

Licence No. EMA/GS/001

# Gas Licence for Gas Shipper Licensee

granted  
under the Gas Act (Cap. 116A) to

City Gas Pte Ltd

# **GAS LICENCE FOR GAS SHIPPER LICENSEE**

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### **PART I: SCOPE OF THE LICENCE**

1. The Energy Market Authority of Singapore (the “Authority”) in exercise of the powers conferred under Section 7(3) of the Gas Act (Cap. 116A) (the “Act”), hereby grants to City Gas Pte Ltd (the “Licensee”), a company incorporated in the Republic of Singapore with Registration Number 200106090N, a gas licence (the “Licence”) authorising the Licensee to ship gas in Singapore subject to the conditions of this Licence (the “Conditions”).
2. The Conditions are subject to modification in accordance with Sections 14, 15, and 16 of the Act.
3. Subject to paragraphs 4 to 5 below, this Licence shall commence on the date set out below and shall be for a term of ten (10) years. The Licensee may, not later than two (2) years prior to the expiry of this Licence, apply to the Authority for a renewal of the Licence. The renewal shall be on such terms and conditions as the Authority deems fit and will be notified to the Licensee, in writing, not later than one and a half (1½) years prior to the expiry of this Licence.
4. The Authority may at any time during the term of this Licence revoke or suspend this Licence in accordance with Section 18 of the Act.
5. Any request for the termination of this Licence by the Licensee is subject to the approval of the Authority, whose approval shall not be unreasonably delayed or withheld beyond a 90-day period. The Licensee shall continue to be bound by the terms of this Licence until such time as the Authority 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.

7th April 2008

KHOO CHIN HEAN  
Chief Executive  
Energy Market Authority of Singapore

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## PART II: CONDITIONS OF THE LICENCE

### Condition 1: Interpretation and Definitions

1. Unless the context otherwise requires, words and expressions used in this Licence shall be construed as if they were in an Act of Parliament and the Interpretation Act (Cap. 1) applied to them and references to an enactment shall include any statutory modification or re-enactment thereof or any legislation substituted therefor after the date when this Licence comes into operation. A reference in this Licence 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. A reference in this Licence to the word “including” or a grammatical variation thereof means “including but not limited to”.
2. Unless the context otherwise requires or the term is otherwise defined in paragraph 3 of this Condition, all terms defined in the Act shall have the same meaning when used in this Licence.
3. In this Licence, unless the context otherwise requires:

<b>“Act”</b>	means the Gas Act (Cap. 116A);
<b>“authorised business”</b>	means the Licensee’s activity of shipping gas;
<b>“balancing period”</b>	is as defined in the Gas Network Code;
<b>“Gas Metering Code”</b>	means the code of practice that sets out the obligations of the Licensee to comply with the standards and procedures for meter installations and meter data;
<b>“Gas Supply Code”</b>	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;
<b>“nomination”</b>	is as defined in the Gas Network Code;
<b>“related enterprise”</b>	in relation to the Licensee or its subsidiary means any company or partnership over which the Licensee or its subsidiary, as the case may be (either directly or through another subsidiary company) is able to exercise control, that is, to direct the decision-making process of the company or partnership, whether through holding issued share capital or voting power of the company or partnership;

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**“relevant legislation”** means the Act and the Energy Market Authority of Singapore Act (Cap. 92B), and includes in each case the regulations made thereunder; and

**“subsidiary”** shall be construed in accordance with Section 5 of the Companies Act (Cap. 50).

4. For the purposes of the restriction on the transfer of this Licence, the provisions of Section 10 of the Act shall apply and accordingly:
  - (a) this Licence is not transferable without the approval in writing of the Authority; and
  - (b) any purported transfer of this Licence without the approval in writing of the Authority shall be void.
5. Any reference in this Licence to a numbered paragraph is a reference to the paragraph bearing that number in the condition in which the reference occurs.
6. A reference to:
  - (a) “Condition” and “Conditions” refer to a condition and conditions of this Licence, respectively; and
  - (b) “Schedule” and “Schedules” refer to a schedule and schedules to this Licence respectively.
7. Headings are for convenience only and shall not affect the interpretation of the Conditions of this Licence.
8. 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 if the Licensee fails to comply with that obligation within that time limit.
9. The provisions of Section 95 of the Act shall apply for the purposes of the service of any document by the Authority on the Licensee pursuant to this Licence.

### **Condition 2: Composition of Board of Directors**

1. The Licensee shall procure that at all times its directors shall not be employed by nor hold any office or engagement with:
  - (a) any other gas shipper or any person exempted from the obligation to hold a gas shipper’s licence under the Act;
  - (b) a gas transporter or gas transport agent under the Act; or
  - (c) any person authorised by an electricity licence or exempted from the obligation to hold an electricity licence, to engage in an activity referred

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to in one or more of subsections (b), (ba), (e), or (g) of Section 6(1) of the Electricity Act (Cap. 89A).

2. The Authority may, on such terms as it may specify in writing notified to the Licensee, waive or vary any of the requirements of this Condition for such period as the Authority may determine.

### **Condition 3: Prohibition on Acquisition of Shares**

1. The Licensee shall not directly or indirectly through its related enterprises acquire or hold any shares in:
  - (a) any other gas shipper or any person exempted from the obligation to hold a gas shipper's licence under the Act;
  - (b) a gas transporter or gas transport agent under the Act; or
  - (c) any person authorised by an electricity licence or exempted from the obligation to hold an electricity licence, to engage in an activity referred to in one or more of subsections (b), (ba), (e) or (g) of Section 6(1) of the Electricity Act (Cap. 89A).
2. The Authority 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.

### **Condition 4: Codes of Practice**

1. The Licensee shall be subject to and shall comply with:
  - (a) the Gas Supply Code;
  - (b) the Gas Metering Code; and
  - (c) any other relevant codes of practice and other standards of performance as the Authority notifies the Licensee in writing.
2. In conjunction with paragraph 1 of this Condition, the Licensee may participate in the development of any code of practice and standard of performance if such code of practice or standard of performance will directly or indirectly affect the authorised business of the Licensee.
3. If any new code of practice and standard of performance exceeds any of the Licensee's contractual agreements pre-dating the Licence, the Licensee shall be given reasonable time to comply with such code of practice or standard of performance.
4. Notwithstanding paragraph 1 of this Condition, the Authority may by written notification, exempt the Licensee from compliance with any code of practice or standard of performance, in whole or in part, and subject to such terms and conditions as the Authority may determine.

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5. The Licensee may propose modifications to a code of practice or standard of performance that is in force at the relevant time by notifying the Authority in writing of the proposed modification. The Authority shall:
  - (a) review the proposed modification to a code of practice and determine whether the proposed modification should be made, in accordance with the code modification process set out in the relevant code; or
  - (b) review the proposed modification to a standard of performance and determine whether the proposed modification should be made.
6. (1) The Licensee shall not:
  - (a) with regard to its authorised business or Singapore's gas industry:
    - (i) 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
    - (ii) 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
  - (b) mislead or confuse any person about its authorised business.
- (2) If the Authority is satisfied that the Licensee is contravening or has contravened any provision of sub-paragraph (1), the Authority 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 representations, statement or answer or to correct such confusion, including without limitation, by requiring the Licensee to publish a correction or to write to such persons to correct facts within a specified period of time as directed by the Authority.
- (3) The Authority may take enforcement action against the Licensee in accordance with the provisions of the Act if the Licensee fails to comply with the direction of the Authority issued under sub-paragraph (2) above.

### **Condition 5: Risk Management and Insurance**

1. The Licensee shall adopt and implement reasonable and prudent policies in relation to the management and insurance (including self-insurance) of risks associated with the authorised business.

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### **Condition 6: Preparation for Emergencies and Security Arrangements**

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

### **Condition 7: International Obligations**

1. 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 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 paragraph 2 of this Condition.
2. The Authority shall notify the Licensee from time to time of any membership or agreement to which paragraph 1 of this Condition applies.
3. The Licensee may apply to the Government for compensation or grant to offset any loss or damage sustained as a result of complying with paragraph 1 of this Condition based on an audited claim submitted by the Licensee for such loss or damage.

### **Condition 8: Investigation of Offences**

1. The Licensee shall monitor its activities with respect to compliance with this Licence or with the relevant legislation and shall report any suspected non-compliance to the Authority. The Licensee shall also submit quarterly, or at such other frequency as notified by the Authority in writing, a compliance statement to the Authority that it has complied with the requirements in this Licence or describing any cases of any suspected non-compliance.
2. Where it comes to the attention of the Licensee that another gas licensee has breached its gas licence or relevant legislation or any other person has breached the relevant legislation, the Licensee shall report any suspected non-compliance to the Authority.

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3. Where the Licensee reports suspected non-compliance by itself, another gas licensee or any other person pursuant to paragraph 2 above, or requests the Authority to institute a prosecution against any person for contravening a provision of relevant legislation in relation to the gas licensee's authorised business, the Licensee shall furnish to the Authority 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 for the prosecution and conviction of the suspect.
  
4. Where the Authority 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, the Authority may, subject to Section 5 of the Act, inform the Licensee of such information and the Licensee shall furnish to the Authority 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 for the prosecution and conviction of the suspect.
  
5. The Licensee and its directors and officers shall give full assistance and cooperation to the Authority and its prosecuting officer or counsel in connection with any prosecution proceedings arising from paragraphs 1 through 4 of this Condition.

### **Condition 9: Information, Access and Audit Rights of the Authority**

1. The Licensee shall promptly inform the Authority of any circumstances that result, or are likely to result, in a change in any information provided by the Licensee to the Authority and shall provide updated information to the Authority in a timely manner.
  
2. Without prejudice to the powers of the Authority to call for information under or pursuant to any other conditions in this Licence or the relevant legislation, the Licensee shall, at its own cost, furnish to the Authority such information as the Authority requires pursuant to Section 4 of the Act and in such form as the Authority requires.

### **Condition 10: Payments of Fees**

1. The Licensee shall, at the times stated hereunder, pay to the Authority fees of the amount specified in, or determined under, paragraphs 2 to 5 of this Condition.

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2. The Authority shall, after the issuance of this Licence, notify the Licensee in writing of the initial fee to be paid and the Licensee shall pay such fee to the Authority within thirty (30) calendar days.
3. The Authority shall notify the Licensee on or before the 1st of April of each subsequent year in which this Licence is in effect of the fee to be paid and the Licensee shall pay such fee to the Authority on or before 30th of April of each such subsequent year.
4. Without prejudice to any other powers of the Authority under this Licence or the Act, if the Licensee fails to pay in full any fee due pursuant to this Condition on or before the due date for payment thereof, the Licensee shall pay to the Authority interest at the Prescribed Rate described in paragraph 5 below, which interest shall accrue daily on the amount unpaid on and from such due date to the date of actual payment and shall be compounded monthly at the end of each calendar month.
5. The Prescribed Rate shall be the rate which is four percentage points (4%) above the arithmetic average of the rates quoted in Singapore by DBS Bank Limited, Overseas-Chinese Banking Corporation Limited and United Overseas Bank Limited (or such other banks as the Authority may specify in writing from time to time) as being the respective prime lending rates of such banks for each day of the period for which interest accrues, and in respect of any day during such period which is not a day for which such a rate is quoted, the last preceding rate quoted shall apply.

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### **PART III: SPECIAL CONDITIONS APPLICABLE TO THE SHIPPING OF GAS**

#### **Condition 11: Provision of Information to the Authority, Consumers, Gas Transporter or Gas Transport Agent**

1. The Licensee shall provide to the gas transporter or gas transport agent information reasonably requested by the gas transporter or gas transport agent:
  - (a) for the purpose of enabling the gas transporter or gas transport agent to fulfil its licence obligations for the safe operation, development or maintenance of any gas pipeline network;
  - (b) for the purpose of preventing or detecting theft of gas, fraud in relation to gas trading or gas escapes; or
  - (c) as required pursuant to the Gas Network Code, the Gas Metering Code and/or the Gas Supply Code.
2. The Licensee shall provide to the Authority, its consumers and to the gas transporter or gas transport agent promptly upon its becoming aware, any information critical to maintaining the integrity of the gas supply system, including without limitation information relating to:
  - (a) the inability of the Licensee to meet its nominations; or
  - (b) planned or unplanned interruptions to supplies from an onshore receiving facility that may cause a disruption to gas supplies.
3. This Condition shall not require the Licensee to produce any documents or give any information which it could not be compelled to produce or give in civil proceedings before any Singapore court.

#### **Condition 12: Compliance with Gas Network Code**

1. The Licensee shall comply with and perform its obligations in accordance with the Gas Network Code.
2. The Licensee shall be required, upon a request or a notification by the Authority to participate in:
  - (a) the development and subsequent modifications of the Gas Network Code; and
  - (b) market trials or any other activity as required or commissioned by the Authority for:
    - (i) the purpose of implementing the Gas Network Code at a date to be specified by the Authority;

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- (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 development and subsequent modification of the Gas Network Code to be specified by the Authority.

### **Condition 13: Use of Gas Supply System**

1. The Licensee shall not pursue any course of conduct or omit to do any thing the omission of which is likely to prejudice the:
  - (a) safe and efficient operation, from day to day, of the gas supply system; or
  - (b) due functioning of the arrangements provided for in the Gas Network Code.
2. The Licensee shall not pursue any course of conduct that is likely to mislead the gas transporter or gas transport agent as to the amount of gas to be delivered by the Licensee on a particular balancing period to the gas supply system or as to the amount of gas to be offtaken from or shipped through the gas supply system during that particular balancing period.

### **Condition 14: Security and Continuity of Supply**

1. The Licensee shall at all times use reasonable endeavours to ensure that it has the right to sufficient capacity in the gas supply system in order for it to facilitate the maintenance of a reliable supply of gas to the consumers to whom it ships gas under the Licensee's contractual obligations.
2. The Licensee shall not unreasonably prevent the consumers to whom it ships gas from implementing such arrangements as the consumer deems prudent to ensure the continuity of its gas supply, including entering into a contract with another gas shipper for gas.

### **Condition 15: Attendance to Gas Escapes and Supply Source Disruption**

1. This Condition shall apply in the case of a gas supply system emergency resulting from an escape, suspected escape or supply source disruption, of gas in the gas supply system, that is to say, where the circumstances are such that, in the opinion of the gas transporter or gas transport agent:

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- (a) the safety of its gas supply system or any part of its gas supply system is significantly at risk;
- (b) the safe conveyance of gas by its gas supply system is significantly at risk;
- (c) the gas conveyed by its gas supply system is at such a pressure or of such a quality as to constitute, when supplied to premises, a danger to life or property; or
- (d) the safe recovery of its gas supply system from a gas supply source disruption is significantly at risk,

and that opinion is not unreasonable.

2. Where the Licensee is notified that this Condition applies, the Licensee shall make best endeavours to comply immediately with all requests made by the gas transporter or gas transport agent (provided such requests are not unreasonable) for the purpose of, as may be appropriate:

- (a) averting or reducing danger to life or property; or
- (b) securing the safety of the gas supply system or reducing the risk to it.

3. The Licensee shall

- (a) obtain from the gas transporter or gas transport agent a telephone number continuously attended for the purposes of reporting escapes of gas; and
- (b) notify each person to whom it ships gas:
  - (i) the telephone number obtained from the gas transporter or gas transport agent under paragraph (a) for the purposes of reporting escapes of gas; and
  - (ii) that it should report to the gas transporter or gas transport agent immediately if there is an escape, or suspected escape, of gas.

### **Condition 16: Gas Supply System Planning**

1. The Licensee shall co-operate with the Authority, the gas transporter, the gas transport agent and such other persons as are specified by the Authority in relation to the gas transporter or gas transport agent's planning and development of the gas supply system in accordance with the gas transporter or gas transport agent's licence.
2. Without limiting paragraph 1, the Licensee shall provide information including forecasts of expected demand and supply of gas or such information that would be necessary for the gas transporter or gas transport agent to plan and

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develop the gas supply system in accordance with the gas transporter or gas transport agent's licence.