

#### **Standard Special Condition D4: Prohibited Procurement Activities**

1. Subject to paragraph 2, the licensee shall not either on its own account or on behalf of:
  - (a) any affiliate or related undertaking of the licensee; and/or
  - (b) any other business operated by the holder of this licence or its affiliates or related undertakings under a separate gas transporter licence for a relevant gas transporter,

purchase, enter into agreements for or otherwise acquire capacity rights, gas or gas derivatives with the intention of subsequently selling, assigning or otherwise disposing of such assets to third parties, and the licensee shall procure that anyone specified in sub-paragraphs (a) and (b) shall not undertake such transactions on its own account, or on behalf of the licensee, or of anyone specified in sub-paragraphs (a) and (b).
2. The prohibition in paragraph 1 of this condition shall not apply if the transactions referred to in paragraph 1 are undertaken:
  - (a) by an affiliate or related undertaking of the licensee each on its own account or on behalf of affiliates or related undertakings specified in paragraphs 1(a) and 1(b) other than the licensee, provided that, in respect of each case, such affiliate or related undertaking holds a relevant licence, issued by the Authority, or is otherwise exempted from the requirement to hold such a licence, and that such licence or exemption does not prohibit such transactions;
  - (b) with the prior written consent of the Authority;
  - (c) in accordance with the licensee's functions under the network code; or
  - (d) by:
    - (i) the licensee on its own account,
    - (ii) the licensee on behalf of any DN operator that is an affiliate of the licensee,

(iii) any DN operator that is an affiliate of the licensee on behalf of the licensee, or

(iv) the licensee and any DN operator that is an affiliate of the licensee acting on a joint basis,

for the purpose of facilitating shrinkage procurement and/or constraint management provided that such transactions:

(aa) are conducted on economic and efficient terms; and

(bb) facilitate the economic and efficient operation of the transportation system.

3. In this condition:

**“shrinkage procurement”**

means the balancing of the pipe-line system to which this licence relates through the acquisition or disposal of gas to replace gas lost from the pipe-line system to which this licence relates or from the pipe-line system of a DN operator that is an affiliate of the licensee in respect of shrinkage (having the meaning given to that term in the network code).