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STATUTORY INSTRUMENTS

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**2005 No. 280**

**GAS**

**The Gas Act 1986 (Exemption) (No. 2) Order 2005**

*Made* - - - - *5th February 2005*  
*Laid before Parliament* *11th February 2005*  
*Coming into force* - - *1st May 2005*

The Secretary of State, in exercise of the powers conferred upon her by section 6A of the Gas Act 1986(1) after giving notice under and considering any representations in accordance with section 6A(1A) of that Act, hereby makes the following Order:

**Citation, commencement and provision for revocation**

- 1.—(1) This Order may be cited as the Gas Act 1986 (Exemption) (No. 2) Order 2005.
- (2) This Order shall come into force on 1st May 2005.

**Interpretation**

2. In this Order—

“connection point” means any of the following —

- (a) any entry or offtake point on a DN where a DN is connected to another DN;
- (b) any entry point on a DN operated by a relevant gas transporter where an LNG storage facility operated by another relevant gas transporter is connected to that DN;
- (c) any offtake point on the NTS or entry point on a DN where a DN is connected to the NTS;
- (d) any offtake point on the NTS where Stranraer gas is taken out;
- (e) any offtake point on the NTS where relevant gas is taken out;

“DN” means a regional distribution pipe-line system connected to the NTS which is primarily used for the conveyance of gas to premises and which is owned and operated by Transco plc at the date hereof;

“LNG storage facility” means a storage facility(2) for the storage of liquid gas;

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(1) 1986 c. 44. Section 6A was substituted by section 4 of the Gas Act 1995 and amended by section 86 of the Utilities Act 2000.  
(2) the definition of storage facility in section 19E of the Gas Act 1986 was substituted by regulation 2(2) and paragraph 6(j) of Schedule 2 to S.I.2004/2043.

“relevant gas interconnectors” means the gas interconnector<sup>(3)</sup> between Stranraer in Scotland and Ballylumford in Northern Ireland and the gas interconnector between Moffat in Scotland and Loughshinny in the Republic of Ireland;

“NTS” means the high pressure pipe-line system (excluding any DN) which is owned and operated by Transco plc at the date hereof and which is primarily used for the conveyance of gas to other pipe-line systems (including DNs);

“relevant gas” means gas which an operator of a DN arranges to take out of the NTS for introduction into an LNG storage facility;

“relevant gas shipping arrangements” means arrangements made by a relevant gas transporter with another relevant gas transporter for gas to be introduced into a DN, taken out of a DN or taken out of the NTS, at a connection point.

“relevant gas transporter” means a gas transporter who operates a DN or the NTS;

“Stranraer gas” means gas which an operator of a DN arranges to take out of the NTS at Moffat so that it may be conveyed through the relevant gas interconnectors to that DN; and

“Transco plc” means the company registered in England and Wales under number 2006000.

### **Exemption in respect of certain shipping arrangements**

**3.—**(1) Subject to paragraph (2), an exemption is hereby granted from section 5(1)(c) of the Gas Act 1986 (prohibition on unlicensed shipping arrangements) to a relevant gas transporter in respect of relevant gas shipping arrangements.

(2) The exemption granted by paragraph (1) shall cease to have effect in relation to a relevant gas transporter if he fails to comply with the condition specified in article 4.

### **Condition**

**4.—**(1) Subject to paragraph (2), a relevant gas transporter shall comply with any direction given by the Authority<sup>(4)</sup> to provide it with such information concerning any relevant gas shipping arrangements, in such manner and at such times as the Authority may reasonably require, for the purpose of facilitating the performance by it of its functions under the Gas Act 1986, the Utilities Act 2000<sup>(5)</sup> or the Energy Act 2004<sup>(6)</sup>.

(2) No relevant gas transporter shall be regarded as having failed to comply with any direction given by the Authority pursuant to paragraph (1) where that failure is attributable to an incident beyond his control.

5th February 2005

*Mike O' Brien,*  
Minister for Energy and E-Commerce  
Department of Trade and Industry

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(3) the definition of gas interconnector was inserted in section 5(8) of the Gas Act 1986 by section 149(3) of the Energy Act 2004 (c. 20).

(4) The Authority was established by section 1 of the Utilities Act 2000.

(5) c.27.

(6) c.20.

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

Section 6A of the Gas Act 1986 provides for the granting by order of exemptions from the prohibition contained in section 5(1)(c) of the Gas Act 1986 on arranging with a licensed gas transporter for gas to be introduced into, conveyed by means of or taken out of a pipe-line system operated by that transporter.

Article 3 exempts any gas transporter who operates the National Transmission System (NTS) or a regional distribution network (DN) in relation to arrangements with another such transporter for gas to be taken out of the NTS or introduced into or taken out of a DN at certain connection points. The connection points are —

- (a) any entry and offtake point on a DN where the DN is connected to another DN;
- (b) any entry point on a DN operated by a gas transporter where an LNG storage facility operated by another gas transporter is connected to that DN;
- (c) any offtake point on the NTS or entry point on a DN where a DN is connected to the NTS;
- (d) any offtake point on the NTS where gas is taken off and then conveyed via interconnectors to a pipe-line system operated by a DN; and
- (e) any offtake point on the NTS where an operator of a DN arranges for gas to be taken off for introduction into an LNG storage facility.

The exemption is subject to the condition set out in article 4 whereby the Gas and Electricity Markets Authority may direct an exempted gas transporter to provide certain information to it.

This Order applies to Great Britain.

A regulatory impact assessment is available and can be obtained from the Energy Markets Unit, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET. Copies have been placed in the libraries of both Houses of Parliament.