

CDSP SERVICE DOCUMENT

THIRD PARTY AND ADDITIONAL SERVICES POLICY

Version: 1.0

Effective date: 15 December 2016

1 General

1.1 Introduction

1.1.1 This document (**Document**) is the Third Party Services Policy referred to in GT Section D3.1.4(vii) and Clause 3.3(f) of the DSC Terms and Conditions and is a CDSP Service Document.

1.1.2 This Document is an integral part of and is incorporated in the DSC.

1.1.3 The version of this Document which is in force, and the date from which it is in force, is as stated above.

1.2 Interpretation – general

1.2.1 In this Document:

- (a) **DSC** means the contract which is constituted by the DSC Agreement, the DSC Terms and Conditions and each of the CDSP Service Documents;
- (b) **Uniform Network Code** or **UNC** means the uniform network code prepared pursuant to Standard Special Condition A11(6) of the gas transporter's licence, as from time to time modified, and as made contractually binding (as incorporated into an individual gas transporter's individual network code) by the relevant framework agreement;
- (c) **DSC Terms and Conditions** means the DSC Terms and Conditions as defined in and for the time being in force pursuant to GT Section D;
- (d) terms defined in or for the purposes of the DSC Terms and Conditions and not otherwise defined in this Document have the meanings given to them in the DSC Terms and Conditions;
- (e) terms defined in any other CDSP Service Document and not otherwise defined in this Document have the meanings given to them in that CDSP Service Document; and
- (f) the further provisions of the DSC Terms and Conditions as to interpretation apply.

1.2.2 In the case of any conflict between the provisions of this Document and any other part of the DSC, the provisions of the DSC Terms and Conditions as to priority apply.

1.3 Amendment

1.3.1 This Document may be amended in accordance with the applicable procedures contained in the Change Management Procedures.

1.4 Interpretation – specific

1.4.1 In this Document:

- (a) **Third Party** means a person (other than the CDSP) which is not a Customer;
- (b) **Third Party Service** has the meaning given in the CDSP Service Description, that is a Service provided to a Third Party, or to a Customer on terms other than those of the DSC;
- (c) **TPS Customer** means the person (whether a Third Party or a Customer) requesting a Third Party Service or to which a Third Party Service is provided;
- (d) **TPS Agreement** means an agreement between the CDSP and a TPS Customer for provision of a Third Party Service; and
- (e) references to the **Committee** are to the Contract Management Committee.

1.5 Scope and purpose

1.5.1 This Document sets out the basis on which:

- (a) the CDSP may provide Third Party Services to Third Parties or Customers; and
- (b) the CDSP may agree to provide Additional Services to Customers under the DSC.

1.5.2 In respect of Third Party Services, this Document sets out:

- (a) the types of Services which may be provided as Third Party Services;
- (b) conditions to be satisfied before the CDSP may agree to provide such Services;
- (c) requirements as to the terms on which the CDSP may agree to provide such Services;
- (d) reporting requirements for the CDSP in respect of Third Party Services; and
- (e) the basis on which and extent to which the Committee may, at the request of the CDSP, waive or vary any of the provisions referred to in paragraphs (a) to (d).

1.5.3 In respect of Additional Services, this Document sets out:

- (a) matters equivalent to certain of the matters in paragraphs 1.5.2(a), (b), (d) and (e); and
- (b) circumstances in which the CDSP may not agree to provide a Service to a Customer as an Additional Service.

2 Third Party Services

2.1 General

2.1.1 The CDSP may agree to provide Third Party Services, without the approval of the Committee, subject to and in accordance with the provisions of paragraphs 2.2, 2.3 and 2.4.

2.1.2 The CDSP shall provide Services to Trader Users under UK Link User Agreements in accordance with GT Section D5.

2.2 Types of Service

2.2.1 The CDSP may only provide Services to TPS Customers which are CDSP Services.

2.3 Conditions for providing Third Party Services

2.3.1 Subject to paragraph 2.6, the CDSP may only provide a Third Party Service if all of the following conditions are met at the time the CDSP enters into the TPS Agreement in relation to such Third Party Service:

- (a) (where the TPS Customer is a Third Party) the CDSP has conducted appropriate due diligence in respect of the Third Party and is reasonably satisfied that the Third Party is a proper person for the CDSP to contract with;
- (b) the CDSP is satisfied that the provision and receipt of the Third Party Service will not be unlawful for the CDSP;
- (c) the CDSP is satisfied that the provision of the Third Party Service will not:
 - (i) involve the disclosure to the TPS Customer or any other person of information which is Confidential Information for any Customer, unless the Customer has agreed to such disclosure; or
 - (ii) have any non-trivial adverse effect on the provision of any Services to Customers under the DSC, including in respect of the use of any part of UK Link, the use of data, or the resource committed to the provision of the Third Party Service;
- (d) the CDSP is satisfied that it will be able to perform the Services without any non-trivial risk of failure or breach of the TPS Agreement;
- (e) the aggregate amount of the CDSP's turnover attributable to Third Party Services (excluding Charges payable under UK Link User Agreements) does not, and will not as a result of entering into the TPS Agreement, exceed 2.5% of the CDSP's overall turnover; and
- (f) the Charges in respect of the Third Party Service will provide a contribution to the CDSP's fixed costs.

2.4 Terms of provision of Third Party Services

2.4.1 Subject to paragraph 2.6, the terms on which the CDSP agrees to provide Third Party Services must comply with the following requirements:

- (a) subject to paragraph 2.4.2, the aggregate amount for which the CDSP may be liable under the TPS Agreement does not exceed 150% of the aggregate amount payable by the Third Party by way of Charges;
- (b) other than in respect of a UK Link User Agreement with a Trader User, the term of the TPS Agreement does not exceed 24 months', or the CDSP may terminate the TPS Agreement without liability on not more than 24 months notice;

- (c) a credit policy is applied in relation to the TPS Customer which the CDSP considers appropriate and is no less conservative than the DSC Credit Policy;
- (d) the Charges for provision of the Third Party Service comply with the requirements in paragraph 2.5;
- (e) the Third Party consents to disclosure by the CDSP of information as provided in paragraph 4 and where required for the purposes of paragraph 2.6.1; and
- (f) if the Third Party Service involves access to or use of UK Link by the TPS Customer, the TPS Agreement includes the terms of a UK Link User Agreement or the TPS Customer (if a Third Party) is party to a UK Link User Agreement.

2.4.2 Paragraph 2.4.1(a) does not apply to liabilities which cannot be excluded or limited under law and any liabilities which in the ordinary course of business would not typically be limited in a contract such as the relevant TPS Agreement.

2.5 Charging

2.5.1 Subject to paragraph 2.5.2, the Charges for a Third Party Service are to be set:

- (a) so as to recover the Costs of developing (where applicable) and providing the Third Party Service (ascertained in accordance with the Cost Allocation Methodology as provided in the Budget and Charging Methodology); and
- (b) so as to earn a margin on those Costs which the CDSP will determine having regard to:
 - (i) the contestability of the service; and
 - (ii) the risk and liability assumed by the CDSP under the TPS Agreement.

2.5.2 The Charges under UK Link User Agreements shall be determined so as to be consistent with the requirements of GT Section D5.5.2 .

2.6 Waiver or variation

2.6.1 Subject to paragraph 2.6.2, if the requirements in paragraphs 2.3, 2.4 and 2.5 are not met, the Committee may authorise the CDSP to agree to provide Third Party Services if the Committee considers that the provision of such Third Party Services will have benefits for Customers collectively (as Customers and not as TPS Customers) which outweigh the risk resulting from such requirements not being met.

2.6.2 The Committee may not give such authorisation to the CDSP if any of the following requirements is not met:

- (a) paragraphs 2.3.1(a), (b) and (c)(i); and
- (b) paragraphs 2.4.1(c), (e) and (f).

3 Additional Services

3.1 Terms and Conditions for Additional Services

3.1.1 The CDSP may not agree to provide Additional Services (or make an Additional Services Offer) to a Customer under the DSC unless the requirements in paragraphs 2.2.1, 2.3.1(b), (c)(i) and (ii) and (d) are met (such paragraphs to be construed on the basis that references to Third Party Service are to Additional Service and to TPS Agreement are to the agreement under the DSC to provide the Additional Service).

3.1.2 Charges for Additional Services shall be determined in accordance with the Budget and Charging Methodology.

3.2 Restrictions on Additional Service

3.2.1 Where a Customer requests the provision of an Additional Service, if either:

- (a) the Customer proposes contractual terms for the Additional Service which would impose liability or otherwise create risk for the CDSP which is not consistent with the DSC Terms and Conditions or the approach of the CDSP Service Description to performance liability and risk for the CDSP; or
- (b) the nature of the Additional Services requested is such that the CDSP would or might incur liability (to other persons) or be exposed to risk materially different from its liability and risk exposure under the DSC,

the CDSP shall not agree to provide (or make an Additional Services Offer) for such Additional Services, but subject to paragraph 3.2.2(a).

3.2.2 Where paragraph 3.2.1 applies:

- (a) the Customer may refer the matter to the Committee and, if the Committee decides that the CDSP should provide such Additional Services, the CDSP may make an Additional Services Offer to the Customer; and
- (b) the Customer may instead request the relevant Services as Third Party Services, in which case paragraph 2 shall apply.

3.2.3 Subject to paragraph 3.1 and 3.2.1, the CDSP may make an Additional Services Offer to any Customer who requests an Additional Service.

3.3 Confidentiality

3.3.1 Where the CDSP provides an Additional Service to a Customer, the CDSP will not (and will not be required to) disclose the specification of the Additional Service to any other Customer or to the Committee.

3.3.2 Nothing in the DSC prevents the CDSP from accepting a request from a Customer for an Additional Service the specification of which is the same as or similar to an Additional Service provided to another Customer, or to inform such other Customer that it is doing so.

4 Reporting

4.1 Third Party Services

4.1.1 The Monthly Contract Management Report for each Month shall include:

- (a) a forecast of the aggregate amount of Third Party Service Charges for the current CDSP Year, separately in respect of Charges under UK Link User Agreements and other Charges;
- (b) in the case of the first report after the publication of the Annual Accounts for a CDSP Year, a statement of the aggregate amount of Third Party Service Charges for that CDSP Year, separately in respect of Charges under UK Link User Agreements and other Charges;
- (c) information about any new category of Third Party requesting Third Party Services;
- (d) details of any case where the CDSP has incurred or may incur a material liability to a TPS Customer under a TPS Agreement; and
- (e) where a TPS Customer is in material breach of a TPS Agreement, or any proceedings are threatened or have been commenced by the CDSP or the Third Party under a TPS Agreement, details of such breach or proceedings.

4.1.2 The CDSP may disclose the identity of a TPS Customer pursuant to paragraph 4.1.1(e) but will not otherwise do so pursuant to paragraph 4.1.1.

4.2 Additional Services

4.2.1 The Monthly Contract Management Report for each Month shall include:

- (a) a forecast of the aggregate amount of Additional Service Charges for the current CDSP Year; and
- (b) in the case of the first report after the publication of the Annual Accounts for a CDSP Year, a statement of the aggregate amount of Additional Service Charges for that CDSP Year.