



Statement of Compliance

Restriction on Use of Certain Information and Independence of
the Transportation Business

Statement of Compliance

Introduction

This is the statement required by Standard Special Condition A33 of the Gas Transportators licence of Northern Gas Networks Limited. It sets out how the licensee will comply (except where the written consent of the Authority has been obtained) with licence requirements on the restriction on the use of certain information and the independence of the gas transportation business.

The licence requires Northern Gas Networks Limited to:

- Maintain the full managerial and operational independence of the transportation business from any relevant supplier, relevant shipper, relevant generator, any trading business, its meter related services business and its meter reading business;
- Maintain the branding of the transportation business so that it is fully independent of the branding used by relevant supplier, relevant shipper, relevant generator, any trading business, its meter related services business and its meter reading business;
- Secure that no breach of the requirements of standard special condition A33 occurs as a result of any arrangements for the use of or access to:
 - premises or parts of premises occupied by persons engaged in the management or operation of the Transportation business;
 - systems for the recording, processing or storage of data to which persons engaged in, or engaged in respect of, the management or operation of the Transportation business;
 - equipment, facilities or property employed for the management or operation of the Transportation business; or
 - the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the Transportation business; and
- Manage the transfer of employees from the Transportation business to any relevant shipper, relevant supplier, relevant generator, any trading business, its meter related services business and its meter reading business.

This statement has been approved by the Gas and Electricity Markets Authority and may only be revised with the approval of the Authority.

Company Structure

Northern Gas Networks Limited (NGN) is a wholly owned subsidiary of Northern Gas Networks (Holdings) Limited. NGN's has a gas transportation business and is obliged under the terms of its gas transportation licence to provide meter related and meter reading services.

NGN has no relevant supplier, relevant shipper, relevant generator nor any trading business as defined in standard special condition A33. NGN has outsourced the provision of meter related and meter reading services to Transco Metering Services

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Ltd (TMS) via a managed services agreement. TMS is a wholly owned subsidiary of Transco plc.

Managerial and Operational Separation

The transportation business is managed by the Directors of NGN. The meter related and meter reading businesses are operationally managed by the Directors of TMS with information provided to NGN to fulfil its licence obligations.

Branding

The transportation business uses the NGN branding. TMS uses its own separate branding save as otherwise excepted by the written consent of the Authority,

Systems

TMS staff are strictly prohibited from access to any NGN transportation business systems.

Premises

TMS staff are situated remotely from the transportation business and have no access to any premises used by the transportation business.

Common/ Corporate Services

There are no common or corporate services provided to TMS and NGN.

Staff

As NGN has outsourced its meter related and metering services to TMS there will be no internal staff transfers between the transportation and meter related/meter reading businesses.

Relevant staff are subject to employment contracts which prevent unauthorised release of data to third parties including TMS.

Responsibility and Monitoring

The NGN Board has responsibility for compliance. It is the responsibility of managers to ensure compliance within their own business areas.

NGN has appointed a compliance officer as required by condition standard special condition A34 and will work closely with the compliance officer in carrying out the duties. These duties include providing advice, monitoring effectiveness and reporting annually on the effectiveness of the practices and procedures set out in this statement. The compliance officer has full and open access to all staff, systems and documentation.

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Complaints

Any complaints received by NGN will be reported to the compliance officer. The compliance officer will carry out investigations and recommend or advise the NGN directors upon any remedial action any such investigation has demonstrated to be necessary or desirable.

Further Information

Requests for hard copies of this statement or enquiries in relation to this statement should be addressed to:

Stephen Parker
Regulation Manager
Northern Gas Networks Limited
1200 Century Way
Thorpe Park Business Park
Colton
Leeds
LS15 8ZA