

This schedule contains proposed modifications to the Special Conditions of Gas Transporter Licence held by Gas Distribution Networks.

Special Condition 9.7 Directly Remunerated Services

Introduction

- 9.7.1 The purpose of this condition is to set out the basis on which services provided by the licensee will be treated as Directly Remunerated Services under the special conditions of this licence.
- 9.7.2 The effect of this condition is that revenue derived by the licensee from the provision of Directly Remunerated Services is ~~excluded~~ reflected from in the calculation of Calculated Revenue.
- 9.7.3 This condition also explains the process that the Authority will follow when directing that services provided by the licensee should be treated, or should not be treated, as Directly Remunerated Service

Part A: Licensee's obligation to ~~exclude~~ account for Directly Remunerated Services

- 9.7.4 The licensee must ~~exclude~~ account for revenue derived from Directly Remunerated Services in its ~~from~~ Calculated Revenue.
- 9.7.5 Directly Remunerated Services are:
- (a) services that comply with the general principle set out in Part B; or
 - (b) the services listed in Part C to the extent that they comply with the general principle in Part B; or
 - (c) services that the Authority directs are to be treated as Directly Remunerated Services to the extent that such direction will comply with the general principle in Part B.
- 9.7.6 Services are not to be treated as Directly Remunerated Services if the Authority so directs to the extent that such direction will comply with the general principle in Part B.

Part B: Statement of general principle

- 9.7.7 The general principle is that a service provided by the licensee as part of its Licensed Activity is to be treated as a Directly Remunerated Service if and to the extent that the service is not already remunerated under any of the charges listed in paragraph 9.7.8.

- 9.7.8 The charges referred to in paragraph 9.7.7 are:
- (a) Network Charges; and
 - (b) charges arising from any activity carried out under the provisions of Special Condition 7.7 (RIIO GD-1 network innovation competition) which results in Returned Royalty Income for the licensee.

Part C: Categories of Directly Remunerated Service

- 9.7.9 The descriptions of categories of Directly Remunerated Services set out at paragraph 9.7.10 are to be read and given effect subject to any further explanation or elaboration of any of those descriptions that might be set out in the RIGs.
- 9.7.10 Directly Remunerated Services include the following services:
- 9.7.11 DRS1. Connection services: This category consists of the carrying out of entry and exit connection works (including any necessary reinforcement works or diversionary works) to install, operate, repair, or maintain gas pipes, plant, meters or other equipment necessary to provide any new connection or modify any existing connection to the pipeline system to which this licence relates, (but only to the extent that the service is not already remunerated under one of the charges set out at paragraph 9.7.8).
- 9.7.12 DRS2. Diversionary works under an obligation: This category consists of the relocating of any gas pipes or plant (including the carrying out of any associated works) pursuant to any statutory obligation other than one imposed on the licensee under section 9 (Powers and duties of gas transporters) of the Act.
- 9.7.13 DRS3. Works required by any alteration of premises: This category consists of the moving of any gas pipes or plant that forms part of the pipeline system to accommodate the extension, redesign, or redevelopment of any premises on which the asset in question is located or to which it is connected.
- 9.7.14 DRS4. Telecommunications and information technology infrastructure services: (Not applicable)
- 9.7.15 DRS5. Outage Changes: (Not applicable)
- 9.7.16 DRS6. Emergency Services: This category consists of the provision of emergency services under contracts entered into pursuant to the provisions of Standard Special Condition A41 (Emergency Services to or on Behalf of Another Gas Transporter).
- 9.7.17 DRS7. PARCA Activities: (Not applicable)
- 9.7.18 DRS8. Independent System operation: This category consists of the operation of Independent Systems, as provided for by Special Condition 6.2 (Gas conveyed to Independent Systems), of the licence applicable to the NTS Operator, on behalf of the NTS Operator.

- 9.7.19 DRS9. Network Innovation Funding: Payments made by the NTS Operator to the licensee in respect of NIC Funding in accordance with Special Condition 7.7 (RIIO-GD1 network innovation competition).
- 9.7.20 DRS10. Value Added Services: (Not applicable)
- 9.7.21 DRS11. Top-up, standby, and enhanced system security: (Not applicable)
- 9.7.22 DRS12. Revenue protection services: (Not applicable)
- 9.7.23 DRS13. Metering Services: (Not applicable)
- 9.7.24 DRS14. Smart Meter Roll-out rechargeable services: (Not applicable)
- 9.7.25 DRS15. Miscellaneous: This category consists of the provision of any other service (including the provision of gas pipes or plant) that:
- (a) is for the specific benefit of any third party who requests it;
 - (b) is not made available by the licensee as a normal part of its Licensed Activities.

Part D: Procedure for issuing directions

- 9.7.26 Before issuing a direction under Part A the Authority will consider the general principle in Part B.
- 9.7.27 Any direction that the Authority issues under Part A will set out the date on which the licensee must start or cease treating services as Directly Remunerated Services.