensee has been notified by the Commission that the Licensee is designated for the purposes of that part.
2. Part B of this Condition shall apply only where the Licensee is not designated by the Commission for the purposes of Part A.

Part A

3. The Licensee shall, at a time decided by the Commission after this licence has come into force and following consultation with other natural gas undertakings and other appropriate bodies as notified to it by the Commission from time to time, establish standards for transmission system planning and shall prepare a document entitled "**Transmission System Standards**" which shall embody such standards and shall submit that document to the Commission.
4. The Transmission System Standards shall be subject to the approval of the Commission.
5. The Transmission System Standards shall cover, without limitation, the engineering of pipelines and associated equipment and the technical standards to be adopted for their design, construction, operation and maintenance, including standards relating to the physical durability of the transmission system (including its ability to withstand internal and external pressures, shocks and damage, whether natural or man-made) and standards relating to the odourisation of natural gas.
6. The Licensee shall construct, operate, ensure the maintenance of and, if necessary, develop its transmission system in accordance with the Transmission System Standards.
7. The Licensee shall ensure that the personnel carrying out the activities listed in paragraph 6 on its behalf are suitably qualified and experienced.
8. The Licensee shall send the Commission an annual statement of the Licensee's compliance with paragraph 6 and shall provide the Commission with such additional information in that connection as the Commission may from time to time require.
9. The Licensee shall, in consultation with other natural gas undertakings and other appropriate bodies as notified to it by the Commission from time to time, periodically review (including at the request of the Commission) the Transmission System Standards and their implementation in the light of requirements to operate its transmission system in line with industry best practice and the recommendations and standards of recognised technical bodies in the European natural gas industry.

10. As soon as possible following any review of the Transmission System Standards, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the Transmission System Standards (having regard to the outcome of the review) for the Commission's approval and following its approval shall then revise the Standards.
11. The Commission may issue directions requiring the Licensee to revise the Transmission System Standards in such manner as may be specified in the directions, and the Licensee shall comply with such directions.
12. No changes may be made to the Transmission System Standards otherwise than in accordance with the above procedures.
13. The Licensee shall publish the Transmission System Standards in the format and manner notified to the Licensee from time to time and shall send copies of the same to such other natural gas undertakings and appropriate bodies as the Commission may direct.
14. The Licensee may seek a derogation relieving the Licensee of its obligations under paragraph 6 in respect of parts of the Transmission System Standards and the Commission may issue directions relieving the Licensee of its obligations under paragraph 6 above in respect of such parts of the Transmission System Standards, to such extent as may be specified in those directions.

Part B

15. The Licensee shall construct, operate, ensure the maintenance of and, if necessary, develop its transmission system in accordance with the Transmission System Standards published by the natural gas undertaking designated by the Commission for the purposes of Part A of this Condition.
16. The Licensee shall send to the Commission an annual statement on the Licensee's compliance with paragraph 15 and shall provide the Commission with such additional information in that connection as the Commission may require.
17. The Licensee shall ensure that the personnel carrying out the activities listed in paragraph 15 on its behalf are suitably qualified and experienced.
18. The Licensee may seek a derogation relieving the Licensee of its obligations under paragraph 15 in respect of parts of the Transmission System Standards and the Commission may issue directions relieving the Licensee of its obligations under paragraph 15 above in respect of such parts of the Transmission System Standards, to such extent as may be specified in those directions.

Condition 13: Operating Security Standards

1. The Licensee shall, by a date decided by the Commission after this licence comes into force and following consultation with other natural gas undertakings and other appropriate bodies as notified to it by the Commission from time to time, establish standards for ensuring day to day operating security and shall prepare a document entitled the "**Operating Security Standards**" which shall embody such standards and shall submit that document to the Commission.
2. The standards embodied in the Operating Security Standards shall be those which the Licensee reasonably considers are best calculated to achieve any standards of performance set by the Commission under Condition 17 (Overall standards of performance of the Transmission Business) and shall seek to address, without limitation, the following factors:
 - (a) the overall demand on the Licensee's transmission system;
 - (b) peak daily demand and within-day fluctuations in demand which can be reasonably anticipated;
 - (c) the risk of failure of equipment associated with the Licensee's transmission system;
 - (d) any operational constraints in the Licensee's transmission system; and
 - (e) the need for adequate maintenance to the Licensee's transmission system to be carried out without interruption of the supply of natural gas.
3. The Licensee shall operate its transmission system in accordance with the Operating Security Standards.
4. The Operating Security Standards shall be subject to the approval of the Commission.
5. The Licensee shall send to the Commission an annual statement on the Licensee's compliance with paragraph 3 and shall provide the Commission with such additional information in that connection as the Commission from time to time require.
6. The Licensee shall, in consultation with other natural gas undertakings and other appropriate bodies as notified to it by the Commission from time to time, periodically review (including at the request of the Commission) the Operating Security Standards and their implementation.
7. As soon as possible following any review of the Operating Security Standards, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and

- (b) any revisions which it proposes to make to the Operating Security Standards (having regard to the outcome of the review) for the Commission's approval. and following its approval shall then revise the Standards.
- 8. The Commission may issue directions requiring the Licensee to revise the Operating Security Standards in such manner as may be specified in the directions, and the Licensee shall forthwith comply with such directions.
- 9. No changes may be made to the Operating Security Standards otherwise than in accordance with the above procedures.
- 10. The Licensee shall publish the Operating Security Standards in the format and manner notified to the Licensee by the Commission from time to time.

Condition 14: Network Emergency Manager

1. If designated by the Commission for the purposes of this Condition, the Licensee shall carry out the functions of the Network Emergency Manager.
2. The functions of the Network Emergency Manager are:
 - (a) following consultation with other natural gas undertakings and other appropriate bodies as notified to it by the Commission from time to time, to establish adequate arrangements for co-ordinating the actions to be taken by natural gas undertakings to prevent a network emergency including:
 - (i) arrangements to monitor natural gas flow within the network in order to identify a forthcoming network emergency;
 - (ii) procedures and arrangements to direct persons conveying natural gas to secure, where necessary, a reduction in consumption and to verify that such directions have been followed; and
 - (iii) procedures to monitor the situation throughout a network emergency and to restore safely the natural gas supply to customers once the emergency is over.
 - (b) in case of an actual or potential network emergency, to direct other natural gas undertakings to take such action as is necessary to bring the emergency to an end or to prevent it, as the case may be.
3. The Licensee shall set out in the code of operations for the Transmission Business the details of the arrangements and procedures established in compliance with paragraph 2, including details of the information required to be provided to the Licensee by other natural gas undertakings for those purposes.

Condition 15: Safety Framework

1. Without prejudice to the obligations of the Licensee under or pursuant to any relevant safety requirement, the Licensee shall, at a time decided by the Commission after this licence has come into force, produce and thereafter maintain, in a form approved by the Commission, a document to be known as the Safety Framework.
2. The Safety Framework shall set out the Licensee's criteria, systems and procedures for ensuring that, so far as applicable to the Licensee in carrying out the Transmission Business the Licensee applies the practices applied by, and achieves the standards achieved by, a prudent natural gas undertaking, including without limitation in respect of:
 - (a) the design, installation, testing, commissioning, inspection, maintenance, repair, decommissioning and removal of all pipelines and ancillary equipment of the Licensee forming part of any transmission or distribution system (if any);
 - (b) the organisation, reporting and other arrangements relating to the deployment of staff, and the standards of qualification and competence to be applied to their recruitment and training;
 - (c) the condition of any equipment by means of which gas is consumed by final customers to the extent that the Licensee is required by law to ascertain it;
 - (d) the composition and quality of natural gas transported and supplied, so as to ensure these are maintained within safe limits;
 - (e) emergency procedures by which the Licensee will manage any emergency on its transmission system, including procedures for co-ordination with the Network Emergency Manager, other natural gas undertakings and the Commission;
 - (f) the assessment of risk and of appropriate measures to reduce such risk in relation to natural gas activities;
 - (g) the drawing up, implementation and compliance with any applicable codes of operations, codes of practice and standards with which this licence requires compliance, and any internal rules and procedures for the operation of the Licensee's equipment connected to or forming part of any transmission or distribution system (if any);
 - (h) the making of agreements relating to connection to, and use of, the Licensee's transmission or distribution system (if any); and

(i) compliance with:

- (i) the conditions or provisions of any Section 2(1) order made in respect of the Licensee and any consent granted, or direction given to, the Licensee under or pursuant to natural gas legislation;
- (ii) the Licensee's obligations and duties under this licence; and
- (iii) relevant safety requirements.

3. The Licensee's obligations under this Condition shall include, without limitation, the application and observance of all relevant and applicable practices and standards, whether deriving from the recommendations or requirements of a relevant authority or from best practice in the natural gas industry.

4. Within twelve months of the date of issue of the licence and thereafter at such time as the Commission may direct, the Licensee shall procure, on terms of reference approved by the Commission, the services of an independent consultant suitably qualified in natural gas safety matters as approved by the Commission to examine and report on the Licensee's compliance with the Safety Framework, such report to be concluded within a time period specified by the Commission and provided to the Commission at the same time as it is provided to the Licensee.

5. In this Condition:

“relevant authority”

means an authority designated by the Commission for the purposes of this Condition and notified to the Licensee by the Commission.

Condition 16: Interaction with other natural gas undertakings

1. Subject to the provisions of Condition 22 (Ring-fencing of Transmission Business and restriction on use of certain information), the Licensee shall furnish to other natural gas undertakings to whose systems its transmission system is connected, in such manner and at such times as may reasonably be required, such information as may be reasonably required by such undertakings in order to ensure the safe, secure and efficient operation, co-ordinated development and inter-operability of transmission and distribution systems.
2. When constructing and operating natural gas pipelines, the Licensee shall have due regard to the need to ensure the safe, secure and efficient operation, co-ordinated development and inter-operability of transmission and distribution systems.
3. Without limitation to paragraphs 1 and 2:
 - (a) the Licensee shall ensure that its code of operations includes provisions relating to the Licensee's conduct in the case of a network emergency which interface appropriately with the relevant provisions of the Network Emergency Manager's code of operations; and
 - (b) where the Network Emergency Manager declares a network emergency the Licensee shall accept and comply with directions from the Network Emergency Manager for the duration of the network emergency.
4. Without limitation to paragraphs 1 and 2, where the Licensee receives a report of an actual or suspected natural gas escape it shall communicate such information as soon as possible to the person designated by the Commission as the provider of the emergency response service operated for the purpose of receiving and responding to reports of actual or suspected natural gas escapes.
5. Where the Licensee is notified by the person designated by the Commission as the provider of the emergency response service described in paragraph 4 of a sum approved by the Commission as the Licensee's equitable contribution to the costs of the provision of that service over the preceding 12 months, the Licensee shall pay that sum to the provider of the emergency response service within 1 month of receipt of such notification.
6. Any difference or dispute arising between the Licensee and any other natural gas undertaking in connection with this Condition or the matters referred to in this Condition shall be decided by the Commission for the purposes of this Condition, and the Licensee shall comply with any direction given by the Commission regarding its decision, as it sees fit, in respect of the matter in dispute.

Condition 17: Overall standards of performance of the Transmission Business

1. The Licensee shall, at a time decided by the Commission after this Licence has come into force, submit to the Commission for approval a report setting out the criteria against which the performance of the Transmission Business should be measured.
2. Where (whether at the time of the Licensee's submission of the report under paragraph 1 or at any other time as the Commission sees fit) the Commission notifies the Licensee of amendments which in its view should be made to the criteria set out in the report submitted under paragraph 1, the report shall be amended accordingly.
3. The Licensee shall conduct the Transmission Business in the manner which it reasonably considers to be best calculated to achieve such standards of performance based on the criteria set out in the report submitted under paragraph 1 as may be determined by the Commission from time to time and notified to the Licensee.
4. The Licensee shall periodically review (including at the request of the Commission) the performance criteria.
5. As soon as possible following any review of the performance criteria, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) revisions which it proposes to make to the report setting out performance criteria (having regard to the outcome of the review) for the Commission's approval and following its approval shall then revise the report accordingly.
6. The Licensee shall report annually on the performance of the Transmission Business against the standards determined under paragraph 3.
7. The performance criteria specified in paragraph 1 as approved by the Commission, the standards of performance determined by the Commission under paragraph 3 and the report on performance under paragraph 6 shall be published and made available in the format and manner notified to the Licensee by the Commission from time to time.

Condition 18: Access to land and/or premises

1. The Licensee shall, at such time as the Commission may direct, prepare, review and submit to the Commission for its approval a code of practice setting out the principles and procedures the Licensee will follow in respect of any person who is authorised to require or request access to land and/or premises on the Licensee's behalf.
2. The code of practice shall include procedures calculated to ensure that persons referred to in paragraph 1:
 - (a) are fit and proper persons to undertake the duties in question;
 - (b) possess the skills necessary to perform the required duties;
 - (c) may have their identity or authority readily confirmed by members of the public;
and
 - (d) are able to inform persons affected on request of a contact point for help and advice they may require in relation to the transmission of natural gas.

Condition 19: Customer service code, complaints handling procedure and disconnection code of practice

1. The Licensee shall, at such time as the Commission may direct (subject to three months' notice), prepare and submit to the Commission for its approval:
 - (a) a Transmission Business customer service code (which may include, inter alia, services to market participants, provisions relating to an enquiry service, emergency contact, quality of supply targets, compensation, continuity targets, connection quotations and timescales and other service level targets);
 - (b) a complaints handling procedure (which will detail the procedure for handling complaints from customers and users about the manner in which the Licensee conducts its Transmission Business); and
 - (c) a disconnection code of practice (which will detail the policy and procedures for the disconnection of premises from the Licensee's transmission system).
2. Any procedure established in accordance with this Condition shall specify the periods within which it is intended that different types of complaints should be processed and resolved.

Condition 20: Preparation, review of and compliance with codes of practice, etc

1. This Condition applies to any statement, code of practice or procedure required to be prepared by the Licensee pursuant to a Condition of this licence.
2. Where the Commission notifies the Licensee that the Commission considers that the statement, code or procedure is not sufficient for the purposes of meeting the requirements of this licence, the Licensee shall make forthwith such changes as the Commission may require.
3. The Licensee shall, whenever requested to do so by the Commission, review such statement, code or procedure and the manner in which it has been operated, with a view to determining whether any modification should be made to it or to the manner of its operation.
4. The Licensee shall submit any revision of such statement, code or procedure which it wishes to make to the Commission for its approval and, following its approval, shall then revise the statement, code or procedure.
5. The Licensee shall:
 - (a) as soon as practicable following the preparation of any statement, code or procedure or any revision made to it, send to the Commission a copy of such statement, code or procedure or (as the case may be) such revision (in each case in the form approved by the Commission);
 - (b) at least once in each year, draw the attention of those final customers or users to whom such statement code or procedure applies to the existence of the statement, code or procedure and of each substantive revision of it and to the means by which they may inspect a copy of it in its latest form; and
 - (c) publish such statements, codes and procedures and make them available on the Licensee's web-site.
6. No changes may be made to any statement, code or procedure otherwise than in accordance with this Condition.
7. The Licensee shall, so far as reasonably practicable, comply with such arrangements as are contained in or described by any statement, code or procedure to which this Condition applies and approved by the Commission or any revision to such statement, code or procedure approved by the Commission.

Condition 21: Records and reporting

1. The Licensee shall keep a record of its general operation of the arrangements mentioned in Conditions 7 (Detection and prevention of theft of natural gas), 8 (Gas Point Registration Operator) (if designated for the purposes of that Condition), 10 (Provision of metering and data services), 14 (Network Emergency Manager), 17 (Overall standards of performance of the Transmission Business), 18 (Access to land and/or premises) and 19 (Customer service code and complaints handling procedure) and, if the Commission so directs, of its operation in any particular cases specified, or in any classes of cases specified, by the Commission.
2. The Licensee shall, as required by the Commission in writing from time to time, provide to the Commission the records prepared in accordance with paragraph 1.
3. At a time decided by the Commission, the Licensee shall submit to the Commission a report dealing with the matters mentioned in paragraph 1 in relation to that year.
4. Following submission of the report to the Commission the Licensee shall publish the report and make it available in such manner as the Commission may direct from time to time, except that, in performing its obligations under this Condition, the Licensee shall exclude from the published report information which the Commission has directed the Licensee to exclude in order to protect the legitimate interests of the Licensee and third parties.
5. The report shall be presented, so far as is reasonably practicable, in a standard form to be approved by the Commission for the purposes of this Condition.
6. The Licensee shall ensure the accuracy and reliability of any systems, equipment, data and procedures which the Licensee uses, or is required to use, to measure or track the provision of any service authorised by, or provided pursuant to, this Licence and for the calculation of related charges.

Condition 22: Ring-fencing of the Transmission Business and restriction on use of certain information

1. The Licensee shall designate a division to exercise the functions of the Transmission Business.
2. The Licensee shall establish and shall thereafter maintain the full managerial and operational independence of the Transmission Business from each other business of the Licensee and of its affiliates and related undertakings.
3. Subject to paragraph 4, the Licensee shall to secure that no information relating to, or derived from, the Transmission Business is disclosed for the benefit of, or used for the purposes of, any other Separate Business.
4. Paragraph 3 shall not apply in so far as:
 - (a) the Commission so consents;
 - (b) the Licensee is expressly permitted or required to disclose that information under the terms of any agreement or arrangement (including any code of operations) with the relevant person to whose affairs such information relates;
 - (c) the information is in the public domain (otherwise than in consequence of a contravention of any Condition of this licence);
 - (d) the information has been published or is to be disclosed:
 - (i) pursuant to any Condition of this licence; or
 - (ii) in compliance with any requirement imposed on the Licensee by or under any natural gas legislation or any other requirement of law; or
 - (e) the information is disclosed pursuant to any judicial or other arbitral process or tribunal of competent jurisdiction.
5. Except in so far as the Commission consents to the Licensee not doing so, the Licensee shall take all steps necessary to ensure compliance with paragraph 2 and all necessary precautions against the risk of failure to comply with paragraph 3 including:
 - (a) restrictions on the communication of information to persons engaged in any other Separate Business;
 - (b) restrictions on use of or access to (for any purpose whatsoever) any assets of the Transmission Business, or recorded information relating to the Transmission Business, by persons engaged in any other Separate Business, and for the purposes of this paragraph, "asset" shall include (without limitation) any

information systems, software, hardware, electronic systems, equipment, materials, resources, intellectual property, telephone numbers or lines, mobile telephones, email systems or addresses, websites or computer services;

- (c) not without the prior approval of the Commission engaging in any capacity whatsoever in the Transmission Business any person who has worked in any other Separate Business at any time during the previous three months; and
 - (d) the prevention (so far as the Licensee can require it) of any person who has ceased to be engaged in the Transmission Business from being engaged in any other Separate Business until the expiry of three months since he or she ceased to be engaged in the Transmission Business.
6. Without prejudice to paragraph 5:
- (a) the Licensee shall ensure that, except in so far as the Commission consents, no person engaged in any other Separate Business shall have use of or access to (for any purposes whatsoever) any premises used by the Transmission Business;
 - (b) the Licensee shall procure that, except in so far as the Commission consents, no employee, officer, agent or consultant of the Transmission Business solicits information from, or discloses or uses information obtained from, any Separate Business where such information may confer a competitive advantage on the Transmission Business, unless the information is made available to competing undertakings on comparable terms;
 - (c) the Licensee shall ensure that, except in so far as the Commission consents, the Transmission Business shall not market its services or products in conjunction with any other Separate Business.
7. The Licensee shall no later than three months after this Licence has come into force prepare and publish a statement in a form approved by the Commission setting out the practices, procedures and systems which the Licensee has adopted (or intends to adopt) to ensure its compliance with the obligations set out in this Condition.
8. The Licensee may periodically revise the information set out in and, with the approval of the Commission, alter the form of the statement prepared in accordance with paragraph 7 and shall, at least once in every year during which this Licence is in force, review such statement in order that the information set out therein shall continue to be accurate in all material respects.
9. The Licensee shall send a copy of the statement prepared in accordance with paragraph 7, and of each revision of such statement in accordance with paragraph 8, to the Commission.

10. The Licensee shall provide the Commission with any information or access to information the Commission may deem necessary in relation to the ring-fencing of the Transmission Business.
11. The Licensee shall (and shall procure that its affiliates and related undertakings shall) comply with any directions as may from time to time be issued by the Commission requiring the Licensee (or its affiliates and related undertakings) to take such steps or desist from such action as the Commission considers appropriate to secure compliance with this Condition.

Condition 23: Compliance Officer

1. If so directed by the Commission, the Licensee shall, with the prior approval of the Commission, appoint a competent person (hereafter referred to as “the Compliance Officer”) for the purpose of facilitating compliance by the Licensee with the relevant duties.
2. The sole role of the Compliance Officer shall be to facilitate compliance by the Licensee with the relevant duties.
3. The Licensee shall procure that the Compliance Officer shall report exclusively to the Chief Executive Officer and/or the board of directors of the Licensee on compliance matters.
4. The Licensee shall procure that the Compliance Officer shall hold his position for a minimum period of two years unless otherwise approved by the Commission.
5. The Licensee shall procure that the Compliance Officer:
 - (a) is provided with such staff, premises, equipment, facilities and other resources; and
 - (b) has such access to its premises, systems, information and documentation,as he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him.
6. The duties and tasks assigned to the Compliance Officer shall include:
 - (a) providing relevant advice and information to the Licensee for the purpose of ensuring its compliance with the relevant duties;
 - (b) recommending and establishing practices, procedures and systems to ensure the Licensee’s compliance with the relevant duties;
 - (c) monitoring the effectiveness of the practices, procedures and systems adopted by the Licensee to ensure its compliance with the relevant duties;
 - (d) investigating any complaint or representation made available to him in accordance with paragraph 7;
 - (e) recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable;
 - (f) providing relevant advice and information to the Licensee for the purpose of ensuring its effective implementation of:

- (i) the practices, procedures and systems adopted by the Licensee to ensure its compliance with the relevant duties; and
 - (ii) any remedial action recommended in accordance with sub-paragraph (d); and
 - (g) reporting annually to the directors of the Licensee in respect of each year after this Condition comes into force as to his activities and the Licensee's compliance with the relevant duties during the period covered by the report.
7. The Licensee shall make available to the Compliance Officer a copy of any complaint or representation received by it from any person in respect of a matter arising under or by virtue of the relevant duties.
8. As soon as is reasonably practicable following each annual report of the Compliance Officer, the Licensee shall produce a report:
- (a) as to its compliance during the relevant year with the relevant duties (which shall include a copy of the report of the Compliance Officer in accordance with paragraph 6(g)); and
 - (b) as to its implementation of the practices, procedures and systems adopted to ensure such compliance.
9. The report produced in accordance with paragraph 8 shall in particular:
- (a) detail the activities of the Compliance Officer during the relevant year;
 - (b) refer to such other matters as are or may be appropriate in relation to the implementation of the practices, procedures and systems adopted to ensure compliance with the relevant duties; and
 - (c) set out the details of any investigations conducted by the Compliance Officer, including:
 - (i) the number, type and source of the complaints or representations on which such investigations were based;
 - (ii) the outcome of such investigations; and
 - (iii) any remedial action taken by the Licensee following such investigations.
10. The Licensee shall submit to the Commission:
- (a) a copy of the report produced in accordance with paragraph 8; and

- (b) a version of the report produced in accordance with paragraph 8 from which commercially sensitive information has been excised and which is fit for publication by the Commission, and shall give or send a copy of that version of the report to any person who requests such a copy.

11. In this Condition:

“relevant duties” means:

- (a) the Licensee’s obligations and duties under this licence;
and
- (b) any other obligation or duty under the Act notified to the Licensee by the Commission for the purposes of this Condition.

Condition 24: Availability of resources

1. The Licensee shall at all times act in a manner calculated to secure that it has sufficient management resources, financial resources and financial facilities to enable it:
 - (a) to carry on the Transmission Business; and
 - (b) to comply with its obligations under this licence and such of its obligations under natural gas legislation as apply to the Transmission Business.

2. The Licensee shall submit a certificate addressed to the Commission, approved by a resolution of the board of directors of the Licensee and signed by a director of the Licensee pursuant to that resolution. Such certificate shall be submitted once in each year as directed by the Commission. Each certificate shall be in one of the following terms:
 - (a) “After making enquiries, the directors of the Licensee have a reasonable expectation that the Licensee will have available to it , after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, sufficient financial resources and financial facilities to enable the Licensee to carry on the Transmission Business for a period of 12 months from the date of this certificate.”
 - (b) “After making enquiries, the directors of the Licensee have a reasonable expectation, subject to the factors set out below, that the Licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, sufficient financial resources and financial facilities to enable the Licensee to carry on the Transmission Business for a period of 12 months from the date of this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the Licensee to carry on the Transmission Business...”
 - (c) “In the opinion of the directors of the Licensee, the Licensee will not have available to it sufficient financial resources and financial facilities to enable the Licensee to carry on the Transmission Business for a period of 12 months from the date of this certificate.”

3. The Licensee shall submit to the Commission with that certificate a statement of the main factors which the directors of the Licensee have taken into account in giving that certificate.

4. The Licensee shall inform the Commission immediately if the directors of the Licensee become aware of any circumstance which causes them no longer to have the reasonable expectation expressed in the then most recent certificate given under paragraph 2.

5. The Licensee shall use its best endeavours to obtain and submit to the Commission with each certificate provided for in paragraph 2 a report prepared by its Auditors and addressed to the Commission stating whether or not the Auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it and, on the other hand, any information which they obtained during their audit work.

Condition 25: Investment grade rating

1. The Licensee shall use all reasonable endeavours to ensure that it, or any affiliate as issuer of corporate debt on its behalf, maintains at all times an Issuer credit rating which is an Investment grade rating.
2. In this Condition:

“Investment grade rating”

means a rating recognised as investment grade by Standard and Poor’s Rating Group (or any of its subsidiaries), by Moody’s Investors Services Incorporated (or any of its subsidiaries) or by Fitch Ratings Limited, or any equivalent rating from any other credit rating agency approved by the Commission for the purposes of this Condition; and

“Issuer credit rating”

means a credit rating assigned to an issuer or corporate debt by Standard and Poor’s Rating Group (or any of its subsidiaries), by Moody’s Investors Services Incorporated (or any of its subsidiaries) or by Fitch Ratings Limited, or any equivalent rating from any other credit rating agency approved by the Commission for the purposes of this Condition.

3. Any question arising as to the equivalence of any rating for the purposes of this Condition shall be determined by the Commission.

Condition 26: Regulatory accounts

1. For the purposes of this Condition, the Licensee's financial year shall be determined as follows:
 - (a) the Licensee's first financial year shall run from (and including) the date of the grant of this licence up to (and including) the last day of the Licensee's accounting period, provided that if the period between the date of the grant of this licence and the last day of the Licensee's accounting period is three calendar months or less, then the Licensee's first financial year shall run from (and including) the date of the grant of this licence up to (and including) the last day of the Licensee's next accounting period;
 - (b) each subsequent financial year shall run from the day immediately following the last day of the preceding accounting period up to (and including) the last day of the accounting period.
2. Without prejudice to the provisions of Section 17 of the Act, the remaining paragraphs of this Condition apply for the purpose of ensuring that the Licensee (and any affiliate or related undertaking of the Licensee):
 - (a) maintains accounting and reporting arrangements which enable separate accounts to be prepared for each Separate Business and showing separately the financial affairs of each such Separate Business; and
 - (b) makes available, in a form and to a standard reasonably satisfactory to the Commission, such regulatory accounting information as will:
 - (i) enable the Commission and the public to assess the financial position of the Licensee and the financial performance of each Separate Business on a consistent basis, distinct from each other and any other business of the Licensee and its affiliate or related undertakings; and
 - (ii) assist the Commission to assess the Licensee's compliance with this Licence in respect of the financial relationship between the Licensee and its affiliate or related undertakings.
3. The Licensee shall draw up in consultation with the Commission, publish and implement in a form approved by the Commission (such approval not to be unreasonably withheld), guidelines governing the format and content of regulatory accounting information and the basis on which it is to be prepared so as to fulfil the purpose set out in paragraph 2 (the "Regulatory Accounting Guidelines").
4. The Licensee shall keep, and shall procure that any affiliate keeps and, so far as it is able, procure that any related undertaking keeps the accounting records which each is required by Section 17(1)(b) of the Act or by the Companies Acts, 1963 to 2001 to keep

in such form as is necessary to enable the Licensee to comply with this Condition and the Regulatory Accounting Guidelines.

5. The Licensee shall in respect of each Separate Business:
- (a) keep or cause to be kept such accounting records in accordance with the Companies Acts, 1963 to 2001, as would be required to be kept in respect of the Business if it were carried on by a separate company to which the Companies Acts, 1963 to 2001 apply, and, where appropriate, consolidated accounts for other activities, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Business are separately identifiable in the books of the Licensee (and any affiliate or related undertaking of the Licensee) from those of any other business of the Licensee and in accordance with the Regulatory Accounting Guidelines; and
 - (b) prepare on a consistent basis from such accounting records in respect of:
 - (i) the first financial year and each subsequent financial year, accounting statements comprising a profit and loss account, a balance sheet and a cash flow statement, together with notes thereto, and showing separately in respect of each Separate Business and in appropriate detail any transactions with a value of €100,000 or more, and any related transactions with an aggregated value of €100,000 or more, which the Licensee has conducted with any of its affiliates or related undertakings, and the amounts of any revenue, cost, asset, liability, reserve or provision which has been either:
 - (A) charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge; or
 - (B) determined by apportionment or allocation between any Separate Business and any other business (whether or not a Separate Business) together with a description of the basis of the apportionment or allocation; and
 - (ii) the first 6 months of the second financial year of the Licensee and the first 6 months of each subsequent financial year, an interim profit and loss account; and
 - (c) procure, in respect of the accounting statements prepared in accordance with this Condition (with the exception of interim accounts prepared in accordance with paragraph 5(b)(ii) of this Condition) in respect of a financial year, a report by the Auditors and addressed to the Commission stating whether in their opinion those statements have been properly prepared in accordance with this Condition and give a true and fair view of the revenues, costs, assets, liabilities,

reserves and provisions of, or reasonably attributable to, the Separate Business to which the statements relate; and

- (d) deliver to the Commission a copy of the account referred to in sub-paragraph (b)(ii) the Auditors' report referred to in sub-paragraph (c), and the accounting statements referred to in sub-paragraph (b)(i), as soon as reasonably practicable, and in any event not later than three months after the end of the period to which it relates in the case of the account referred to in sub-paragraph (b)(ii), and six months after the end of the financial year to which they relate in the case of the accounting statements and Auditors' report referred to in sub-paragraphs (b)(i) and (c).
6. (a) The Licensee shall not in relation to the accounting statements in respect of a financial year change the bases of charge, apportionment or allocation referred to in sub-paragraph (b)(i) of paragraph 5 from those applied in respect of the previous financial year, unless the Commission shall previously have issued directions for the purposes of this Condition directing the Licensee to change such bases in a manner set out in the directions or the Commission shall have given its prior approval to the change in such bases. The Licensee shall comply with any directions issued for the purposes of this Condition.
- (b) Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed such bases of charge, apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if so directed in directions issued by the Commission for the purposes of this Condition, in addition to preparing accounting statements on those bases which it has adopted, prepare such accounting statements on the bases which applied in respect of the immediately preceding financial year.
7. Accounting statements in respect of a financial year prepared under sub-paragraph (b)(i) of paragraph 5 shall, so far as reasonably practicable and unless otherwise approved by the Commission having regard to the purposes of this Condition:
- (a) conform to the best commercial accounting practices including Statements of Accounting Practice and Financial Reporting Standards currently in force; and
 - (b) state the accounting policies adopted; and
 - (c) (with the exception of the part of such statements which show separately the amounts charged, apportioned or allocated and describe the bases of charge or apportionment or allocation respectively), be published with the annual accounts of the Licensee.
8. References in this Condition to costs or liabilities of, or reasonably attributable to any Separate Business shall be construed as excluding taxation and capital liabilities which

do not relate principally to a particular Separate Business and interest thereon; and references to any accounting statement shall be construed accordingly.

9. In this Condition:

“accounting period” means the period for which the Licensee prepares annual accounts under the Companies Acts, 1963 to 2001, provided that if the Licensee is not required to prepare annual accounts under the Companies Acts, 1963 to 2001 or is not a company within the meaning of the Companies Acts, 1963 to 2001, then the accounting period shall run from (and including) 1 January up to (and including) the following 31 December.

Condition 27: Prohibition of cross-subsidies

1. The Licensee shall ensure that the Transmission Business does not give any direct or indirect cross-subsidy to, or receive any direct or indirect cross-subsidy from, any other business or part of a business of the Licensee or of any affiliate or related undertaking of the Licensee (whether or not a Separate Business).
2. Where the Commission is satisfied that cross-subsidisation of the type described in paragraph 1 is taking place or has taken place, the Licensee shall take such steps, as directed by the Commission, as are necessary to ensure compliance with paragraph 1.
3. Nothing which the Licensee is required to do or not do pursuant to this licence or any other natural gas licence shall be regarded as a cross-subsidy for the purposes of this Condition.
4. Any question arising as to:
 - (a) what constitutes a cross-subsidy; or
 - (b) what constitutes a business or part of a business

for the purposes of this Condition shall be determined by the Commission.

Condition 28: Duty of non-discrimination

1. In carrying on the Transmission Business (including, for the avoidance of doubt:
 - (a) in exercising the functions of the Network Emergency Manager where designated as such by the Commission under Condition 14 (Network Emergency Manager); and
 - (b) in exercising the functions of the GPRO where designated as such by the Commission under Condition 8 (Gas Point Registration Operator)),

the Licensee shall not discriminate unfairly between persons or classes of persons, or between system users or classes of system users, particularly in favour of the Separate Businesses, its subsidiaries, associated or affiliated undertakings, joint ventures or shareholders.

Condition 29: Payment of levy

1. The Licensee shall pay to the Commission any amounts specified in, or determined under, a levy order, in accordance with the provisions of such levy order.

Condition 30: Provision of information to the Commission

1. The Licensee shall procure and furnish to the Commission, in such form and manner and at such times as the Commission may require, such information (including information that will assist the Commission in the preparation of a natural gas capacity statement under Section 19 of the Act), and shall procure and furnish to it such reports, as the Commission may consider necessary or relevant in the light of the Conditions or as it may require in the performance of its duties or the functions under the Act or assigned or transferred to it by the Act.
2. Without prejudice to the generality of paragraph 1, the Commission may call for the furnishing of accounting information which is more extensive than, or differs from, that required to be prepared and supplied to the Commission under Condition 26 (Regulatory accounts).
3. The power of the Commission to call for information under paragraph 1 is without prejudice to the power of the Commission to call for information under or pursuant to any other Condition of this licence or under or pursuant to the Act or any other enactment.
4. In this Condition "**information**" shall include any documents, records, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Commission) of any description, whether oral or written, and in any format specified by the Commission.
5. The Licensee shall publish information (save for confidential information) in such form and manner and at such times as the Commission may require.
6. Any question arising as to what constitutes confidential information for the purposes of this Condition shall be determined by the Commission.

Condition 31: Codes of operations

1. The Licensee shall prepare and publish a code of operations for the Transmission Business so as to comply with any directions given to it by the Commission under Section 13(1) of the Act.
2. The Licensee shall comply with any directions given to it by the Commission under Section 13(3) of the Act in respect of:
 - (a) the matters to be specified in the code of operations described in paragraph 1; and
 - (b) the review and revision of that code of operations.
3. Save to the extent specified in directions given by the Commission for the purposes of this Condition, the Licensee shall comply with the provisions of all codes of operations (whether its own or belonging to another holder of a natural gas licence), insofar as applicable to the Transmission Business.

Condition 32: Prohibition of anti-competitive behaviour

1. In carrying on the Transmission Business, the Licensee shall not prevent, restrict or distort competition to any appreciable extent in any market relating to the supply, distribution, transmission or storage of natural gas.
2. In carrying on the Transmission Business the Licensee shall not abuse any dominant position it may have.
3. Any question arising as to whether the Licensee holds a dominant position for the purposes of paragraph 2 shall be determined by the Commission.

Condition 33: Environment

1. The Licensee shall, not later than such date as the Commission may specify and in consultation with the Commission, prepare and from time to time modify a written policy setting out the manner in which the Licensee proposes to comply with:
 - (a) its duties and obligations under all applicable European Union and Irish Environmental Laws; and
 - (b) any direction issued to it for the purposes of this Condition by the Commission or any appropriate body designated by the Commission for these purposes.
2. The Licensee shall report to the Commission on its environmental performance in such form and at such times as the Commission may specify.

Condition 34: Assignment of licence and transfer of Transmission Business

1. The Licensee shall not, without the prior consent of the Commission, assign this licence to another person (the “**assignee**”).
2. The Licensee shall not, without the prior consent of the Commission, transfer to another person (the “**transferee**”) all or part of the Transmission Business.
3. Any consent of the Commission to assignment of this licence shall be subject to the Commission being satisfied that the assignee will be a fit and proper person to hold this licence, and may be subject to compliance by the Licensee or assignee with any conditions imposed by the Commission, including the modification of this licence where deemed necessary by the Commission.
4. Any consent of the Commission to a transfer of all or part of the Transmission Business may be subject to the transferee being granted or holding a natural gas licence to operate one or more transmission pipelines and may be subject to compliance by the Licensee or transferee with any conditions imposed by the Commission, including the modification of this licence where deemed necessary by the Commission.
5. Nothing in this Condition shall prevent the Licensee transferring all or part of the Transmission Business to an assignee where the Commission has consented to the assignment provided that such transfer is effected as soon as practicable after such consent has been given.

Condition 35: Change in control of Licensee

1. The Licensee shall, as soon as practicable following its becoming aware of the relevant circumstances, notify the Commission of any change in control of the Licensee.
2. For the purposes of this Condition there is a change in control of the Licensee whenever a person gains control of the Licensee who did not have control of the Licensee when this licence was granted.

SCHEDULE 1: Pipelines which the Licensee is authorised to operate under the licence

1. The Licensee may operate a transmission business under the authorisation of this Licence in respect of those pipelines for which it has been issued a consent under Section 39A of the Gas Act, 1976 (inserted by Section 12 of the Gas (Interim) (Regulation) Act, 2002), or under Section 8 of the Gas Act, 1976 (before the enactment of the Gas (Interim) (Regulation) Act, 2002), other than pipelines which the Licensee is authorised to operate under a separate natural gas licence (whether granted prior to or after this licence coming into force).

2. The Licensee may operate a transmission business only in respect of those pipelines defined above that are designed to operate at a pressure above 16 bar gauge.

SCHEDULE 2: Right of Commission to revoke the licence

1. The Commission may at any time revoke this licence by not less than 30 days' notice in writing to the Licensee:
 - (a) if the Licensee agrees in writing with the Commission that this licence should be revoked;
 - (b) if any amount payable under a levy order is unpaid 30 days after it has become due and remains unpaid for a period of 14 days after the Commission has given the Licensee notice in writing that the payment is overdue, provided that no such notice shall be given earlier than the 16th day after the day on which the amount payable became due;
 - (c) if the Licensee fails to comply with a direction under Section 16 of the Act, a direction under Section 24 of the Act of 1999, a determination under Section 25 of the Act of 1999 or an order under Section 26 of the Act of 1999 and (in respect of any of these cases) such failure is not rectified to the satisfaction of the Commission within such period as the Commission may determine, after the Commission has given notice of such failure to the Licensee, provided that in respect of a direction under Section 24 of the Act of 1999, no such notice shall be given by the Commission before the expiration of the period within which representations or objections under Section 24 of the Act of 1999 could be made questioning a direction under Section 24 of the Act of 1999 or before the proceedings relating to any such representations or objections are finally determined;
 - (d) if the Licensee fails to comply with any order made by the Minister under Section 21 of the Act;
 - (e) if the Licensee is, has been, or is likely to be in breach of a relevant safety requirement and the Commission is satisfied that, as a result, the Licensee is no longer a fit and proper person to hold this licence;
 - (f) if the Licensee:
 - (i) is unable to pay its debts (within the meaning of Section 214 of the Companies Act, 1963) or if it enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the Commission); or
 - (ii) has a receiver or an examiner within the meaning of Section 1 of the Companies (Amendment) Act, 1990, of the whole or any material part of its assets or undertaking appointed; or

- (iii) passes any resolution for winding up other than a resolution previously approved in writing by the Commission; or
 - (iv) becomes subject to an order for winding up by a court of competent jurisdiction; or
 - (v) is dissolved, declared bankrupt or being of unsound mind;
- (g) if:
- (i) there is a change in the control of the Licensee for the purposes of Condition 35 (Change in control of Licensee); and
 - (ii) the Commission is satisfied that, as a result of that change in control, the new shareholder does not have adequate technical, financial or managerial strength, taking into account the size of its shareholding in the Licensee; and
 - (iii) the Commission serves notice on the Licensee stating that the Commission proposes to revoke this licence in pursuance of this paragraph unless such further change in control of the Licensee as is specified in the notice takes place within the period of two months beginning with the date of service of the notice; and
 - (iv) that further change does not take place within that period; or
- (h) if the Licensee fails to notify the Commission of a change in control of the Licensee as required by Condition 35 (Change in control of Licensee).

2. For the purposes of paragraph 1(f)(i) of this Schedule, Section 214 of the Companies Act, 1963 shall have effect as if for "€1,269.74" there was substituted "€65,000" or such higher figure as the Commission may from time to time determine by notice in writing to the Licensee.