

**SUBJECT: Proposed Changes to the Supply Point Administration Agreement (v6.2).**

6.7 Where the number of candidates proposed in Clause 6.7 in a particular category exceed number of persons allowed to constitute SPAA EC Members in such category pursuant to Clause 6.3, the Secretary shall invite (and may do so by e-mail) the ~~Parties~~, from the relevant category, to cast votes (and they may do this by email) for their favoured candidate to the Secretary within 10 Working Days of receipt of such list of candidates. Each category of Parties entitled to vote for a Large Domestic Supplier Member, a Small Domestic Supplier Member, ~~an I&C Supplier Member~~, a Large Transporter Member, or a Small Transporter Member shall have the number of votes calculated in accordance with Clause 6.8. For the avoidance of doubt, only Large Domestic Suppliers shall be entitled to vote for a Large Domestic Member, only Small Domestic Suppliers shall be entitled to vote for a Small Domestic Member, ~~only Industrial and Commercial Suppliers shall be entitled to vote for an I&C Member~~, only Large Transporters shall be entitled to vote for a Large Transporter Member, and only Small Transporters shall be entitled to vote for a Small Transporter Member.

6.8 Subject to Clauses 6.9, 6.10, and 6.11 the percentage of the vote to which each Party in a category of Parties shall be entitled in respect of any election pursuant to Clause 6.7 ("Weighted Votes") shall be calculated in accordance with the following formula:

$$V = \frac{N}{SN} \times 100$$

Where:

"V" means the percentage of the vote to which a Party in a category of Parties shall be entitled, calculated to two decimal places;

"N" means either:

- (i) the number of Supply Points for which a Party in ~~the~~ a category of Domestic Suppliers was Registered on all Gas Transportation Databases in the month preceding the election which shall be determined from the Report submitted by that Supplier in respect of that month pursuant to Clause 21.2; or
- (ii) the number of Supply Points which a Party in a category of Transporters had Registered on its Gas Transportation Database in the month preceding the election which shall be determined from the Report submitted by that Transporter in respect of that month pursuant to Clause 21.2; or
- (iii) one

whichever is the greater. "SN"

means either:

- (i) the total number of Supply Points for which Parties in that category of Domestic Suppliers were Registered on all Gas Transportation Databases in the month preceding the election which shall be determined from the Report submitted in respect of that month by each such Party pursuant to Clause 21.2; or
- (ii) the total number of Supply Points which Parties in that category of Transporters had Registered on their Gas Transportation Databases in the month preceding the election which shall be determined from the Report submitted in respect of each month by each such Party pursuant to Clause 21.2.

"X" means either:

- (i) the number of Parties in that category of Domestic Suppliers for whom no Supply Points were Registered on any Gas Transportation Database in the month preceding the election which shall be determined from the Report submitted in respect of that month by such Parties pursuant to Clause 21.2; or
- (ii) the number of Parties in that category of Transporters who had no Supply Points Registered on their Gas Transportation Databases in the month preceding the election which shall be determined from the Report submitted in respect of that month by such Parties pursuant to Clause 21.2.

6.10 Where Clause 6.9.1 applies, any Extra Votes shall be reallocated to each of the other Parties in the same category of Parties (provided that they are not part of a Group of Parties which together holds in excess of 20% of the Total Weighted Vote) to which the Extra Votes relate who have less than 20% of the Total Weighted Vote in accordance with the following formula:

$$EXV = EV \times \frac{N}{XN - X}$$

where:

"EXV" means the additional percentage of the vote which are to be added to the percentage of vote held by a Party in that category of Parties holding less than 20% of the Total Weighted Vote;

"EV" means the aggregate percentage of Extra Votes available for reallocation in accordance with Clause 6.9.1;

"N" means either:

- (i) the number of Supply Points for which the Party in the ~~that~~ category of Domestic Suppliers was Registered on all Gas Transportation Databases in the month preceding the election which shall be determined from the Report submitted in respect of such month by that Supplier pursuant to Clause 21.2; or
- (ii) the number of Supply Points which the Party in a category of Transporters has Registered on its Gas Transportation Database in the month preceding the election which shall be determined from the Report submitted by that Transporter in respect of that month pursuant to Clause 21.2; or
- (iii) one, whichever is the greater.

"XN" means the total number of Supply Points on all Gas Transportation Databases in the month preceding the election which shall be determined by summing the total number of Supply Points for each Party in that category of Parties whose vote has not been reduced in accordance with Clause 6.9.1 and shall be determined from the Reports submitted in respect of that month by each such Party pursuant to Clause 21.2;

"X" means either:

- (i) the number of Parties in that category of Domestic Suppliers for whom no MPRNs were Registered on any Gas Transportation Database in the month preceding the election which shall be determined from the Report submitted in respect of that month by each such Party pursuant to Clause 21.2; or
- (ii) the number of Parties in that category of Transporters who had no Supply Points Registered

on their Gas Transportation Databases in the month preceding the election which shall be determined from the Report submitted in respect of that month by each such Party pursuant to Clause 21.2..

6.11 Where, as a result of the reallocation of Extra Votes in accordance with Clause 6.10, any Party in a category of ~~Parties~~ or Group of Parties in a category of Parties has in excess of 20% of the Total Weighted Vote ("**Extra Votes**"), the Extra Votes shall be reallocated in accordance with Clauses 6.8 to 6.9.1 (inclusive) and Clause 6.10, *mutatis mutandis*. If more than one Party in a category of Parties or Group of Parties in a category of Parties has more than 20% of the Total Weighted Vote, this Clause 6.11 shall be applied for each Party or Group of Parties in that category of Parties with more than 20% of the Total Weighted Vote.

6.12 Each Group of Parties shall be entitled to cast one vote for an I&C Supplier Member, if at least one licence holder in that Group of Parties is a member of the relevant category. It may only cast one vote in the I&C Supplier Constituency if it have not cast a weighted vote in the Domestic Supplier Constituency.

6.13 The two I&C Supplier Members that receive the ~~most percentage~~highest number of ~~the~~ votes, or, where any two candidates are proposed, those candidates, shall be appointed as the I&C Supplier Members from 1<sup>st</sup> November in that year. The two Large Domestic Supplier Members that receive the most percentage of the vote, or, where only two candidates are proposed, those candidates, shall be appointed as the Large Domestic Supplier Members from 1<sup>st</sup> November in that year. The Small Domestic Supplier Member that receives the most percentage of the vote, or, where only one candidate, is proposed, that candidate shall be appointed as the Small Domestic Supplier Member from 1<sup>st</sup> November in that year. The two Large Transporter Members that receive the most percentage of the vote, or, where only two candidates are proposed, those candidates shall be appointed as the Large Transporter Members from 1<sup>st</sup> November in that year. The Small Transporter Member that receives the most percentage of the vote, or, where only one candidate is proposed, that candidate shall be appointed as the Small Transporter Member from 1<sup>st</sup> November in that year. For I&C Supplier Members, if votes are tied, then the two candidate with the greatest votes from Parties (for the relevant category) from each Group of Parties will be appointed

6.13 All SPAA EC Members shall retire on 1 November next following their appointment as SPAA EC Members, but each retiree may be a candidate for reappointment in respect of the following year in accordance with Clause 6.7.

6.14 Each category of Parties entitled to appoint a SPAA EC Member pursuant to Clause 6.7 to Clause 6.14~~2~~ (inclusive) may where those Parties, in that category of Parties holding Weighted Votes in aggregate totalling more than 50% of the Total Weighted Vote of the category of Parties that appointed such SPAA EC Member, agree at any time, to remove the SPAA EC Member from office and elect or appoint another individual to be a SPAA EC Member in his place. A category of Parties will only have the right to remove from office a SPAA EC Member which it or they have elected or appointed, and will have no right to remove from office any SPAA EC Member elected or appointed by another category of Parties. Any appointment to replace a SPAA EC Member removed from office pursuant to this Clause 6.14 shall be made in accordance with the procedure set out in Clause 6.7 to Clause 6.11 (inclusive), but on such time scale as the Secretary shall reasonably direct. Only Parties who are Parties at the point in time when the existing SPAA EC Member is removed pursuant to this Clause shall be entitled to nominate candidates and to vote.

7.17 A quorum at meetings of the SPAA Forum shall be:

7.17.1 persons representing (including by proxy) Domestic Suppliers together holding Weighted Votes totalling 50% or more of the Total Weighted Votes of Domestic Suppliers;

7.17.2 persons representing (including by proxy) Industrial and Commercial Suppliers together holding ~~Weighted~~ Votes totalling more than 50% ~~or more of the Total Weighted Votes of~~ Industrial and Commercial Suppliers;

7.17.3 persons representing (including by proxy) Transporters together holding Weighted Votes totalling 50% or more of the Total Weighted Votes of Gas Transporters,

and in each case, the ~~Weighted~~ Vote of each Party in Clauses 7.17.1, 7.17.2 and 7.17.3 shall be determined by the Secretary from the Report submitted by each Party in respect of the previous month pursuant to Clause 21.2.

7.22 A resolution of the SPAA Forum will be carried where:

7.22.1 subject to Clause 7.22.6, for a matter relating to the Domestic Suppliers only, Domestic Suppliers' representatives together casting Weighted Votes totalling 65% or more of the Total Weighted Vote of Domestic Suppliers in each case present or represented (including by proxy) at the meeting; or

7.22.2 ~~subject to Clause 7.22.6,~~ for a matter relating to the Industrial and Commercial Suppliers only, Industrial and Commercial Suppliers' representatives together casting ~~Weighted~~ Votes totalling 651% or more of ~~the Total Weighted Vote of~~ Industrial and Commercial Suppliers in each case present or represented (including by proxy) at the meeting; or

7.22.3 subject to clause 7.22.6, for a matter relating to both Domestic Suppliers and Industrial and Commercial Suppliers, Domestic Suppliers' representatives together casting Weighted Votes totalling 65% or more of the Total Weighted Vote of Domestic Suppliers, and Industrial and Commercial Suppliers' representatives together casting ~~Weighted~~ Votes totalling 651% of the Total ~~Weighted~~ Vote of Industrial and Commercial Suppliers, in each case present or represented (including by proxy) at the meeting; or

7.22.4 subject to clause 7.22.6, for a matter relating to the Transporters only, Transporters' representatives together casting Weighted Votes totalling 65% or more of the Total Weighted Vote of Transporters in each case present or represented (including by proxy) at the meeting; or

7.22.5 subject to clause 7.22.6, for a matter relating to all Parties, Domestic Suppliers' representatives together casting Weighted votes totalling 65% or more of the Total Weighted Vote of Domestic Suppliers, Industrial and Commercial Suppliers' representatives together casting ~~Weighted~~ Votes totalling 651% or more of the Total ~~Weighted~~ Vote of Industrial and Commercial Suppliers, and Transporters' representatives together casting Weighted Votes totalling 65% of the Total Weighted Vote of Transporters, in each case present or represented at the meeting.

7.22.6 for a matter relating to a Mandatory Schedule, or any change of a Voluntary Schedule and/or Elective Schedule to a Mandatory Schedule, or the introduction of a new Mandatory Schedule:

(A) Domestic Suppliers' representatives together casting Weighted Votes totalling 65% of the Total Weighted Vote, ~~Industrial and Commercial Suppliers' representatives together casting Weighted Votes totalling 65% of the Total Weighted Vote,~~ and Transporters' representatives together casting Weighted Votes totalling 65% of the Total Weighted Vote (provided in each case the category of

Parties has an interest in the resolution); and

- (B) Industrial and Commercial Suppliers' representatives together casting Votes totalling 51% of the total vote (provided the category of Parties has an interest in the resolution)
- (C) 65% or more by number of representatives of Domestic Suppliers (not being in a Group of Domestic Suppliers) and Groups of Domestic Suppliers' representatives, 65% or more by number of representatives of Industrial and Commercial Suppliers (not being in a Group of Industrial and Commercial Suppliers) and Groups of Industrial and Commercial Suppliers' representatives, and 65% or more by number of representatives of Transporters (not being in a Group of Transporters) and Groups of Transporters' representatives (provided in each case the category of Parties has an interest in the resolution),

in each case present or represented (including by proxy) at the meeting.

7.23 On a vote, each Parties' representative shall be entitled to vote ~~Weighted Votes of the Party whom it is representing, calculated~~ in accordance with Clauses 6.8 to 6.14~~2~~ (inclusive). A Group of Parties shall be entitled to vote on matters in which they have an interest as determined pursuant to Clause 7.13 or on matters affecting all Parties.

### **Recovery of Costs**

8.8 Each I&C Supplier, which is not a Domestic Supplier with a portfolio of more than 5000 meter points, but less than 1,000,000 meter points supplied will contribute £500 a month towards the cost of the SPAA.

8.9 For the purposes of Clause 8.10, the amount which each Supplier shall be obliged to pay towards the remaining costs to be incurred in accordance with the most recent approved budget in respect of any Quarter shall be calculated as follows:

$$SP = \frac{A \times C}{T}$$

Where:

SP = the amount due from each Supplier;

A = the average number of Supply Points of the Supplier whose SP is being calculated contained on all Gas Transportation Databases across the last three (3) months for which Reports have been submitted pursuant to Clause 21.2, which shall be determined by summing the number contained in those three Reports over all Gas Transportation Databases and dividing that figure by three (3);

C = estimated costs for the Quarter included in the most recent budget approved pursuant to Clause 8.3 or 8.4; and

T = the average number of Supply Points for all Suppliers held on all Gas Transportation

Databases across the last three (3) months for which Reports have been submitted pursuant to Clause 21.2, which shall be determined by summing the total number of Supply Points contained in those Reports and dividing that figure by three (3).

- 9.13 After each Change Proposal has been considered a Vote shall be taken to determine whether the Change Proposal (or modified Change Proposal where applicable) should be accepted or rejected. Each such Party Group which in accordance with this Clause 9.9 considers itself entitled to vote shall be entitled to ~~Weighted-v~~ Votes calculated in accordance with Clauses 6.8 to 6.1+2 (inclusive). Following the Change Voting Date, the Change Control Administrator shall determine, in accordance with Clause 7.22, *mutatis mutandis*, from the ~~Weighted-v~~ Votes cast by the relevant Parties whether a Change Proposal shall be approved or rejected.