

# Business natural gas Fuel Variation Tariff guide October 2010



[www.bordgaisenergy.ie](http://www.bordgaisenergy.ie)

**If you need help or advice  
please contact us:**

**Business gas contact details**

**Tel: 1850 211 541**

**Fax: 01 602 1124**

**[fvt@bordgais.ie](mailto:fvt@bordgais.ie)**

**Sales support administration**

**FVT department**

**Bord Gáis Energy**

**PO Box 10943, Dublin 1**

Please note that to maintain the highest level of service we may monitor and record calls.

# Bord Gáis Energy

## **Business natural gas**

### Fuel Variation

### Tariff guide

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## Introduction and background

The Fuel Variation Tariff (FVT) is a tariff for business customers of Bord Gáis Energy (BGE). This tariff was designed to provide a transparent cost-reflective mechanism for pricing to our customers. It will also ensure that prices are more responsive to changes in wholesale gas prices. The Fuel Variation Tariff is only available to non-daily metered (NDM<sup>1</sup>) business customers who have a Supply Point Capacity (SPC<sup>2</sup>) of more than 3,750 kWh and who have an Annual Quantity (AQ<sup>3</sup>) over 73,000 kWh of gas in a year. The Fuel Variation Tariff is composed of four components:

### **1 Gas commodity charge<sup>4</sup> (cent per kWh)**

The gas commodity charge (cent per kWh) reflects the monthly unit rate of wholesale gas. Natural gas is purchased in sterling on your behalf in the UK natural gas wholesale market. The cost of natural gas varies according to demand and supply and can be tracked on the Inter Continental Exchange (ICE), an electronic market place for trading natural gas.

Customers have two options regarding managing the cost of their natural gas usage.

### **i) Fixed prices contract option**

Customers can review our price offers for the next 12 months and can book prices during the booking window for periods of:

- 3 months
- 6 months
- 9 months
- 12 months

With this option customers have the benefit of fixing pre-determined monthly prices in euros for natural gas usage for up to 12 months, allowing the customer to budget their gas commodity charges for the contract period. See page nine of this guide for more details.

### **ii) Monthly floating option (default price)**

Where the customer has no fixed prices contract in place, the customer is charged a monthly unit rate which is set at the beginning of the month. This rate is based on the average cost of natural gas on the ICE over the last five trading days of the previous month. With this option customers' gas commodity and exchange rates will be reset each month. Customers will not have the certainty of gas commodity prices with this option.

### **2 Fixed rate charge<sup>5</sup> (cent per kWh)**

This element combines miscellaneous network throughput charges plus a supply margin in a single component.



### **3 Site charge<sup>6</sup> (€ per annum)**

Otherwise known as transport capacity and own supply-cost charge. This charge consists of networks related Supply Point Capacity charges, and is based on your maximum daily amount of gas required at an individual meter. The cost is calculated per day and is charged for the number of days within the billing period.

### **4 Shrinkage gas charge<sup>7</sup> (cent per kWh)**

This charge reflects the monthly unit cost of gas absorbed within the network during transportation. The rate will vary month on month, however it will be common to all FVT customers and equates to approximately 1% of your annual gas costs. Shrinkage will be charged at the most up-to-date shrinkage price at time of billing.

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## **Customer questions & answers**

### **How does the booking window work?**

The FVT booking window is typically open for four booking days. The price will be different on each day during the booking window. The booking window will open at 09:45 on each morning of the booking window, closing at 09:00 the next day, except Friday where the booking window will remain open until 15:00. You will be able to commit to contracts during any day of the window.

### **What factors influence the daily gas price?**

The daily gas price is influenced by a number of factors including demand, temperature, plant maintenance and outage, other fuel prices, economic and geopolitical issues.

### **What information is available to help me with my decision?**

As an FVT customer, you are assigned an account manager, who can help you understand current market pressures. You can also access daily Bord Gáis Energy Gas trading reports online. See page 9 of this guide to find out how to register at [www.bordgaisenergy.ie](http://www.bordgaisenergy.ie)

### **Will the contracts be subject to take or pay arrangements?**

BGE customers will not be required to commit to usage levels and there are no penalties linked to usage commitments.

### **What is the benefit of the Fuel Variation Tariff?**

The main benefit of the Fuel Variation Tariff is to give you choice. You can choose to enter a fixed prices contract for your gas commodity charge for a period of 3, 6, 9 or 12 months. This provides you with gas commodity price certainty and facilitates tighter budgeting. Alternatively you can allow your gas commodity charge to vary with prevailing market prices. The Fuel Variation Tariff allows you the flexibility to make a commercial decision based on your view of future international natural gas price trends.

### **How do I know if I am eligible to go on the Fuel Variation Tariff?**

The Fuel Variation Tariff is open to customers who have a Supply Point Capacity (SPC<sup>2</sup>) of more than 3,750 kWh. Where a customer meets this criteria they will be automatically placed on the tariff with effect from 1st October 2010.

### **Can I move from the Fuel Variation Tariff to one of your other business tariffs?**

No, you will automatically be placed on the Fuel Variation Tariff if you are eligible.

### **How do I enter a fixed prices contract?**

Please see page nine of this guide.

### **If I enter a fixed prices contract and I want to change, what are my options?**

Once you have entered a fixed prices contract you must remain in that

contract until the contract period expires. In the month prior to the contract expiring you will have the option to enter a new contract. If you do not enter a new fixed prices contract you will automatically default onto the monthly floating option (default price). We will notify you in advance of the contract expiring and provide you with details of the next contract offerings.

### **Why are there exchange rates involved with the Fuel Variation Tariff?**

Natural gas and UK transportation costs are incurred in sterling. As Bord Gáis Energy invoices the customer in euros, sterling is converted to euros at exchange rates which are adjusted monthly.

### **What is Supply Point Capacity?**

The Supply Point Capacity is the maximum potential daily use of gas at a specific meter. Supply Point Capacity must be reserved by a supplier wishing to deliver gas to a distribution connected customer. Please see page twelve for a more detailed explanation.

### **The gas price could be different each month – how will I budget?**

If you wish to budget and have price certainty for future months, you can enter a fixed prices contract. With this option customers have the benefit of fixing pre-determined monthly prices for natural gas usage for 3, 6, 9 or 12 months.

### **How is Supply Point Capacity (SPC<sup>2</sup>) set?**

This SPC is set and reviewed annually by Bord Gáis Networks. The SPC is established by analysing meter readings over a number of years and comparing it with temperatures for the same period. The SPC is based on what capacity would be required if the weather was exceptionally cold.

### **What if I am a new or returning customer?**

A company wishing to become a customer or return to Bord Gáis Energy should do so on the first day of the calendar month, unless there are exceptional circumstances. The company must also register its intention with Bord Gáis Energy prior to the commencement of Bord Gáis Energy's gas purchasing for the relevant month. For example, a company wishing to become a customer or return to Bord Gáis Energy on 1st July 2011 must commit to doing so at least 5 days prior to the end of June 2011, in order to avail of the monthly floating option. If the same company, instead, wished to avail of a fixed prices contract commencing on 1st July 2011, it would need to commit to Bord Gáis Energy during the booking window of 8th - 10th June 2011. Contact our sales support administration team on **1850 211 541** for more information.

### Example 1

A customer using 800,000 kWh a year will lead to the following charges.

	Heating profile	Process profile	Mix profile
Supply point capacity (kWh)	5,464	2,732	3,974
Load factor	40%	80%	55%
Volume (kWh)	800,000	800,000	800,000
Gas commodity (1)	€15,470	Note: Because this customer has an SPC < 3750 kWh, they are <b>NOT ELIGIBLE</b> for the FVT tariff.	€15,309
Shrinkage (2)	€220		€218
Fixed charge (3)	€3,078		€3,078
Site charge (4)	€10,354		€7,751
Total annual charges	€29,122		€26,356
<b>Was</b>	<b>€25,104</b>		<b>€21,943</b>
<b>Current Market Rate Change</b>	<b>16%</b>		<b>20%</b>

### Example 2

A customer using 1,100,000 kWh a year will lead to the following charges.

	Heating profile	Process profile	Mix profile
Supply point capacity (kWh)	7,513	3,757	5,464
Load factor	40%	80%	55%
Volume (kWh)	1,100,000	1,100,000	1,100,000
Gas commodity	€21,271	€20,925	€21,050
Shrinkage	€303	€299	€300
Fixed charge	€4,232	€4,232	€4,232
Site charge	€13,910	€7,370	€10,354
Total annual charges	€39,716	€32,826	€35,936
<b>Was</b>	<b>€34,197</b>	<b>€26,209</b>	<b>€29,752</b>
<b>Current Market Rate Change</b>	<b>16%</b>	<b>25%</b>	<b>21%</b>

### Example 3

A customer using 3,000,000 kWh a year will lead to the following charges.

	Heating profile	Process profile	Mix profile
Supply point capacity (kWh)	20,491	10,246	14,903
Load factor	40%	80%	55%
Volume (kWh)	3,000,000	3,000,000	3,000,000
Gas commodity	€58,012	€57,069	€57,409
Shrinkage	€826	€815	€819
Fixed charge	€11,541	€11,541	€11,541
Site charge	€36,091	€18,623	€26,595
Total annual charges	€106,470	€88,048	€96,364
<b>Was</b>	<b>€91,433</b>	<b>€70,030</b>	<b>€79,521</b>
<b>Current Market Rate Change</b>	<b>16%</b>	<b>26%</b>	<b>21%</b>

(1) The unit gas commodity charge is based on the monthly prices quoted on the ICE futures settlement prices on the 20st Sep 2010. (2) The unit shrinkage charges are based on spot shrinkage rates as at 21st Sep 2010. (3) The Fixed Charges are based on 0.3847 c/kWh. (4) The Site Charges include Transmission and Distribution costs plus a regulated supply charge of €640 per year per meter installed.

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## Some worked examples

Here you will find examples of the Fuel Variation Tariffs to provide you with indicative charges. These examples are designed to illustrate the effect that the relationship between Annual Quantity (AQ) and Supply Point Capacity (SPC) has on gas bills. Charges are illustrated over 3 Annual Quantities:

- 1: 800,000 kWh
- 2: 1,100,000 kWh
- 3: 3,000,000 kWh

These examples will be broken down further by the following profiles:

### a) Heating profile

This profile is for customers who use their gas mainly for heating purposes. Therefore the highest daily consumption that the customer uses occurs in winter time.

### b) Processing profile

This profile would be relevant to customers whose gas consumption pattern remains at a constant level throughout the year.

### c) Mix profile

This profile would be relevant to customers whose gas consumption combines both a heating and processing profile (mix of both 1 and 2 above).

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## How to enter a fixed prices contract

Entering a fixed prices contract couldn't be easier.

First of all, go to **[www.bordgaisenergy.ie](http://www.bordgaisenergy.ie)**

If you have already registered, log-in using your username and password.

If you are not registered, please go to **[www.bordgaisenergy.ie](http://www.bordgaisenergy.ie)** and follow the registration instructions. To do this, you will need to have your account number and the name of your gas account exactly as it appears on the bill.

Once logged in you will have the following options:

- **Price information**

View current and historical price offerings from Bord Gáis Energy and actual gas prices for the past 12 months.

- **FVT calculator**

This calculator is designed to help you estimate gas charges for up to 12 months using the current price offering from Bord Gáis Energy.

- **Booking window calendar**

This section displays the calendar dates when the booking window is open to enable you to enter a fixed prices contract. These dates are very important. If you miss the booking window you will have to wait a month for the next booking window to open again.

- **Book a contract**

Enter a fixed prices contract for the gas commodity component of your tariff for 3, 6, 9 or 12 months. Please note that you will be forming a legal contract with us at this point. We will not be sending you further contractual documentation to sign. You will be able to print a copy of the prices you have agreed to and we will also send you an email confirmation with the price you have contracted for and our standard terms and conditions of gas supply for Fuel Variation Tariff customers.

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## What do I do now to enter a fixed prices contract?

You can book your contract on any day during the four day booking window. Once booked the contract cannot be changed. Once you have decided to enter a fixed prices contract for a specific period, enter the “Book a Contract” section and you will be offered the options for 3, 6, 9 or 12 months.

- Select the option that you wish to book for, using the button on the screen. Please ensure that you have read the terms and conditions before continuing.
- You will then be asked to re-confirm your selection.
- Once you have re-confirmed, the price is then booked and a confirmation page will appear with the prices and terms and conditions (this screen is printable).

- An email will also be sent to you with confirmation for your own records. Please note that you have formed a legal contract with us at this point based on the contract prices you have booked and based on our standard terms and conditions of gas supply for Fuel Variation Tariff customers. We will not be sending any further legal documentation to be signed.

For your convenience, our online service at **[www.bordgaisenergy.ie](http://www.bordgaisenergy.ie)** is available to enter a fixed prices contract. However, if you do not have access to the internet you can book the contract price by calling us on **1850 211 541** or email us at **[fvt@bordgais.ie](mailto:fvt@bordgais.ie)**. Once we have booked the contract prices we will fax you confirmation detailing the prices that you have contracted for and our standard terms and conditions of gas supply for Fuel Variation Tariff customers which you will need to sign and return by fax within the relevant booking window.

Remember – contract prices are only available on days within the booking window. If you miss the booking window you will default onto the monthly floating option (default price) until such a time as you enter a fixed prices contract. Once you are in a contract, you cannot enter a new contract or terminate the existing contract until the contract period expires as per our standard terms and conditions of gas supply for Fuel Variation Tariff customers.

### For further information:

- Log onto [www.bordgaisenergy.ie](http://www.bordgaisenergy.ie)
- Contact sales support administration at 1850 211 541
- email us at [fvf@bordgais.ie](mailto:fvf@bordgais.ie)
- Or contact your Key Account Manager directly

## The Fuel Variation Tariff - price booking calendar

Below is a schedule of the booking window for the FVT fixed prices contract from October 2010 - December 2011.

Booking window opens at 09.45 on first day	Booking window closes at 3pm on final day	Contract commencement
Tue 5 Oct	Fri 8 Oct	1 November 2010
Tue 2 Nov	Fri 5 Nov	1 December 2010
Tue 7 Dec	Fri 10 Dec	4 January 2011
* Wed 5 Jan	Fri 7 Jan	1 February 2011
Tue 1 Feb	Fri 4 Feb	1 March 2011
Tue 1 Mar	Fri 4 Mar	1 April 2011
Tue 5 Apr	Fri 8 Apr	3 May 2011
* Wed 4 May	Fri 6 May	1 June 2011
* Wed 8 Jun	Fri 10 Jun	1 July 2011
Tue 5 Jul	Fri 8 Jul	2 August 2011
* Wed 3 Aug	Fri 5 Aug	1 September 2011
Tue 6 Sep	Fri 9 Sep	3 October 2011
Tue 4 Oct	Fri 7 Oct	1 November 2011
Tue 1 Nov	Fri 4 Nov	1 December 2011
Tue 6 Dec	Fri 9 Dec	3 January 2012

\*Jan 3rd, May 2nd, June 6th and Aug 1st are Irish Bank Holidays, Jan 3rd and May 2nd are UK Bank Holidays. Booking window opens on a Wednesday following a bank holiday. The booking window following a bank holiday remains open for 3 days only. The price quoted during each day of the booking window will be the closing wholesale price of the previous day at close of business.

Note: If you do not enter a fixed prices contract within the booking window you will automatically default to the monthly floating option (default price). Gas used on a monthly floating price in the given month is charged at a rate determined by the average cost of the last five trading days of the preceding month, e.g. price charged for April 2011 consumption will be based on the last five trading days in March 2011.

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## Glossary of terms

### 1 Non Daily Metered (NDM)

These are gas meters that are read on a monthly or bi-monthly basis.

### 2 Supply Point Capacity (SPC)

A charge is payable in order to move gas through the pipelines. This charge is essentially where natural gas suppliers, such as Bord Gáis Energy, reserve space on the gas pipeline on behalf of their customers for the coming gas year. The amount of space reserved is called Supply Point Capacity (SPC). Each gas point has an individual, site specific SPC. This capacity for non daily metered customers is an estimation of peak day consumption measured in kWh. The estimation methodology is based on the FAR process and has been approved by the Commission for Energy Regulation. Bord Gáis Networks are responsible for estimating SPC for all customers. For a fuller explanation of SPC please visit [www.bordgais.ie/networks](http://www.bordgais.ie/networks)

### 3 Annual Quantity (AQ)

This is the total actual gas consumed by the customer over a recent 12 month period.

### 4 Gas commodity charge

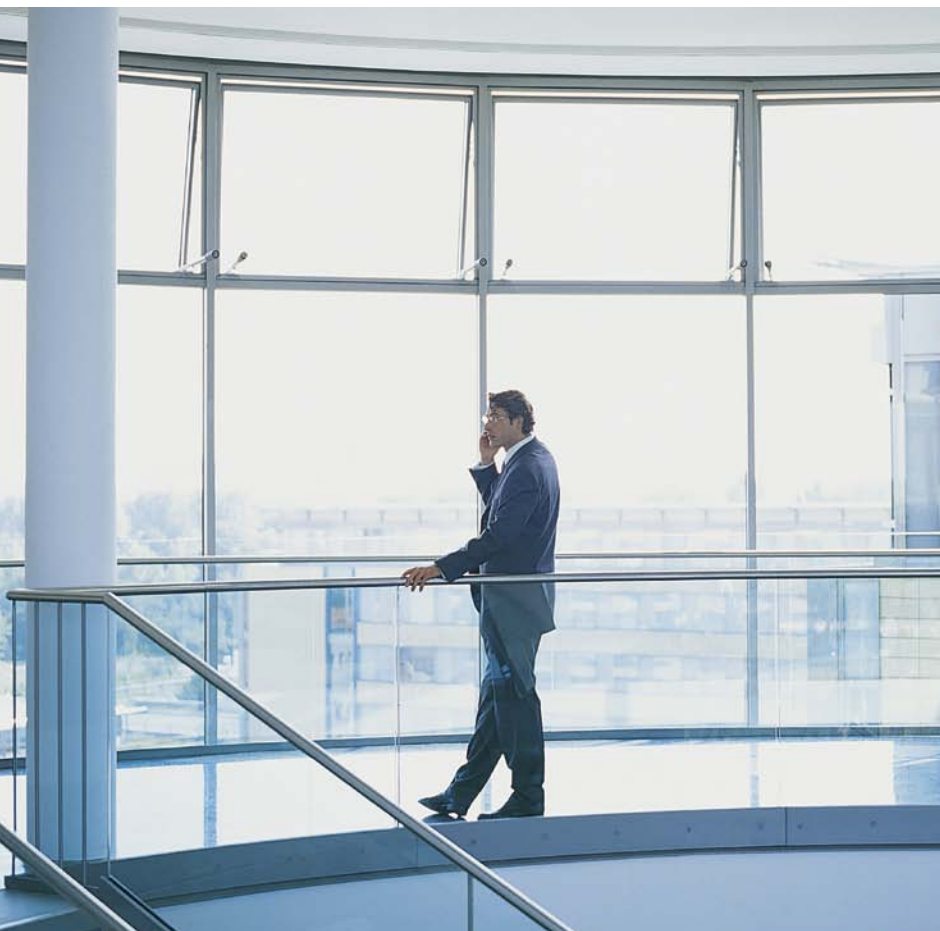
The gas commodity charge (cent per kWh) reflects the monthly unit cost of wholesale gas. The level of commodity charge faced by any particular customer for a given month will depend on which pricing option the customer has chosen.

### 5 Fixed rate charge

The fixed rate charge (0.3847 cent per kWh) incorporates those costs which depend on the volume of gas supplied, where the appropriate rate of cost recovery (per kWh consumed) remains constant through the gas year and does not vary between customers. These costs consist of transmission commodity tariffs, distribution commodity tariffs, swing flexibility and an approved margin on total costs. The supply margin is equivalent to 2.75% of the average annual cost of gas, transportation and administration for the FVT sector. This rate reflects the commercial risk faced by Bord Gáis Energy in supplying the sector. The CER proposes to review this margin as part of its annual review on the operation of this tariff.

### 6 Site charge

Also known as the transport capacity and own supply-cost charge (€ per annum), the site charge incorporates those costs which are largely independent of the gas volume consumed by a customer. These consist of Bord Gáis Networks transmission and distribution capacity tariffs and the administrative costs of servicing the FVT sector. The transportation capacity costs charged to each customer are based on the individual capacity booking requirement for each customer.



## 7 Gas charge

The shrinkage gas charge (cent per kWh) reflects the monthly unit cost of transmission shrinkage gas costs. The rate will vary by month but it will be common to all customers regardless of which gas commodity pricing option they may have chosen. For more detailed information please see documents CER/07/110, CER/08/162 and CER/09/034 at [www.cer.ie](http://www.cer.ie)

## 8 FAR

FAR (Forecasting, Allocation and Reconciliation) is a method of estimating gas consumption in the absence of an actual read. It is carried out by the transporter (Bord Gáis Networks) and is approved by the Commission for Energy Regulation. It is also used to calculate and review SPC on an annual basis. For further information go to [www.bordgais.ie/networks](http://www.bordgais.ie/networks).

# Terms and conditions of gas supply for Fuel Variation Tariff customers

## 1. Interpretation

### 1.1 Definitions

#### In the agreement:

**“Agreement”** means the tariff agreement together with these terms and conditions of gas supply and any fixed gas commodity prices contract.

**“Appliances”** means all cookers, boilers, heaters and other apparatus installed on the premises beyond the meter but does not include the meter or any fittings and piping installed up to the meter.

**“Arbitrator”** means a person to whom a dispute is referred under Clause 15.

**“BGN” or “Bord Gáis Networks”** means Bord Gáis Éireann, Gasworks Road, Cork, acting as the operator of the natural gas network (and not as an energy supplier) through its networks business, Bord Gáis Networks.

**“Billing period”** means a period of one month in respect of which the supplier issues an invoice to the customer under the agreement.

**“Booking window”** means the time period during which the customer can accept a fixed gas commodity prices contract as determined by the Commission in a FVT direction. The booking windows for the current gas year (which runs from 1st October to 30th September of the following calendar year) are set out on the supplier’s website at [www.bordgaisenergy.ie](http://www.bordgaisenergy.ie)

**“Business day”** means any day other than a Saturday or Sunday when banks are generally open for business in Ireland.

**“Code of Operations”** means the Bord Gáis Éireann code of operations dated 25th February 2005 for the operation of the transportation system, which governs technical and operational issues relating to the Bord Gáis Éireann transportation system as amended from time to time or any successor agreement approved by the Commission.

**“Commencement date”** means the date set out in the tariff agreement or such later date notified by the supplier to the customer when natural gas is available for the supplier to supply to the customer at the premises.

**“Commission”** means the Commission for Energy Regulation.

**“Customer” or “you”** means the person or company who has entered into the agreement for the supply of natural gas and whose name and address are as set out in the tariff agreement.

**“Customer’s premises” or “premises”** means the premises to which natural gas is to be supplied pursuant to the agreement as specified in the tariff agreement.

**“Day”** means a period of 24 hours commencing at 08.00 hours on any day.

**“Delivery Point”** means that flange or weld at the point of entry into the customer’s premises or such other point as shall be agreed.

**“Default gas commodity price”** means, in respect of a calendar month, the default gas commodity price for that calendar month calculated in accordance with the formula in Part A of schedule 1.

**“Emergency response service”** means the emergency response service designated by the Commission for the purposes of the licence and operated for the purpose of receiving and responding to reports of actual or suspected natural gas escapes.

**“Expert”** means a person to whom a dispute is referred under Clause 15.

**“Facilities”** means the facilities provided by the customer and Bord Gáis Networks to facilitate the supply of natural gas to the premises under the agreement.

**“FAR”** (Forecasting, Allocation and Reconciliation) is a method of estimating gas consumption in the absence of an actual read. It is carried out by the transporter (BGN) and is approved by the Commission. It is also used to calculate and review supply point capacity (as defined in the code of operations) on an annual basis.

**“Fixed gas commodity prices”** means, in respect of each calendar month during a fixed gas commodity prices supply period, the fixed gas commodity price for that calendar month as set out in the fixed gas commodity prices contract.

**“Fixed gas commodity prices contract”** means a contract which has been offered by the supplier for a period of either 3, 6, 9 or 12 months and accepted by the customer via the

supplier's FVT online system. Prices during the fixed gas commodity prices contract period will be a set of predetermined monthly prices.

**“Fixed gas commodity prices supply period”** means the term of a fixed gas commodity prices contract entered into by the customer.

**“Force majeure”** means any occurrence or circumstance beyond the control of either party resulting in or causing failure of that party to fulfil its obligations under the agreement which could not reasonably have been prevented or overcome by it and will be deemed to continue as long as the occurrence or circumstance cannot be prevented or overcome by such party, notwithstanding the exercise by that party of the standard of a reasonable and prudent operator.

**“Fuel Variation Tariff” or “FVT”** means the tariff offered by the supplier, as directed by the Commission from time to time, to non daily metered business customers.

**“FVT online system”** means the supplier's online pricing system whereby the supplier can offer fixed gas commodity prices to the customer for a period of 3, 6, 9 or 12 months and the customer can accept these prices via the supplier's website at [www.bordgaisenergy.ie](http://www.bordgaisenergy.ie).

**“FVT direction”** means any direction or decision which affects the price or operation of the Fuel Variation Tariff as issued by the Commission from time to time, including the decision paper CER/08/162 dated 3rd Sep 2008 (as amended or replaced from time to time).

**“Gross calorific value”** means the number of GigaJoules produced by the complete combustion at constant pressure of 1013.25 millibars absolute at fifteen (15) degrees celsius under standard gravitational force of one (1) cubic meter of natural gas at fifteen (15) degrees celsius with excess air at the same temperature as the natural gas, when the products of combustion are cooled to fifteen (15) degrees celsius and when the water formed by combustion is condensed to the liquid state and the product of combustion contains the same total mass of water vapour as the natural gas and air before combustion.

**“Irish interconnector system”** means the natural gas pipeline system between Moffat, Scotland and Loughshinny, Ireland or Mosney, Ireland.

**“Last resort supply direction”** means a direction given to a supplier by the Commission requiring it to make available a supply of natural gas to premises previously supplied by another supplier.

**“Licence”** means the licence to supply natural gas granted to the supplier by the Commission.

**“Meter”** means the natural gas meter installed by BGN for the purpose of measuring the quantity of natural gas used by the customer on the premises and includes all related fittings and piping installed therewith and any such meter or meters of any type supplied to you at any time at the premises but does not include the appliances.

**“Moffat”** means the connection point of the national grid high pressure transmission system in the United Kingdom and the BGE transportation system at Moffat, Dumfrireshire, Scotland.

**“Moffat agency agreement”** shall mean any agreement from time to time between the transporter, persons who reserve capacity on either the Irish interconnector system or the UK natural gas transportation system and the Moffat agent relating to procedures of nomination and allocation at the Moffat delivery point.

**“Moffat agent”** means any agent from time to time appointed pursuant to the Moffat agency agreement.

**“Month”** means a period commencing at 08.00 hours on any day of a calendar month and ending at 08.00 hours on the same date in the next succeeding calendar month.

**“Natural gas”** means any gas derived from natural strata (whether or not it has been subject to liquefaction or any other process or treatment) and where the Commission considers it appropriate, and in the opinion of the Commission the gas may be technically and safely injected into, and transported through the natural gas system, biogas, gas from biomass and other types of gas.

**“Natural gas connection”** means the connection between the natural gas network and the premises up to and including the meter.

**“Network”** means the totality of transmission and distribution pipelines used for the transmission, distribution and supply of natural gas to, from or within Ireland.

**“Uniform network code”** means the uniform network code prepared by National Grid plc in respect of the United Kingdom gas network as modified from time to time.

**“Network emergency”** means an emergency endangering persons and/or property and arising from a deviation in gas pressure or gas quality in the network or any part of the network.

**“Network emergency manager”** means the person designated as such by the Commission under a natural gas licence.

**“Other charges”** has the meaning given to that term in Clause 3.2.

**“Parties”** means the parties to the agreement as set out in the tariff agreement (being the customer and the supplier).

**“Reasonable and prudent operator”** means a person, firm or body corporate seeking in good faith to perform its contractual obligations hereunder and in so doing exercising that degree of care, diligence and foresight reasonably and ordinarily exercised by skilled and experienced operators engaged in the same type of undertaking or under the same or similar circumstances and conditions and any reference to the standard of a reasonable and prudent operator will mean such a degree of care, diligence, prudence and foresight as aforesaid.

**“Schedule”** means the schedule or schedules to these terms and conditions of gas supply which attach to and form part of the agreement.

**“Siteworks”** means any works carried out by Bord Gáis Networks in relation to the customer’s natural gas connection, including but not limited to the provision, installation, repair, maintenance or servicing of the meter or equipment used in the conveyance and supply of natural gas.

**“Supplier” or “Bord Gáis Energy” or “we” or “us”** means Bord Gáis Éireann, Gasworks Road, Cork, acting as an energy supplier (and not as a gas transporter) through its supply business, Bord Gáis Energy, Foley Street, Dublin.

**“Supply period”** means the term of the agreement which shall commence on the commencement date and continue until terminated in accordance with Clause 21 of these terms and conditions of gas supply.

**“Tariff agreement”** means the contract signed or agreed to by the customer setting out (amongst other things) the customer’s details, premises to be supplied and annual quantities incorporating the terms and conditions of gas supply.

**“Terms and conditions of gas supply”** means these standard terms and conditions of gas supply as amended from time to time.

**“VAT”** means Value Added Tax at the applicable rate from time to time.

**“Year”** means a period of time commencing at 08.00 hours on any day of any calendar year and ending at 08.00 hours on the same date in the next succeeding calendar year.

**1.2** References in the agreement to a document shall be references to such document as amended or replaced from time to time.

## **2 Sale and Supply**

**2.1** The supplier will sell and supply natural gas to the customer at the customer’s premises for the supply period in accordance with the law and subject to the agreement.

**2.2** The purpose of supply is that set out in the tariff agreement. The natural gas supplied by the supplier may not be resold by the customer in any form or used for any purpose other than that specified in the tariff agreement without the prior written consent of the supplier.

## **3 Price**

**3.1** The gas commodity price to be paid by the customer to the supplier for natural gas supplied within a given calendar month shall be the default gas commodity price as calculated in accordance with Part A of schedule 1 (as such schedule may be amended from time to time to conform with an FVT Direction) unless the customer has entered into a fixed gas commodity prices contract, in which case the gas commodity price to be paid by the customer to the supplier for natural gas supplied shall be the fixed gas commodity price referred to in Part B of schedule 1.

**3.2** In addition to gas commodity price payments for natural gas pursuant to Clause 3.1, the customer will also, in respect of the supply period, pay the supplier for transportation, shrinkage gas charges,

fixed costs and any other cost or charges as specified in the FVT direction issued by the Commission or otherwise specified by the supplier or on the supplier's behalf (the "other charges"). The categories of the other charges are those set out in schedule 2 (as such schedule may be amended from time to time to conform with an FVT direction or in accordance with Clause 3.6).

**3.3** The customer will also pay any amounts which become payable pursuant to Clause 21.

**3.4** All prices and charges set out in the agreement are exclusive of VAT. In addition to the charges payable hereunder, the customer shall pay to the supplier the amount of any VAT applicable to such charges which will be included in the customer's monthly bill.

**3.5** Each party shall supply to the other party all data reasonably required by the other party in order to calculate or to check any other charges imposed.

**3.6** The parties acknowledge that some of the other charges reflect charges imposed under or deriving from the code of operations (including the operation thereof), the uniform network code and/or the Moffat agency agreement ("network related charges") and that the other charges will change from time to time to reflect any changes to the network related charges. The customer shall continue to be liable during the supply period to pay the other charges as so changed from time to time.

**3.7** The supplier reserves the right to amend the default gas commodity price charged for natural gas with the prior agreement of the Commission but without the prior agreement of the customer.

**3.8** The parties acknowledge that any new FVT direction will take effect at such time and in such manner as is specified in such FVT direction or, if no such time or manner is specified, the FVT direction will take effect from the end of the current fixed gas commodity prices supply period if the customer has entered into a fixed gas commodity prices contract or, in the case of a customer who is being charged the default gas commodity price, from the first day of the subsequent calendar month.

## **4 Metering and Billing**

**4.1** The natural gas supply will be measured by the meter and metering equipment that will be installed and maintained by BGN. BGN staff, its agents or contractors will read the meter.

**4.2** In between readings of the meter, estimations of your natural gas consumption may be made by BGN. An estimated account will be calculated having regard to a number of factors including (but not limited to) prior natural gas usage at the premises, the time of year and the nature of the premises.

**4.3** The supplier will invoice the customer monthly in respect of a billing period which, for the avoidance of doubt, may include part of two consecutive calendar months. The supplier reserves the right to vary this arrangement from time to time. The customer will pay monthly for natural gas taken, or estimated to have been taken, by it during any part of a calendar month falling within the billing period (plus VAT) in line with the FAR process.

**4.4** The supplier may include any charge (plus VAT) payable by the customer to BGN in respect of the premises in the customer's bill. If this charge is included in the customer's bill, the supplier will arrange for payment to BGN on the customer's behalf.

**4.5** The supplier may also include in your monthly invoice charges (plus VAT) for any services that we have agreed to supply to you and that you have agreed to receive.

**4.6** If the supplier or the customer discover that any meter reading has been inaccurate or omitted, or the readings have not been converted into charges correctly, the customer or the supplier as the case may be, must pay any money that is due at the date of the next bill.

**4.7** If the supplier supplies natural gas to the customer but all or part of such natural gas supplied is not registered by the meter (due to a fault or unauthorised interference or any other reason), the customer must pay an amount equal to the charge that we estimate would have been payable had the meter or metering equipment been working properly at the date of the next bill.

**4.8** The reading shown by the meter will be evidence of the quantity of natural gas supplied to the customer. The customer may at any time require that the meter be tested

subject to paying (in advance) the estimated cost of the removal, replacement and testing of the meter. Such payment will be refunded to the customer if the testing shows the meter to have been registering outside of tolerance in favour of the supplier. The supplier may at any time at its own expense have the meter tested.

**4.9** A copy of the code of practice of the supplier concerning arrangements for billing may be obtained on the supplier's website at [www.bordgaisenergy.ie](http://www.bordgaisenergy.ie)

## **5 Credit Terms/Payment**

**5.1** BGE credit terms require that each bill/invoice furnished be fully settled within 14 days of the bill/invoice date. Payment will be made by variable bank Direct Debit (or such other method as may be specified by the supplier from time to time) to the supplier's account as designated from time to time so that the customer's gas account with the supplier is credited with the amount due not less than 14 days from the date of invoice.

**5.2** The customer will prior to the commencement date furnish to the supplier a form of instruction to the customer's bank authorising the bank to make payment to the supplier in the manner set out in Clause 5.1. The customer undertakes not to withdraw or vary any such instructions given to the customer's bank.

**5.3** Should the customer fail to make payment to the supplier of any sum due under the agreement interest on the sum will accrue at a daily rate equal to 2 per cent above the Bank of Ireland AAA overdraft rate then in force on a daily basis (or if there is no such rate then a rate which is equivalent chosen at the discretion of the supplier) from the due date for payment until payment is made, whether before or after any judgement.

## **6 Access to the Meter, Facilities and the Premises**

**6.1** All equipment and installations up to and including the meter belong to BGN and must be used in accordance with BGN's instructions. The supplier has no responsibility for maintaining the meter or the facilities.

**6.2** The customer must comply with any conditions given to it by BGN or by the supplier on behalf of BGN regarding the natural gas connection or any related matters.

**6.3** The customer is responsible at all times for looking after the meter and the facilities. The customer will not interfere or allow any interference with the meter, or the facilities, whether for repairs or for any other purpose without BGN's consent, and will notify BGN and/or the supplier of any defect in the meter or the facilities or if any alteration or other attention is required.

**6.4** The customer may request BGN to carry out siteworks at the premises or when appropriate the customer may ask the supplier to make this request on the customer's behalf, in each case subject to the applicable terms and conditions.

**6.5** The customer is responsible for all costs (including VAT) associated with the siteworks. This includes any costs incurred as a result of the cancellation of the siteworks by the customer or because of the customer's default. The customer will also be responsible for all fees payable where BGN visits the premises to carry out the siteworks at a time agreed with the customer, but is unable to do so due to the default of the customer.

**6.6** The customer must give BGN (or when appropriate the supplier) all information that BGN may reasonably require and do anything reasonably requested by BGN to enable BGN to carry out the siteworks.

**6.7** BGN (or when appropriate the supplier) will inform the customer at the time that he requests the siteworks of the cost and payment terms of the siteworks.

**6.8** The customer must allow BGN and its contractors, sub-contractors and their employees, servants or agents safe, free and unrestricted access to the meter and the facilities and if required safe, free and unrestricted admission to the premises at all reasonable times. This includes (but is not limited to) reading, inspection, repair and removal of the meter and any other siteworks that the customer requests BGN to carry out at the premises.

**6.9** The customer must allow BGN access to the facilities, the meter or the premises at any time in the case of a network emergency.

**6.10** The customer must allow the supplier a right of entry to the premises for all reasonable purposes at all reasonable times and at any time in the case of an emergency.

**6.11** If the customer fails to comply with Clauses 4 or 6 and this frustrates or delays payment of the natural gas used by the customer, the supplier will be entitled to treat this as neglect or refusal to pay for the purpose of the agreement.

## **7 New or Returning Customers**

**7.1** Customers who have not previously been supplied with natural gas by the supplier at any time (“**new customers**”) or who are switching to the supplier from another supplier (“**returning customers**”) and who want to be supplied with natural gas on the default gas commodity price, must sign the tariff agreement at least 5 business days prior to the first day of the calendar month in which they wish to begin to be supplied with natural gas by the supplier.

**7.2** New customers or returning customers who want to be supplied with natural gas on a fixed gas commodity prices contract, must sign the tariff agreement and accept a fixed gas commodity prices contract in accordance with the appropriate booking window for contracts starting in the month in which they wish to begin to be supplied with natural gas by the supplier.

**7.3** For new customers or returning customers, the agreement and any fixed gas commodity prices contract will begin on the first calendar day of the month.

## **8 Fixed Gas Commodity Prices Contracts**

**8.1** If you wish to use the FVT online system to accept a fixed gas commodity prices contract you must first have signed a tariff agreement and have been provided with instructions and secure user details for the FVT online system by the supplier.

**8.2** The provisions of the tariff agreement and the terms and conditions of gas supply apply to all fixed gas commodity prices contracts. Customers who accept a fixed gas commodity prices contract agree to be bound by the tariff agreement and the terms and conditions of gas supply.

**8.3** If you wish to enter into a fixed gas commodity prices contract for a fixed gas commodity prices supply period to commence in a particular calendar month, you must accept such fixed gas commodity prices contract within the relevant booking window for that particular calendar month via the FVT online system.

**8.4** Following the expiry of a fixed gas commodity prices supply period, the supplier will continue to supply natural gas to the customer at the default gas commodity price (subject to Clause 3.2) for the remainder of the supply period, unless the customer entered into a further fixed gas commodity prices contract, in which case the customer will be charged the fixed gas commodity prices specified therein (subject to Clause 3.2).

## **9 Security**

**9.1** If required by the supplier at any time, the customer will furnish such security (whether by way of deposit, guarantee or other form of security) as the supplier may require for the payment of any monies which may from time to time become due by the customer under the agreement.

## **10 Calculation of energy supplied**

**10.1** The customer will be charged for the number of kiloWatt hours (kWh) of natural gas consumed by it, or estimated to have been consumed by it, or passed through the meter, or estimated to have been passed through the meter, in accordance with the gross calorific value of the natural gas as determined by the supplier.

**10.2** The calculation of natural gas supplied will conform with the requirements of EEC Directive 71/318/EEC or any amendment or re-enactment of that directive.

## **11 Units of measurement**

**11.1** All units of measurement used pursuant to the agreement will be in accordance with EEC Directive 80/181/EEC and any amendment or re-enactment of that directive.

## **12 Quantities and Interruptions**

**12.1** The supplier may limit the supply of natural gas to the customer as it thinks desirable or necessary to any quantity which includes (without limitation) asking BGN to cut off the supply of natural gas to the customer.

**12.2** Although the supplier intends that the supply of natural gas will be given without interruption or variations, the supplier will not be liable for any loss or damage, suffered by the customer in respect of interruptions or variations in the supply or cessation of supply resulting from any cause whatsoever.

**12.3** The supplier's obligation to supply natural gas to the customer is subject at all times to the delivery of natural gas by BGN to the delivery point.

### **13 Assignment by the Supplier**

**13.1** The supplier will be entitled to assign the benefit and/or burden of the agreement without the prior written approval of the customer.

### **14 Complaints**

**14.1** The customer may make a complaint in relation to any issue arising under the agreement by contacting the customer service department on **1850 211 541**.

**14.2** Any complaints made by the customer will be dealt with by the supplier in accordance with its code of practice for dealing with customer complaints. The customer may obtain a copy of this code on the Bord Gáis Energy website **[www.bordgaisenergy.ie](http://www.bordgaisenergy.ie)**

### **15 Disputes**

**15.1** All disputes which arise under or in connection with the agreement or the sale or supply of natural gas under the agreement will be referred to an expert or arbitrator pursuant to Clause 15.2 or Clause 15.3 of the agreement to be appointed by the agreement of both parties (within 10 days of one party requesting the other to so agree), or, in default of agreement, as appointed by the president of the Incorporated Law Society of Ireland.

**15.2** Any dispute which the parties agree to be of a technical nature (within ten days of one party requesting the other to state whether it agrees that the dispute is of a technical nature) will be referred to an expert whose decision will (save in the case of fraud or manifest error) be final and binding and will be implemented by the parties and may not be referred to an arbitrator.

**15.3** All other disputes will be referred to an arbitrator and the provisions of the Arbitration Acts 1954-1998 and any amendment or re-enactment of those acts will apply to such arbitration.

**15.4** Without prejudice to Clause 15.3, any dispute which could be referred to an arbitrator pursuant to the agreement may by the agreement of both parties be referred to an expert.

### **16 Force Majeure**

**16.1** Notwithstanding any other provision of the agreement, a party validly claiming force majeure will be relieved from liability for breach of the agreement, or will not be otherwise liable, to the extent that owing to any force majeure which it has notified to the other party it has not performed any of its obligations which would otherwise have resulted in liability under the agreement. The relief to be offered under this clause will not extend to the obligations of either party to pay money when due or to give notice which it may be required to give under the agreement.

**16.2** The party affected by the force majeure must promptly:

**a)** notify the other party in writing of the force majeure and furnish such information as is available and may reasonably be disclosed relating to the force majeure including where relevant (but not limited to) the quantities of natural gas affected and an estimate of the time required to remedy the force majeure; and

**b)** take all reasonable steps at a reasonable cost to rectify the force majeure and to minimise the damage caused thereby but will not be obliged to settle any strikes or other labour disputes except in such manner as it will in its own judgement consider it fit.

### **17 Appliances and Facilities**

**17.1** The supplier accepts no liability whatsoever or howsoever arising whether in contract, tort (including negligence) or otherwise for the appliances or the facilities or the care and maintenance of the appliances or the facilities.

### **18 Limitation of Liability**

**18.1** All warranties, conditions and other terms implied by statute or common law are, to the fullest extent permitted by law, excluded from the agreement.

**18.2** The supplier will not have any liability whether in contract or tort or otherwise and whatsoever or howsoever arising in respect of or in connection with any failure of the transportation services provided by BGN, the natural gas connection, or any siteworks.

**18.3** The supplier will not have any liability whether in contract, tort (including negligence) for any indirect or consequential loss or economic loss suffered by the customer as a result of the sale or supply of natural gas or in connection with the agreement.

## **19 Network Emergency**

**19.1** In the event of and for the duration of a network emergency or in the case of an escape, or suspected escape, of natural gas:

- a)** the supplier may at the request of the network emergency manager, the emergency response service or BGN discontinue the supply of natural gas to the premises; and
- b)** the customer must refrain from using natural gas immediately upon being told by the supplier or BGN that the customer should do so.

## **20 Emergency Response Service**

**20.1** The contact details of the emergency response service are:  
24 Hour Telephone Number: 1850 20 50 50.

**20.2** The supplier will, in so far as is practicable, take steps to inform the customer of any change in the details of the emergency response service prior to such change becoming effective. In any event the up-to-date information in this regard will be displayed on the supplier's website or on the customer's natural gas bill.

## **21 Termination**

**21.1** Customers who are being charged the default gas commodity price may terminate the agreement by serving on the supplier not less than 28 days notice in writing of its intention to terminate the agreement. The agreement will automatically terminate on the expiry of any notice so served.

**21.2** In the event that a customer who is being charged the default gas commodity price does not provide 28 days notice of termination of the agreement in accordance with Clause 21.1, the customer shall pay the supplier the costs incurred by the supplier in respect of procuring wholesale natural gas for the customer and all associated code of operations and uniform network code charges as applicable from the date of change of supplier to the end of the supply period to the extent (if any) that the supplier incurs a loss as a result of incurring such costs.

**21.3** Customers who have accepted a fixed gas commodity prices contract via the FVT online system may not terminate the agreement prior to the expiry of the fixed gas commodity prices supply period of such fixed gas commodity prices contract otherwise than in accordance with Clause 21.6, but may terminate the agreement by serving on the supplier not less than 28 days notice in writing of its intention to terminate the agreement provided that such notice terminates on or after the expiry of the fixed gas commodity prices supply period.

**21.4** The customer acknowledges that, where a customer has entered into a fixed gas commodity prices contract, the supplier has been obliged to procure wholesale natural gas for the duration of the fixed gas commodity prices supply period to comply with its obligations to the customer under the fixed gas commodity prices contract. In the event that the customer changes supplier during the fixed gas commodity prices supply period and terminates the agreement in breach of Clause 21.3, the customer shall pay the supplier the costs incurred by the supplier in respect of procuring wholesale natural gas for the customer and all associated code of operations and uniform network code charges as applicable up to the end of the fixed gas commodity prices supply period to the extent (if any) that the supplier incurs a loss as a result of incurring such costs.

**21.5** If a customer is being charged the default gas commodity price, the supplier may terminate the agreement by serving on the customer not less than 28 days notice in writing of its intention to terminate the agreement. The agreement will automatically terminate on the expiry of any notice so served.

**21.6** The agreement may be terminated by either party at any time without notice, if the other party commits a material breach of the agreement and fails to remedy it within a reasonable time but without prejudice to any antecedent rights or remedies of either party. Without prejudice to the classification of any other breach as a material breach, any failure by the customer to pay any sum due under the agreement on time will be deemed to be a material breach of the agreement.

**21.7** The supplier may terminate the agreement without notice in the following circumstances:

- a)** if the customer becomes bankrupt, insolvent, makes any voluntary arrangement with any of its creditors, if a receiver or administrative receiver is appointed over any part of the customer's business or property, the customer goes into liquidation or an examiner is appointed to the customer;
- b)** if the supplier no longer has a Licence to supply the premises;
- c)** if the network emergency manager, the emergency response service or BGN inform the supplier that there is any risk of fire or explosion or injury to persons or property by reason of any defects or suspected defects in the facilities or the appliances;
- d)** if the supplier reasonably considers that there is a risk of fire or explosion or injury to persons or property due to the supply of natural gas to the premises; or
- e)** if a last resort supply direction is given to another supplier in respect of the premises, in which event the agreement will terminate on the date that the direction takes effect.

**21.8** The termination of the agreement, however arising, will be without prejudice to the rights and duties of either party accrued prior to termination. The conditions which expressly or impliedly have effect after termination will continue to be enforceable notwithstanding termination.

**21.9** Further information in relation to the policy and procedures of the supplier for causing premises to be disconnected from the natural gas network is set out in the code of practice on disconnection which may be obtained on the supplier's website or on the customer's natural gas bill.

## **22 Notices**

**22.1** Any notice or request to be given by one party to another under the agreement will be delivered to the party in question or sent to such party by registered post, facsimile transmission or electronic mail addressed to that party at such address as the party in question will from time to time designate by written notice and, until such notice will be given, the addresses of the parties will be those that appear in the tariff agreement.

Any notice or request given in accordance with this Clause shall be deemed to have been received as follows: (a) in the case of post, two business days after posting; (b) in the case of facsimile transmission, when written confirmation of its transmission has been recorded by the sender's fax machine, provided always that such written confirmation is retained by the sender for inspection by the other party; and (c) in the case of electronic mail, at the time it was sent, unless the sender receives notification that the electronic mail has not been received.

## **23 General**

**23.1** The headings in these conditions are for convenience only and will not affect their interpretation.

**23.2** No waiver by the supplier of any breach of the agreement by the customer will be considered as a waiver of any subsequent breach of the same or any other provision.

**23.3** If any provision of the agreement is held by any competent authority to be invalid or unenforceable in whole or in part the validity of the other provisions of these conditions and the remainder of the provisions in question will not be affected thereby.

**23.4** The agreement will be governed and construed in accordance with the laws of Ireland and the courts of Ireland will have exclusive jurisdiction to decide any disputes arising between the supplier and the customer.

## **24 Entire Agreement**

**24.1** The customer acknowledges that it has read and understands the tariff agreement, these terms and conditions of gas supply and, where applicable, the terms of any fixed term contract (accepted by the customer via the supplier's FVT online system) and agrees to be bound by the agreement. Further the customer agrees that the agreement is the complete and exclusive statement of the agreement of the parties, which supersedes all proposals or prior agreements, oral or written, and all other communications between the parties relating to the subject matter of the tariff agreement, these terms and conditions of gas supply and the terms of any fixed term contract (accepted by the customer via the supplier's FVT online system).

### Schedule 1 – Gas Commodity Price

**A.** If you **have not** entered into a fixed gas commodity prices contract in respect of a calendar month, you will be charged the default gas commodity price for that calendar month, calculated as follows:

$$\bullet P_m = [\text{Default NBPM} * \text{GBP/EUR}]$$

Where

**P<sub>m</sub>** = the default gas commodity price of gas in month M expressed in cent per therm.

**Default NBPM** = is defined as the average of the ICE NBP futures settlement prices for month M over the last 5 trading days in the prior month M-1.

**GBP/EUR** = the average of the Sterling Euro exchange rate for each ICE business day of month M-1 as quoted by AIB Bank.

**B.** If you **have** entered into a fixed gas commodity prices contract in respect of a calendar month, you will be charged the fixed gas commodity price for that calendar month set out in such fixed gas commodity prices contract.

### Schedule 2 – Other Charges

**1.** A site specific charge in Euros per annum which incorporates:

- Transportation capacity charges for the Irish transmission system based on supply point capacity as determined by Bord Gáis Networks
- Transportation capacity charges for the Irish distribution system based on supply point capacity as determined by Bord Gáis Networks
- Operating costs recoverable by Bord Gáis Energy as determined by the CER

**2.** Shrinkage gas charges on the Bord Gáis Networks system in c/kWh as determined by Bord Gáis Networks.

**3.** A fixed rate charge in c/kWh as determined by the CER to incorporate recovery of:

- supply margin
- swing premium
- UK and Irish transmission commodity tariff
- Irish distribution commodity tariff

**If you need help or advice  
please contact us:**

**Business gas contact details**

**Tel: 1850 211 541**

**Fax: 01 602 1124**

**[fvt@bordgais.ie](mailto:fvt@bordgais.ie)**

**Sales support administration**

**FVT department**

**Bord Gáis Energy**

**PO Box 10943, Dublin 1**

Please note that to maintain the highest level of service we may monitor and record calls.