



**NGS 04/2024**

**Publication Date: 1 October 2024**

**NAME OF LICENSEE: [Company name] Limited/Ltd.**

**ADDRESS OF LICENSEE: c/o [Address]  
Nassau, The Bahamas**

**Natural Gas Transporter Licence**

**Commencement Date: [day] [month] [year]**

**Licence Number: LTOL – [XX]-[XXXX]**

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## **PART A**

### **1 GRANT OF THE LICENCE**

- 1) The Utilities Regulation and Competition Authority (URCA) in exercise of its powers conferred by section 31 of the Natural Gas Act, 2024,

**HEREBY GRANTS** to [insert company name], a company incorporated in the Commonwealth of The Bahamas with Registration Number [xxx] (the “Licensee”), a Natural Gas Transporter Licence authorising the Licensee to transport gas by pipeline in The Bahamas (“the Licence”), subject to the conditions of this Licence (the “Licence Conditions”).

- 2) This Licence shall be cited as the [insert company name] Natural Gas Transporter Licence.
- 3) This Licence shall come into effect on the [insert date] (“the Commencement Date”) and shall continue in full force and effect until termination or expiry unless amended, revoked or terminated pursuant to the terms and conditions set out herein.
- 4) The Conditions of this Licence are subject to amendment or modification in accordance with their terms or in accordance with the Natural Gas Act, 2024.
- 5) This Licence shall be governed by and construed, enforced and performed in accordance with the laws of the Commonwealth of The Bahamas.

Executed on behalf of the Utilities Regulation and Competition Authority on the [insert date].

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**Chief Executive Officer**

## 2 ACCEPTANCE OF TERMS AND CONDITIONS OF THE LICENCE

- 6) We, [XXX] Ltd., the named Licensee hereby accept the terms and conditions of this Licence on our behalf and on behalf of any Subsidiary Undertaking authorised in accordance with Section 32 and jointly named above or endorsed below.

SIGNED this ..... day of .....2024

Signature .....

[XXX]

[Title]

## 3 ENDORSEMENT OF AUTHORISED SUBSIDIARIES

- 7) URCA grants this Licence jointly to the following Subsidiary Undertakings of the Licensee named in Condition 1) that have been notified to URCA in accordance with Section 32 of the NGA: [XXXI].
- 8) Notwithstanding the inclusion of its name on this licence, such Subsidiary Undertaking shall cease to be licensed for the purposes of Condition 1) in the following circumstances:
- a) fourteen (14) calendar days after URCA receives notice in writing from the named Licensee or the relevant Subsidiary Undertaking excluding the Subsidiary Undertaking from the licence; or
  - b) immediately subsequent to a determination by URCA excluding the Subsidiary Undertaking from the licence.

## 4 DEFINITIONS AND INTERPRETATION

- 9) In this Licence, except in so far as the context otherwise requires:

**“Act”** means the Natural Gas Act, 2024;

**“Allowed Activities”** means activities, other than the Authorised Business, which the Licensee may engage in, subject to the provisions of Condition 32, and

**“Allowed Activity”** means any of the allowed activities mentioned in the previous definition;

**“Assets”** mean the material assets and facilities owned, operated or leased by the Licensee, including real estate and resources of economic value that the Licensee owns or controls with the expectation of future benefit;

**“Authorised Business”** means the Licensee’s transport of natural gas, which allows the Licensee to convey

gas through pipes to any premises within The Bahamas and includes the development, administration, maintenance and operation of its pipeline system. The Licensee is allowed to provide gas transport services with gas shippers and entitled to bill them at the rates and charges approved in accordance with the Natural Gas;

**“Balancing period”** has the meaning ascribed to that term in the Gas Network Code;

**“Catastrophic Failure”** means a sudden and total failure of a system, equipment, or process that leads to its complete and immediate inability to function;

**“Close relation”** means a spouse, parent, child or sibling;

**“Constitution”** means the Constitution of the Commonwealth of The Bahamas;

**“Customers”** means all persons who have entered into a transport agreement or any similar agreements to purchase services from the Licensee, and **“Customer”** means any of them;

**"Fair Market Value"** means the market value of the Licensee when evaluated as an ongoing business concern including this Licence and all lands, buildings, works, materials, plant and property of all kinds whatsoever suitable to or intended for the purposes of the undertaking and shall be the price, expressed in cash equivalents, at which the Shares would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open unrestricted market when neither is under any compulsion to buy or sell and when both have reasonable knowledge of the relevant facts. Fair market value shall be the average value as determined by a panel of three (3) independent valuation experts, one to be selected by URCA, one by the Licensee and one, who shall be Chairman of the panel, to be selected by the two other members. In the event that the nominees cannot agree on the selection, the Chairman shall be appointed by URCA;

**"Financial Year"** means the twelve (12) month period at the end of which the Licensee's annual accounts are closed;

**“Force Majeure”** means an event or circumstance which prevents the Licensee from performing its obligations under this Licence, which event or circumstance is not within the reasonable control of, or the result of the negligence of, the Licensee, and which the Licensee is unable to overcome or avoid or cause to be avoided through the exercise of due diligence. Events of Force Majeure may include, but are not limited to:

- a) acts of God;
- b) pandemics,
- c) fire including fire resulting from an earthquake;

- d) flood including flood caused by an earthquake or hurricane;
- e) volcanic eruption;
- f) earthquake;
- g) hurricane, cyclone, tornado or windstorm;
- h) overflow of the sea caused by hurricane, cyclone, tornado or windstorm the elements listed above;
- i) war, riots or acts of terrorism;
- j) strikes, walkouts, lockouts and other labour disputes;
- k) requirements, actions or failure to act on the part of governmental authorities;
- l) adoption or change in any law, regulation, statute, rule or regulation imposed by governmental bodies, including, without limitation, a change in the interpretation thereof; or
- m) any lawful order by any court or administrative agency (so long as the Licensee has not applied for or assisted in the application for such court or governmental action);

**"Gas Metering Code"** means the code of practice that sets out the obligations of meter owners, gas shippers and the Licensee with regards to meter installations and metering data;

**"Gas Network Code"** means the The Bahamas Gas Network Code issued by URCA in accordance with the Act;

**"Gas Supply Code"** means the code of practice that sets out the obligations of gas licensees to comply with the standards and procedures for the safe operation of the gas supply system;

**"Government"** means the Government of the Commonwealth of The Bahamas;

**"Licensee"** means [XXX] and includes any entity exercising step-in rights on a named Licensee;

**"Licensee's gas pipeline"** means a gas pipeline owned by or under the management or control of the Licensee;

**"Licensee's gas pipeline network"** means a gas pipeline network owned by or under the management or control of the Licensee;

**“Licensee’s gas transmission pipeline” (and “Licensee’s gas transmission network”)** means a gas transmission pipeline owned by or under the management or control of the Licensee; and the “Licensee’s gas transmission network” shall be construed accordingly;

**"LNG"** means liquefied natural gas;

**"Minister"** means the Minister charged with responsibility for the Energy Sector;

**“Named Licensee”** means the person whose name appears in the grant and issuance of a licence by URCA;

**“Nomination”** has the meaning ascribed to that term in the Gas Network Code;

**"Person"** means any individual, partnership, joint venture, company, association, trust company, or corporation;

**"Price Regulated Services"** means in respect of the Licensee, the price regulated services offered by the gas retailer as might be defined by URCA;

**"Regulatory Accounts”** means the reports on the financial and operating performance of the Licensee in such detail and format as designated by URCA;

**“Regulatory contract”** means an agreement or arrangement as designated by URCA pursuant to Condition 35 of this licence;

**“Related Enterprise”** in relation to the Licensee or its Subsidiary Undertaking means any corporation or partnership over which the Licensee or its Subsidiary Undertaking, as the case may be (either directly or through another Subsidiary Undertaking) is able to exercise control, that is, to direct the decision-making process of the corporation or partnership, whether through holding issued share capital or voting power of the company or partnership;

**“Relevant Legislation”** means the Act and the Utilities Regulation and Competition Authority (URCA) Act and includes in each case the regulations made thereunder;

**“Relevant Turnover”** has the meaning specified in the Act;

**“Service Territory”** means, for the purpose of this Licence, within, into, from and through the islands and cays within the Commonwealth of The Bahamas;

**“Subsidiary Undertaking”** shall the meaning specified under the Act;

**"URCA Fees"** mean the Fees prescribed by URCA pursuant to the Act;



**“Utilities Appeal Tribunal” or “UAT”** means the Utilities Appeal Tribunal established under the Utilities Appeal Tribunal Act, 2009.

For the purpose of interpreting the Conditions in this Licence:

- 10) except in so far as the context otherwise requires, words or expressions shall have the meaning assigned to them in:
  - a) the Licence, and otherwise;
  - b) the Natural Gas Act, 2024 and otherwise;
  - c) the URCA Act, and otherwise; and
  - d) the UAT Act;
- 11) for ease of reference, in this Licence terms defined in the Natural Gas Act have been capitalised;
- 12) subject to Condition 10) above, where there is any conflict between the provisions of this Licence and the Act, the provisions of the Act shall prevail;
- 13) references to Conditions, paragraphs, schedules, subparagraphs and appendices are to Conditions, paragraphs, subparagraphs of and to the appendices to the Licence, as modified from time to time in accordance with this Licence and the Act;
- 14) a Document will be incorporated into and form part of the Licence where it is referred to in this Licence and a reference to a Document is to a Document as modified from time to time;
- 15) headings and titles used in this Licence are for reference only and shall not affect its interpretation or construction;
- 16) references to any law or statutory instrument include any modification re-enactment or legislative provisions substituted for the same;
- 17) reference to a body, whether statutory or not, which ceases to exist or whose functions are transferred to another body includes a reference to the body which replaces it or which substantially succeeds to its functions, powers or duties;
- 18) where in this licence the licensee is required to comply with any obligation within a specified time limit, that obligation shall be deemed to continue after that time limit where the Licensee fails to comply with that obligation within that time limit;
- 19) use of the word “include” or “including” is to be construed as being without limitation;
- 20) expressions cognate with those referred to in this Licence shall be construed accordingly;

- 21) words importing: (i) the singular only shall include the plural and vice versa; (ii) the whole shall be treated as including a reference to any part; and (iii) any gender shall include all other genders; and
- 22) cross references are marked with an open parenthesis. It is expressly stated that the use of an open parenthesis in these cross references bears no legal interpretation. The sole legally pertinent element is the reference number.

## **5 ROLE AND DUTIES OF URCA**

- 23) The Licensee shall be subject to the regulatory supervision of URCA. URCA shall perform its functions and carry out its duties pursuant to the URCA Act, the Act and any other relevant laws, this Licence and have regard to relevant Government policy.
- 24) In carrying out its functions URCA shall act proportionately and non-discriminatorily balancing the interests of consumers with those of the Licensee.

## **6 NATURE AND SCOPE OF THE LICENCE**

- 25) This Licence authorizes and gives the Licensee the right to ship LNG in The Bahamas, subject to the Licence Conditions, the Act, regulatory measures issued by URCA from time to time and any other relevant law for the time being in force.

## **7 DURATION AND RENEWAL OF LICENCE**

- 26) Subject to the provisions herein contained, the duration of this Licence shall be for a period not exceeding fifteen (15) years from the Commencement Date.
- 27) The Licensee may, no later than two (2) years prior to the expiry of the Licence, apply to URCA, in writing, for a renewal of the Licence. URCA's decision on the renewal application will be notified to the Licensee, in writing, no later than one and a half years prior to the expiry of the Licence. The renewal shall be on such terms and conditions as URCA deems fit
- 28) This licence shall be renewed by URCA in accordance with the procedure prescribed under Section 33 of the Act.
- 29) Any request for the termination of this Licence by the Licensee is subject to the approval of URCA, whose approval shall not be unreasonably delayed or withheld beyond a ninety (90) calendar day period. The Licensee shall continue to be bound by the terms of this Licence until such time as URCA notifies the Licensee in writing of such approval. The Licensee shall not be released from any obligation arising under the Licence prior to such date.

## **8 CHANGE IN CONTROL**

- 30) The Licensee shall obtain URCA's written approval of any change in control of the Named Licensee or

any notified licensee prior to the change in control occurring.

- 31) Without limiting URCA's ability and duty to apply the merger control provisions in Part VI the Act, URCA may object to a change in control where in URCA's view the acquirer would not meet any of the criteria referred to in, or set by URCA pursuant to, Section 24 of the Act.
- 32) The Licensee shall inform URCA of changes in its shareholding structure.

## **9 ASSIGNMENT OR TRANSFER OF LICENCE**

- 33) The Licensee shall not, without the prior written approval of URCA, transfer, sub-license, assign or grant any right, interest or entitlement in the Licence to any person or transfer or dispose of any of its assets that are necessary to provide the Authorised Business that the Licensee is obliged to provide under this Licence save in the ordinary course of replacement of such assets necessary to provide the Authorised Business. Such approval shall not be unreasonably withheld.
- 34) URCA shall approve an application for the assignment or transfer of the Licence where URCA is satisfied that the proposed assignee or transferee satisfies the criteria set out under the Act and any other criteria established by URCA.
- 35) Should the Licensee wish to assign or transfer the Licence, it shall request, in writing, the approval of URCA and URCA shall reply in writing within sixty (60) calendar days of the receipt of such request informing of its decision on the application.
- 36) URCA shall publish its decision regarding a request to assign or transfer the Licence and its decision on its website.
- 37) Where URCA refuses to give its approval it shall give reasons in writing for such refusal to the Licensee.
- 38) The Licensee may apply to URCA within seven (7) calendar days of the notification of refusal by URCA in accordance with Condition 37) for a reconsideration of its decision not to approve the assignment or transfer its Licence and may appeal any decision made by URCA to the UAT following any such reconsideration in accordance with Condition 31 herein.
- 39) Any purported transfer of this Licence without the approval in writing of URCA shall be void.

## **10 AMENDMENT, MODIFICATION AND REVOCATION OF LICENCE**

- 40) URCA may amend, modify or revoke this Licence in accordance with the procedures set out in Section 40 of the Act.

41) Where URCA modifies by determination its general licence including the conditions, Licensee accepts as a Condition that it shall be issued and shall accept without application the modified licence pro-rated for the unexpired term of this licence.

## **11 COMMUNICATIONS AND NOTICES**

42) Notices, orders and other documents under this Licence may be in writing or in print or in electronic format (permitting confirmation of receipt) and shall, where served on:

- a) URCA be addressed to:  
the Chief Executive Officer; and
- b) the Licensee, be addressed to:  
the Chief Executive Officer/Managing Director.

43) Any notice, order or document required or authorized to be served upon a body or person under this Licence may be served by the same being addressed to such body or person and being left at or transmitted by electronic mail or facsimile or by registered post to the address of such body or to the usual or last known place of abode of such person. Where served by post it shall be deemed to have been served at the time when the containing letter would be delivered in the ordinary course of post and in proving such service it shall be sufficient to prove that such letter was properly addressed, registered and put into the post. Where served by electronic mail or facsimile it shall be deemed to have been served when the electronic mail or facsimile shall have been transmitted by the sender.

44) Notwithstanding the above, the Licensee shall designate a person that will act as a primary contact with URCA on matters related to this Licence and shall notify URCA promptly should the contact details change.

45) URCA may designate the Director of Utilities and Energy as the primary contact on matters related to this Licence.

46) Notwithstanding Conditions 42) through 44), publication on URCA's website of any communication shall be deemed sufficient notice to the Licensee.

## **PART B - GENERAL OBLIGATIONS**

### **12 OBLIGATIONS TO COMPLY WITH LAWS, REGULATIONS AND LICENCE CONDITIONS**

47) The Licensee shall comply with the Act and any other Act of the Commonwealth of The Bahamas that has application to it in the discharge of its performance under this Licence.

48) The Licensee shall comply with regulatory and other measures including any directive, order, rule, decision or approval issued, made or granted by URCA in accordance with its duties and functions under the Act or this Licence.

49) Without limiting the foregoing, the Licensee shall be subject to and shall comply with:

- a) the Gas Metering Regulation;
- b) the Gas Supply Code; and
- c) any other relevant regulations, codes of practice as URCA notifies the Licensee in writing

### **13 BREACH OF OBLIGATION TO COMPLY WITH LAWS, REGULATIONS AND LICENCE CONDITIONS**

50) Where URCA has reason to believe that the Licensee has failed to comply with any relevant law, regulation or condition of this licence, URCA may exercise all such powers and duties as are afforded to or required of it under the Act or any other relevant law and may take all such action as is permitted to it thereunder against either the Licensee or its Subsidiary Undertaking.

51) The Licensee shall be liable for all the acts and omissions of each of its Subsidiary Undertakings in respect of its obligations under this Licence.

52) Without prejudice to the Licensee's other obligations under this Licence, where its Subsidiary Undertaking has done something which would where done by the Licensee:

- a) be prohibited or not authorised by any relevant law, regulation and condition of this Licence; or
- b) require the Licensee to take or refrain from taking a particular action under any relevant law, regulation and condition of this Licence and that no Licensee, including the Subsidiary Undertaking, has met that further requirement,

then, where URCA is not satisfied that the Licensee has taken all reasonable steps to prevent its Subsidiary Undertaking from acting in that manner, URCA may direct the Licensee to take such steps as URCA deems appropriate for the purpose of remedying the matter, including restraining the defaulting Subsidiary Undertaking from carrying on with such activities connected with the Authorised Business as URCA may determine.

### **14 INTERNATIONAL OBLIGATIONS**

53) The Licensee shall exercise its rights and powers and perform its duties and obligations under this Licence in a manner which is consistent with the Government's international obligations:

- a) by virtue of the Government being a member of an international organisation or a party to an

international agreement; or:

- b) to attain or facilitate the attainment of that which is requisite and expedient in view of the Government being a member of such an organisation or a party to such an agreement, to the extent that the Licensee has notice of such membership or agreement pursuant to Condition 54).

54) URCA shall notify the Licensee from time to time of any membership or agreement to which Condition 53) applies.

## **15 COMPOSITION OF THE BOARD OF DIRECTORS**

55) The Licensee shall procure that at all times its directors or their close relations shall not be employed by nor hold any office or engagement with:

- a) any person (other than the Licensee) authorised by a gas licence or exempted from the obligation to hold a gas licence to engage in gas retailing or gas shipping activities; or
- b) any person (other than the Licensee) authorised by an electricity licence or exempted from the obligation to hold an electricity licence to engage in electricity generation.

56) URCA may, on such terms as it may specify in writing and notified to the Licensee, waive or vary any of the requirements of this Condition for such period, as URCA may determine.

## **16 PROHIBITION ON ACQUISITION OF SHARES**

57) The Licensee shall not directly or indirectly through its Subsidiaries or Related Enterprises acquire or hold any shares in:

- a) any person (other than the Licensee) authorised by a gas licence or exempted from the obligation to hold a gas licence to engage in gas retailing or gas shipping activities; or
- b) any person (other than the Licensee) authorised by an electricity licence or exempted from the obligation to hold an electricity licence to engage in electricity generation.

58) URCA may, on such terms as it may specify in writing and notified to the Licensee, waive or vary any of the requirements of this Condition for such period, as URCA may determine.

## **17 OBLIGATION TO PERFORM**

59) The Licensee shall provide an adequate, safe and efficient service based on modern standards, to the Service Territory at reasonable rates so as to contribute to national economic development.

- 60) Subject to the Licence Conditions and directions of URCA, the Licensee shall ensure that the development of the gas supply system is implemented based on agreed long term planning procedures and methodologies and that investments are made consistent with such plans and in conformity with prudent utility practice so as to ensure adequacy and continuity of supply at the least economic cost while at the same time ensuring that the Licensee earns a reasonable return on its investment.
- 61) The Licensee shall, to the extent that it is technically feasible and economically reasonable employ modern and leading edge technological solutions to secure optimal efficiencies in its operations.
- 62) The Licensee shall take all reasonable steps to prevent and resolve unplanned interruptions to the provision of its Authorised Business.
- 63) The Licensee shall inform URCA about measures taken to resolve unplanned interruptions as required by URCA.

## **18 STEP-IN EVENT**

- 64) A Step-in Event occurs in the following circumstances:
- a) Where the Licensee ceases to operate all, or any substantial part of the gas transport network for a period of forty-eight (48) consecutive hours (the Initial Period) or some other period as URCA may decide without the prior written consent of URCA; or
  - b) URCA revokes or suspends this Licence.
- 65) The following are not Step-in Events:
- a) Force Majeure; and
  - b) A Scheduled Outage.
- 66) In the case of a Step-in Event, URCA shall designate a third party to carry out the functions of the Licensee that are authorised under this Licence.
- 67) For the purpose of Condition 66), the third party may enter, take possession of and operate the gas infrastructure used in the carrying out of the activities authorised under this Licence.
- 68) The third party may take action in court for recovery of costs and damages incurred by the failure of the Licensee to perform its obligations to the public in accordance with the terms of this Licence.

69) The third party shall stop carrying out the functions of the Licensee as soon as practicable after URCA advises that the Licensee has demonstrated its capability to resume its functions under this licence.

## **19 FORCE MAJEURE**

70) The Licensee shall give notice and details of Force Majeure events to URCA as soon as reasonably practicable. URCA may issue a notice excusing the Licensee from its performance obligations during the period of Force Majeure.

## **20 COMPLIANCE AND RISK MANAGEMENT**

71) The Licensee shall adopt and implement reasonable and prudent policies in relation to the management risks associated with its Authorised Business.

72) The Licensee shall adopt and implement reasonable and prudent policies in relation to the management risks associated with its Authorised Business.

73) The Licensee must have a Compliance Officer –

- a) physically present in The Bahamas;
- b) who must, at least once per year, make and present compliance reports directly to the board of the directors of the Licensee.

74) The Licensee must ensure that a person appointed as the Compliance Officer is sufficiently senior and independent to:

- a) exercise sound judgment;
- b) carry out the functions and duties of a Compliance Officer objectively; and
- c) interact effectively with senior management and board members when carrying out the functions and duties regarding compliance with the Natural Gas Act, licence conditions and policies and practices of the Licensee.

75) A Licensee must not, directly or indirectly, take any action to coerce, manipulate, mislead, bribe or influence or otherwise engage in activity that threatens the independence of the Compliance Officer when carrying out their compliance functions and duties.

76) A person designated as the Compliance Officer of a Licensee must not do so while designated:

- a) function as Chief Executive Officer of the Licensee;



- b) act in any capacity other than that of Compliance Officer; or
- c) assume any duties and responsibilities which may cause a conflict of interest with the persons' functions and duties as Compliance Officer within the Licensee's Authorised Business.

77) A Licensee must prior to appointing a Compliance Officer must:

- a) notify URCA in writing:–
  - i) of the name and address of the proposed Compliance Officer;
  - ii) whether the proposed Compliance Officer is an employee of a parent company a company affiliated with the Licensee;
  - iii) the regulatory status of the Compliance Officer;
- b) satisfy URCA that the proposed Compliance Officer has:
  - i) the requisite knowledge to be a Compliance Officer; and
  - ii) the requisite experience to be a Compliance Officer.

## **21 INSURANCE**

78) The Licensee shall obtain and maintain insurance (including self-insurance) for:

- a) physical damage to the gas transport network; and
- b) third-party liabilities.

79) The Licensee must ensure that the insurance policy guarantees the insurer will notify URCA of lapses, cancellation, or changes to the policy thirty (30) calendar days prior to the changes taking effect.

80) URCA shall notify the Licensee of required modifications to the insurance policy and the Licensee should procure that such modifications are made no later than sixty (60) calendar days from the notice date, or any date agreed with URCA.

81) The Licensee may have reduced obligations to maintain insurance policies, where the following alternatives are approved by URCA:

- a) self-insurance, where the Licensee has the financial capacity to meet any liabilities to a third party; and
- b) special tariff factor, applied after a disaster and until Facilities affected are re-built and ready to operate.

## **22 PREPARATION FOR EMERGENCIES AND SECURITY ARRANGEMENTS**

- 82) The Licensee shall take such action as URCA may reasonably require, to plan and prepare for emergencies, including taking part in tests and exercises.
- 83) The Licensee shall develop and implement such arrangements as are prudent to ensure the safety and, where reasonably practicable, the continuity or restoration of its operations in the event of an emergency.

## **23 INVESTIGATION OF OFFENCES**

- 84) The Licensee shall monitor its activities with respect to compliance with this Licence and with the Relevant Legislation and shall report any suspected non-compliance to URCA. The Licensee shall also submit quarterly, or at such other frequency as notified by URCA in writing, a compliance statement to URCA that it has complied with the requirements in this Licence or describing any cases of any suspected non-compliance.
- 85) Where it comes to the attention of the Licensee that another gas licensee has breached its gas licence or the Relevant Legislation or any other person has breached the Relevant Legislation, the Licensee shall report such non-compliance to URCA.
- 86) Where the Licensee reports suspected non-compliance by itself, another gas licensee or any other person pursuant to Condition 85), or requests URCA to institute a prosecution against any person for contravening a provision of the Relevant Legislation in relation to the Licensee's Authorised Business, the Licensee shall furnish to URCA as soon as reasonably practicable:
- a) a written report on the suspected non-compliance or contravention; and
  - b) any relevant information and evidence in the possession or control of the Licensee and any relevant information and evidence requested by URCA.
- 87) Where URCA receives any information from any person other than the Licensee indicating that an offence under Relevant Legislation may have been committed in respect of activities or property belonging to or managed by the Licensee, URCA may inform the Licensee of such information and the Licensee shall furnish to URCA as soon as reasonably practicable:
- a) a written report on the suspected offence; and
  - b) any relevant information and evidence in the possession or control of the Licensee and any relevant information and evidence requested by URCA.
- 88) The Licensee and its directors and officers shall give full assistance and cooperation to URCA and its prosecuting officer or counsel in connection with any prosecution proceedings arising from Conditions

84) through 87).

## **24 PAYMENT OF FEES AND CONTRIBUTIONS**

89) The Licensee shall pay to URCA the following fees and contributions as notified by URCA from time to time in accordance with the Act:

- a) annual URCA Fee pursuant to Section 16(2)(d) of the Act;
- b) the Tribunal Fee payable pursuant to Schedule 3 of the Utilities Appeal Tribunal Act, 2009; and
- c) any other applicable fees and charges.

90) For each Financial Year of the Licence, any annual fees payable by the Licensee under Section 16(2)(d) of the Act shall be based upon the following accounts in relation to the Authorised Business or, where appropriate, business plan for the Licensee and each of the Subsidiary Undertaking (or, where these are consolidated, the Licensee's consolidated accounts showing the turnover and revenue for the Licensee and each of the Subsidiary Undertakings):

- a) the last available audited accounts; or
- b) where the audited accounts are not available or those accounts do not include any Relevant Turnover as defined in the Act, accounts certified by an accountant in possession of a practicing certificate issued by The Bahamas Institute of Chartered Accountants; or
- c) where the Licensee does not have any available accounts certified by an accountant in possession of a practicing certificate issued by The Bahamas Institute of Chartered Accountants, the expected Relevant Turnover in the Licensee's business plan.

91) The annual fees calculated in accordance with Condition 90) shall be paid in advance on the first day of the Financial Year, with any adjustment due as a result of the audited accounts for that Financial Year becoming available being paid to URCA (or deducted from any other payment due to URCA) on the first day of the next Financial Year.

92) Without prejudice to Condition 13 herein, in the event of a default by the Licensee in the payment of any fees when due under this Licence:

- a) the Licensee shall pay to URCA interest under Section 16(5) of the Act; and
- b) URCA may revoke this Licence in accordance with Condition 10 herein.

Interest on outstanding fees due to URCA under Section 16 of the Act is not recoverable in tariffs to

customers.

## **25 REPORTING OBLIGATIONS**

- 93) The Licensee shall submit its audited financial statements, with certificate of the external auditors, for the Authorised Business and the accompanying annual report to URCA (which shall provide operating and financial statistics for the last ten (10) years in which the Licensee has been providing the Authorised Business) as required by URCA having regard to the Licensee's requirements for its annual report and audited financial statements.
- 94) The Licensee shall submit its audited financial statements, with certificate of the external auditors, for the Authorised Business and the accompanying annual report (which shall provide together with the current year at least ten years of operating and financial statistics) to URCA as required by URCA having regard to the Licensee's requirements for its annual report and audited financial statements.
- 95) URCA may require the Licensee to maintain a system of separate regulatory accounts for regulatory reporting and tariff analysis.
- 96) The Licensee shall furnish to URCA without undue delay such information, documents and details related to the Authorised Business, as URCA may reasonably require in order for it to fulfil its functions and discharge its obligations under the Act.
- 97) The Licensee shall furnish to URCA without undue delay, or such other timeframe as URCA may from time to time notify, such information, documents and details related to the Authorised Business that have or is likely to have a significant impact its functions assigned to it by or under the Licence and the Act.
- 98) The Licensee shall provide such other specified and relevant reports to URCA as may be reasonably required from time to time.

## **26 CONFIDENTIAL INFORMATION**

- 99) The Licensee shall take reasonable measures to ensure that all confidential information received by it (including individual demand information) in relation to the Authorised Business:
- a) is kept confidential by the Licensee except as otherwise permitted by URCA, this Licence, any applicable code of practice, and that access to such confidential information is provided only, and as is necessary for the due performance of their lawful functions, to directors, officers and employees of the Licensee or to an agent of the Licensee that has agreed in writing to observe this requirement of confidentiality;
  - b) is not used by the Licensee for any purpose other than that for which it was provided or for a

purpose permitted by this Licence, any applicable code of practice; and

- c) is not used by the Licensee for any commercial advantage in the provision of any service other than a service comprised in the Authorised Business and Allowed Activities.

100) The Licensee shall take such other action, including complying with restrictions upon the transfer, engagement, or re-engagement of employees, as URCA may from time to time require to ensure the confidential information acquired by it in connection with the Authorised Business is, except as otherwise permitted by URCA, this Licence or any applicable code of practice, kept confidential by the Licensee and not dealt with in a manner which may restrict, distort or prevent competition in any of the industries to which it provides its services.

101) The Licensee shall, where requested by URCA, procure that a certificate is issued by its auditors, in such form as URCA may require, which confirms that the Licensee is complying with the requirements of this Condition.

102) Nothing in this Condition shall be construed as requiring the Licensee to keep confidential any information that is or becomes generally and publicly available other than as a result of a breach by the Licensee of Condition 99) or 100).

## **27 ENGAGING IN OTHER BUSINESS**

103) The Licensee may engage in other business activities and shall keep separate accounts for its different activities. The Licensee's profits and losses from such other business activities shall not be considered for the purpose of setting tariffs.

104) At URCA's approval, the Licensee may allow third parties to have access to and use its facilities on an arm's length basis where such access and use allow the Licensee to operate more efficiently.

105) The leasing or use of the Licensee's Assets is subject to prior written approval by URCA. Such approval shall not be unreasonably withheld.

106) The Licensee may charge a third party a fee for access and use of its Facilities. Such fee shall be determined on an arm's length commercial basis determined by the value of the access or use.

## **28 RELATED PARTY TRANSACTIONS**

107) In the case of a Related Party, transactions shall be at arm's length and the Licensee shall apply the same tests for economic choice and financial probity as where the related party were an unrelated third party.

## 29 INFORMATION, AUDIT, INSPECTION AND ACCESS OBLIGATIONS

108) URCA may require:

- a) an inspection and/or audit of any aspect of the business of the Licensee and the Licensee shall assist or shall procure assistance to URCA as it may reasonably require;
- b) the Licensee or any of its Subsidiary Undertakings to provide URCA with such information, documents, accounts, returns, estimates, reports or other information required by URCA in the manner and at the times specified by URCA. URCA may use this information for, but not limited to, purposes of compiling statistics and publishing periodical reviews of the Electricity Sector, and as required or permitted by the Act or other laws or legal process;
- c) the Licensee to notify URCA of the details of all Subsidiary Undertakings providing an Authorised Business under this Licence; and
- d) the Licensee to permit a person authorised by URCA to carry out such inspection and/or audit;

109) The Licensee shall at the request of URCA furnish URCA, at the Licensee's expense, with copies (in such format as URCA may specify) of any book, register, record or accounts as URCA may reasonably require.

110) In relation to the Authorised Business, the Licensee shall not:

- a) make, prepare, attest to or certify, orally or in writing, any representation or statement that is false, incorrect or misleading or open to misconstruction by any person; or
- b) make any representation or statement, orally or in writing, or give any answer, orally or in writing, or otherwise conduct itself in a manner that is likely to mislead any person; or
- c) mislead or confuse any person about its Authorised Business.

111) Where URCA is satisfied that the Licensee is contravening or has contravened any provision of Condition 110), URCA may, by notice in writing to the Licensee, direct the Licensee to take such steps as are specified in such direction to correct such false, incorrect or misleading representation, statement or answer or to correct such confusion, including but not limited to requiring the Licensee to publish a correction or to write to such persons to set out the correct facts within a specified period of time as directed by URCA.

112) URCA may take enforcement action against the Licensee in accordance with the provisions of the Act where the Licensee fails to comply with the direction of URCA issued under Condition 111).

113) The Licensee shall promptly inform URCA of any circumstances that result, or are likely to result, in a change in the information provided by the Licensee to URCA and shall provide updated information to URCA in a timely manner.

### **30 APPROPRIATE RESOURCES**

114) The Licensee shall ensure that at all times it has appropriate physical, financial and human resources and arrangements in place to enable the Licensee to comply with the Licence Conditions.

115) The Licensee shall, in connection with the conduct of its Authorised Business ensure that its employees are appropriately trained and qualified.

### **31 APPEALS TO UAT**

116) Appeals of regulatory or other measures taken by URCA in relation to this Licence shall be made to the Utilities Appeal Tribunal as provided for in the Act and the URCA Act.

### **32 AUTHORISED BUSINESS AND ALLOWED ACTIVITIES**

117) The Licensee shall conduct the Authorised Business.

118) The Licensee may, upon approval of URCA in writing and subject to such conditions as may be imposed by URCA at the time of approval or at any time thereafter, engage in any Allowed Activity that:

- a) the Licensee is already competent in; and
- b) provides synergies with the activities comprised in the Authorised Business.

119) In making an application to URCA for approval to engage in an Allowed Activity, the Licensee shall provide an assessment of the extent to which its engagement in such activity complies with the criteria mentioned in Condition 118). The Licensee shall not change the nature or scope of such Allowed Activity or cease such Allowed Activity without URCA's prior approval in writing.

120) Other than the Authorised Business and Allowed Activities, the Licensee:

- a) shall not engage directly or indirectly in any other business activities or voluntarily commit to any liability in relation to such other business activities; and
- b) shall procure that each of its Subsidiaries and Related Enterprises do not engage, or seek to obtain from URCA a gas licence permitting it to engage, directly or indirectly in any other business activities or voluntarily commit to any liability in relation to such business activities.

121) This Condition shall not prevent the Licensee from:

- a) engaging in any business, undertaking or activity incidental to the performance of its Authorised Business, Allowed Activities or any of the businesses, undertakings or activities that were already performed by the Licensee on the date that this Licence comes into effect; or,
- b) subject to Condition 120), making available to its Subsidiaries the services of employees of the Licensee in order that such Subsidiaries may provide to third parties such technical services, advice and assistance in respect of the services comprised within the Authorised Business or any Allowed Activity.

122) URCA may, upon the application of the Licensee, relieve the Licensee from its obligations under Conditions 120) and 121) of this Condition in relation to any particular case to such extent and subject to such terms and conditions as URCA shall specify in writing.

### **33 SEPARATE ACCOUNTS FOR PRICE REGULATED SERVICES**

123) The Licensee shall maintain accounting and reporting arrangements that enable separate accounts to be prepared for and to show the financial affairs of;

- a) the Price Regulated Services; and;
- b) the businesses of the Licensee in aggregate.

124) The Licensee shall, in respect of the Price Regulated Services and the businesses of the Licensee in aggregate;

- a) prepare, on a consistent basis from such accounting records, accounting statements which conform to generally accepted accounting practices in The Bahamas, stating the accounting policies adopted, and in such form and substance as URCA may from time to time require;
- b) procure, in respect of the accounting statements prepared in accordance with this Condition, a report by the auditors of the Licensee addressed to URCA stating whether in their opinion those statements have been properly prepared in accordance with this Condition and give a true and fair view of revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Price Regulated Services and the business of the Licensee in aggregate; and;
- c) deliver to URCA a copy of the accounting statements required to be prepared by this Condition together with the auditors' report referred to in sub Condition b) above as soon as reasonably practicable and in any event no later than five (5) months after the end of the period to which they relate.

125) The Licensee shall:

- a) in respect of its financial affairs keep and prepare such accounts and accounting statements for, and as at the end of, each financial year as would be required to be kept by the Licensee where



the Licensee were a company which were not a Subsidiary Undertaking of any other company and which did not have any Subsidiaries or Related Enterprises; and;

- b) procure, in relation to such accounting statements, a report of the auditors of the Licensee addressed to URCA, and deliver a copy of such accounting statements together with the auditor's report to URCA, in conformity with the requirements of sub-Conditions 124)b) and 124)c), which shall apply mutatis mutandis to this Condition.

126) URCA may, on such terms as it may specify in writing and notified to the Licensee, waive or vary any of the requirements of this Condition for such period, as URCA may determine.

### **34 DEALINGS WITH SUBSIDIARIES OR RELATED ENTERPRISES**

127) The Licensee shall not, without the written consent of URCA, enter into any agreement or arrangement for the supply of goods or services in connection with the Price Regulated Services with any of its Subsidiaries or Related Enterprises except where such agreement or arrangement is entered into on an arm's length basis. The Licensee shall also not unduly discriminate in favour of its Subsidiaries or Related Enterprises.

128) In determining whether any such agreement or arrangement is on an arm's length basis, URCA shall have regard to whether;

- a) the price and other terms affecting the financial value of the agreement or arrangement are in accordance with the Fair Market Value based on the then current trends and practices to be ascertained by an independent qualified person to be appointed by the Licensee at its own cost and approved by URCA;
- b) the parties are contracting freely and independently of each other;
- c) there is any special relationship between the parties; and;
- d) the terms are made on a "willing buyer and willing seller" basis given the circumstances surrounding the agreement or arrangement, as the case may be.

### **35 REGULATORY CONTRACTS**

129) The Licensee shall be required to enter into Regulatory Contracts for the provision of Price Regulated Services.

130) The Licensee shall be required to participate in the preparation of any Regulatory Contract to which the Licensee will be a party.

131) Where after a period which appears to URCA to be reasonable, or such period agreed to between the parties to the regulatory contract and approved by URCA, or such other period as stipulated by

URCA from time to time, the Licensee has failed to enter into a Regulatory Contract, URCA may, at the request of the Licensee or of the person aggrieved by such failure, determine any terms of the Regulatory Contract in such manner as appears to URCA to be reasonable. The Licensee shall thereafter enter into the Regulatory Contract on the terms as determined by URCA.

132) URCA may, on such terms as it may specify in writing and notified to the Licensee, waive or vary any of the requirements of this Condition for such period, as URCA may determine.

### **36 TARIFFS FOR PRICE REGULATED SERVICES**

133) The Licensee shall develop a tariff methodology (the "Tariff Methodology") setting out the basis upon which the tariffs shall be derived for the provision of the Price Regulated Services. The Tariff Methodology and any proposed revisions thereto shall be submitted to URCA for approval together with a schedule of proposed tariffs (the "Tariff Schedule") applicable to the Licensee's Customers and their respective customers in such detail as URCA may reasonably require.

134) The information referred to in Condition 133) shall be submitted by the Licensee to URCA for approval no less than sixty (60) calendar days, or any such period as stipulated by URCA, prior to the date on which the proposed tariffs set forth in the Tariff Schedule are proposed to be first levied.

135) The Tariff Methodology and any proposed revisions thereto shall be developed taking into consideration the following guidelines:

- a) the recovery of costs, together with a reasonable return to be determined by URCA having regard for the capital and operating costs incurred by the Licensee and any inherent risks associated with providing the applicable services; and
- b) the tariffs set forth in the Tariff Schedule or in any revision thereto for the provision of the Price Regulated Services do not give any cross-subsidy to, or receive any cross-subsidy from, any other business of the Licensee or of any Subsidiary Undertaking or Related Enterprises of the Licensee nor discriminate between any persons or class or classes of persons similarly situated.
- c) Cost allocation based on separate regulatory accounts that URCA may require the Licensee to maintain for regulatory reporting and tariff analysis.

136) The Licensee shall publish statements, in a form approved by URCA, setting out the basis upon which the tariffs for the Price Regulated Services will be levied with such detail as shall be necessary to enable any person to ascertain the tariffs to which he would become liable for the receipt of the Price Regulated Services.

137) URCA may, on such terms as it may specify in writing and notified to the Licensee, waive or vary any of the requirements of this Condition for such period, as URCA may determine.

## **37 NATIONAL INTEREST MATTERS**

138) In accordance with Section 120 of the Act, the Government may directly or indirectly manage the affairs, business and property of the Licensee during any period in which Article 29 of the Constitution applies. In such an event, the Licensee shall allow the Government such access to or control of its property as required to permit the Government to meet its obligations under the special administration order during the period for which the order is in force.

## **PART C – SPECIAL PROVISIONS APPLICABLE TO GAS SHIPPING**

### **38 STANDARDS OF PERFORMANCE**

139) The Licensee shall, no later than ninety (90) calendar days or such other period stipulated by URCA after the commencement of its activities, submit to URCA its proposed standards of performance relating to its Price Regulated Services.

140) The Licensee shall be subject to and shall comply with the agreed standards of performance, and any other standards of performance as URCA may notify the Licensee in writing.

141) The Licensee shall within ninety (90) calendar days after the end of the first financial year following the commencement of its operations, and for each financial year thereafter, or within thirty (30) calendar days of such other date as stipulated by URCA, submit to URCA a report indicating the performance of the Licensee during that financial year compared with the agreed standards of performance established pursuant to this Condition.

142) The Licensee shall, where required by URCA, publish the details required under Condition 141) in a manner to be decided by URCA.

143) Notwithstanding Condition 140) of this Condition, URCA may by written notification, exempt the Licensee from compliance with any standard of performance, in whole or in part, and subject to such terms and conditions as URCA may determine.

### **39 COMPLIANCE WITH GAS NETWORK CODE**

144) The Licensee shall comply with and perform its obligations in accordance with the Gas Network Code.

145) The Licensee shall be required, upon a request or a notification by URCA to participate in:

- a) the further development and any proposed modifications of the Gas Network Code; and
- b) market trials or any other activity as required or commissioned by URCA for:

- i) the purpose of implementing any proposed modifications to the Gas Network Code;
- ii) the purpose of complying with the provisions of the Gas Network Code applicable to the Licensee upon implementation of such provisions;
- iii) the purpose of complying with any proposed modifications which may materially change the operation of the Gas Network Code upon their implementation; or
- iv) any other purpose related to the further development and any proposed modifications of the Gas Network Code to be specified by URCA.

## **40 SAFETY AND SECURITY OF THE GAS PIPELINE NETWORK**

- 146) The Licensee shall conduct the activities authorised by this Licence in such manner as to ensure that all reasonable measures to protect and safeguard the security, integrity and safety of the Licensee's gas pipeline network are taken and, in particular, that appropriate measures are taken to prevent damage to the Licensee's gas pipelines.
- 147) The Licensee shall not convey, or continue to convey, gas to any premises unless it is reasonably satisfied that such conveyance can be provided safely and that appropriate arrangements exist to ensure that it is so conveyed.
- 148) URCA may by written notification require the Licensee to take such steps as necessary and reasonably practicable to avert danger to life, the environment or property of the general public or to participate in joint exercises with relevant authorities for simulated threats to life or property that may arise, from the Licensee's gas pipelines or in the vicinity of the Licensee's gas pipelines.

## **41 CONNECTION TERMS**

- 149) On an application made by the owner or occupier of any premises, the Licensee shall, within a reasonable time to be determined by URCA, offer to enter into an agreement for connection to and/or for use of the Licensee's gas network on fair and reasonable terms.

## **42 INDEPENDENT TECHNICAL AND SAFETY AUDITS**

- 150) The Licensee shall appoint, at its own cost, at such intervals and on such terms as URCA may direct, an independent technical auditor to measure the technical performance of the Licensee and for any other purposes as specified by URCA.
- 151) The Licensee shall appoint, at its own cost, at such intervals and on such terms as URCA may direct, an independent safety auditor to assess the safety risks and vulnerabilities of the administration, operations, maintenance and testing of the Licensee's gas pipelines to the general public and consumers, and for any other purposes as specified by URCA.

### **43 PROVISION OF EXPERT ADVICE**

- 152) The Licensee shall provide expert advice when required by URCA in the drafting and subsequent reviews of codes of practice for use by Professional Engineers or gas service workers on the design, construction, inspection, testing, operation and maintenance of high pressure, medium pressure or low pressure gas installations, gas fittings and gas appliances in protecting the public and consumers from dangers arising from the use of gas.
- 153) The Licensee shall provide expert advice to URCA in the periodic reviews of training syllabi and materials for the training or re-training of gas service workers and assist URCA in responding to queries pertaining to practices or technical guidelines imposed by the licensees from the training institutions that URCA may appoint for the training or re-training of gas service workers.

### **44 PLANNING, DEVELOPMENT, MAINTENANCE AND OPERATION OF THE GAS PIPELINE NETWORK**

- 154) The Licensee shall be responsible for the planning, development, maintenance and operation of the Licensee's gas pipeline network for conveying natural gas, and shall carry out all refurbishments and replacements of and new investments in the Licensee's gas pipeline network in accordance with the relevant legislation, the Conditions of this Licence, relevant codes of practice and relevant standards of performance.
- 155) In the event of a disruption in gas supply or where the level of reliability falls below the level which the gas transmission pipeline is designed, the Licensee shall:
- a) ensure that the gas supply be restored as soon as practicable; and
  - b) conduct an investigation at its own expense to establish the cause of the gas incident and shall furnish to URCA, as soon as practicable, a written report on the incident and any other information as may be requested by URCA.
- 156) The Licensee shall establish the requirements and preventive measures in line with best industry practice to minimise damages to its pipeline associated with any earthworks within the vicinity of any underground gas pipe in the gas pipeline network which belongs to, or is under the management or control of the gas transporter.
- 157) The Licensee shall develop and review periodically, appropriate plans, processes and procedures for preventing possible gas transmission pipeline failures or gas outages. The Licensee shall comply with the aforesaid plans, processes and procedures.
- 158) Following any gas transmission pipeline failure or gas outage, the Licensee shall review and revise such plans, processes and procedures referred to in Condition 157), as may be appropriate or as may be directed by URCA at its sole discretion.

## **45 PROVISION OF REAL-TIME INFORMATION AND DATA OF GAS TRANSMISSION NETWORK**

159) The Licensee shall provide at its own cost, real-time information to URCA in the manner and according to the arrangements as specified by URCA for the purpose of real-time monitoring of the gas transmission network operated by the Licensee. The information required shall include valve status, gas pressure, gas flow, gas quality, hourly schedule of gas injections and off-takes and such other information as specified by URCA from time to time.

160) The Licensee shall provide to URCA, promptly upon its becoming aware, any information critical to maintaining the integrity of the gas supply system including but not limited to information relating to:

- a) the inability of the gas shippers to meet its gas nominations; and/or
- b) planned or unplanned interruptions to supplies from the gas pipeline network and/or an onshore receiving facility that may cause a disruption to gas supplies.

161) The Licensee shall provide, at its own cost, the plans, drawings and other details of and the respective parameters for the Licensee's gas transmission network and the Licensee's gas pipelines and associated equipment as required by URCA from time to time for the modelling of the gas transmission network and facilities.

## **46 GAS TRANSMISSION NETWORK – NEW INVESTMENT**

162) The Licensee shall be required to invest in, and develop, the Licensee's gas transmission network in an efficient and economic manner and in accordance with the open season process arrangement set out in the Gas Network Code or as directed by URCA.

40.1 The Licensee shall not, in the conduct of the open season process, show any undue preference or exercise any undue discrimination against any gas shipper or potential gas shipper.

## **47 CONSTRUCTION OF GAS TRANSMISSION PIPELINES**

163) Without prejudice to applicable laws and regulations the Licensee shall before commencing any construction works on the gas transmission pipelines give URCA, other affected gas licensees and other affected persons notice of the intended construction, including as appropriate the following details:

- a) the location, route and depth of the proposed gas transmission pipeline;
- b) the normal operational and maximum allowable operating pressure of the proposed gas transmission pipeline;

- c) the initial and maximum installed capacity (without compression facilities) of the gas transmission pipeline;
- d) the location of proposed connections with existing gas pipelines and of offtake points and any associated facilities;
- e) the names of gas shippers and the percentage of total capacity they have contracted for in the specific pipeline;
- f) the standards and specifications to be used in the design of the proposed pipeline project and the reference specifications for the materials proposed to be used in respect of the proposed pipeline project;
- g) the location of similar schemes upon which the proposed project design and standards are wholly or partially based;
- h) the indicative transportation charges to be paid for offtake from the proposed gas transmission pipeline and the subsequent impact on transportation charges paid by other gas shippers;
- i) the capital contributions paid, where any, by the contracting gas shipper for the proposed gas transmission pipeline; and
- j) a Quantitative Risk Analysis Report on the gas transmission pipeline conducted by an independent consultant, which has been submitted to the relevant authorities for approval.

#### **48 EARLY RETIREMENT OF ASSETS**

- 164) The Licensee shall not retire Assets early that are used for gas transport without the prior written approval of URCA. Such approval shall not be unreasonably withheld.
- 165) Where such approval is granted, the Licensee shall only recover the net book value of the Assets irrespective of whether:
- a) the Assets are on the License's books at the Commencement Date of this Licence or are additions to Rate Base during the term of this Licence; or
  - b) the retirement results from an economic evaluation, change in government policy or regulatory action.
- 166) URCA, in consultation with the Licensee, shall specify the timeline and process for the recovery of Assets.

#### **49 CATASTROPHIC FAILURE**

- 167) In the event of Catastrophic Failure the Licensee may replace the failing installation or facility with

written approval from URCA. Such approval shall not be unreasonably withheld.