

# Consultation on NI Daily Capacity Products: High Level Business Rules

8 March 2012

## 1. Purpose of this paper

- 1.1. This paper sets out for consultation the high level business rules for the short term daily capacity product in Northern Ireland. This product has been developed in order to satisfy infringement proceedings against the UK which alleged that the TSOs in NI do not provide firm and interruptible third party access services down to a minimum period of one day under Regulation (EC) 715/2009 which replaced Regulation (EC) 1775/2005.
- 1.2. The business rules are attached at annex A and have been jointly prepared by the Transmission System Operators (TSOs) BGE(UK) and Premier Transmission Ltd. and have been presented to industry at a workshop on 14<sup>th</sup> Feb 2012.
- 1.3. Annex B contains a mark-up of the PTL code for illustrative purposes only so that interested parties may see our initial thoughts on how the new product may impact on the code. It should be noted that the purpose of this is to give shippers a sense of the scale of changes to the code only and further changes to the code may be required at legal drafting stage.
- 1.4. Further consideration is required on how the draft business rules will impact on the code and this work will be ongoing during the consultation process. In particular, further development and confirmation of the approach is required in relation to:
  - Sections 1 and 2: Capacity holdings on behalf of other Shippers
  - Section 12: The precise terms for new charge components, which will depend on development of the tariffs and licences
  - Section 13: Credit arrangements, which need to ensure that Credit cover requirements are maintained until the end of the annual reconciliation process (and this will need to be consistent with clauses relating to termination, in sections 16 and 17)
  - Section 19: Terms regarding Confidentiality, to ensure appropriate transfer of information between the TSOs is clearly permitted

NB: Whilst the key impacts on the code have been identified, there may be other changes and/or changes to other sections which will ultimately be required.

- 1.5. Given that the product will be streamlined we expect that any eventual code modifications proposed will be similar for all the transmission codes.
- 1.6. Therefore, for the avoidance of doubt, annex B does not constitute legal drafting of the PTL code. Consequently, we are not requesting comments on this mark-up. There will be a later consultation on the legal drafting of the codes.

## **2. Background**

- 2.1. The European Commission referred the UK and Ireland to the European Court of Justice on 26 January 2012 for a failure to fulfil certain obligations under Regulation (EC) 715/2009, which replaced Regulation (EC) 1775/2005 on 3 March 2011. Earlier in June 2010 the Commission issued a reasoned opinion to the UK for non-implementation of certain aspects of Regulation (EC) 1775/2005. These requirements were to be fulfilled as part of the CAG project by 1 October 2012 but this deadline will not now be met.<sup>1</sup>
- 2.2. The two Departments have jointly requested that the Utility Regulator and the Commission for Energy Regulation (CER) in Ireland urgently focus their resources, and the resources of the system operators, on ensuring immediate compliance with the Gas Regulation in the EU Second Package in their respective jurisdictions.
- 2.3. The Utility Regulator is separately publishing a consultation on the work required to meet all aspects of the infringement (Consultation on Regulation (EC) 715/2009 infringement action). This sets out the work underway between the Utility Regulator and TSOs to satisfy the infringement and the consultation timetable for this work.

## **3. Consultation questions**

- 3.1. Given the imperative to comply with the outstanding areas of the infringement, the approach to developing the short term product has been to introduce a product which is cost effective and can be implemented and offered to shippers quickly.
- 3.2. Subject to consultation we believe that the product could be offered to the market sometime in July 2012.
- 3.3. We would welcome comments on:
  - 3.3.1. The specifics of the business rules proposed

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<sup>1</sup> See Common Arrangements for Gas (CAG) Industry Update published on 2/2/12 on the Utility Regulator website.

3.3.2. The consultation process proposed

#### **4. Consultation process**

- 4.1. Given the imperative to comply with the outstanding areas of the infringement, we are minded to shorten the usual code modification process established by the TSOs. The Code Modification Rules of both TSOs allow the Authority, upon request of either the TSO or another consultee, to reduce the timescales set out in the modification rules.
- 4.2. In this case we propose to consult on short term products in two phases – the present consultation on the business rules and a second later consultation under the Code Modification Rules on the code drafting itself. During the consultation on the business rules we will facilitate a discussion on the proposals for short term products during the next EU code modification forum which is scheduled for 13 March.

#### **5. Next steps**

- 5.1. We welcome responses on the issues set out in this paper by 29 March. Responses should be sent to:

Roisin McLaughlin

14 Queens St.

Belfast

BT1 6ER

[roisin.mclaughlin@uregni.gov.uk](mailto:roisin.mclaughlin@uregni.gov.uk)

# Annex A

## Northern Ireland Daily Capacity Products: High Level Business Rules

Revision 1.1

***BGE(UK) and MEL Draft for Consultation***

29thFebruary 2012

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# 1 Introduction

This High Level Business Rules document has been jointly prepared by BGE(NI) and MEL with the intention of providing an overall context for the development of streamlined Short Term Capacity Products to the Northern Ireland market. Both TSOs request the Regulator's confirmation that the products as outlined meet the requirements of regulatory compliance.

A number of key points need to be considered in relation to the development of the High Level Business Rules. The development of products to address other aspects of Northern Ireland's Infringements has the potential to impact significantly on the nature of the Daily Products to be offered. Other areas of work likely to be progressed concurrently with the Daily Product development are as follows;

1. Declaration of a Relevant Point of interconnection on the South North Pipeline.
  - a. Forward Flow Capacity on the South North Pipeline at the Relevant Point.
  - b. Virtual Reverse Flow on the South North Pipeline at the Relevant Point.
2. Virtual Reverse Flow at Moffat.
3. Virtual Reverse Flow at Carrickfergus.

It is therefore not sufficient to develop the Daily Capacity High Level Business Rules in isolation. The introduction of capacity on the South North Pipeline introduces a second Entry Point to the Northern Ireland network, resulting in an increase in the options available to Shippers with respect to contract paths. It will therefore be necessary to review the Daily Capacity High Level Business Rules in light of all relevant infringement developments.

## 2 Capacity

### 2.1 Definition of Service

- 2.1.1 Daily Capacity will be offered on a firm basis in the forward flow direction.
- 2.1.2 The quantity of available Daily Capacity will be calculated in line with the existing process for calculating the Available Firm Capacity in BGE(NI) and MEL codes (section 1.1.2 in both codes).
- 2.1.3 The quantity of available Daily Capacity will be published in advance of the Application Window.
- 2.1.4 A Shipper will be required to be registered appropriately with respect to a contract path (i.e. a specific Entry Point to Exit Point path), in order to be eligible to apply for Daily Capacity in respect of that contract path.
- 2.1.5 Shippers may apply for Daily Capacity for each day within the month, during a booking window which will be opened ahead of the month. See Section 2.2.3 for details of the Application Window.
- 2.1.6 Where relevant, a Shipper's Daily Capacity Quantity will be added to its long term Firm Capacity to determine their Aggregate Firm Capacity in respect of a contract path for a day.
- 2.1.7 A Shipper may make nominations (with respect to a contract path) against their Aggregate Firm Capacity.
- 2.1.8 Daily Capacity will not be transferable to another Shipper.
- 2.1.9 Daily Capacity will not be transferable from one contract path to another.

### 2.2 Capacity Application

- 2.2.1 Where a Shipper wishes to apply for Daily Capacity on a contract path where the Entry point is not on the same network as the Exit Point, the Shipper will be required to register with both PTL and BGE(NI), and must apply for the same quantity of capacity on both networks.
- 2.2.2 Shippers may not make Indicative Applications for Daily Capacity.
- 2.2.3 Daily Capacity will be made available for day D, during an Application Window which will be open for a period of 2 consecutive business days, commencing 12 business days prior to the start of the month.
- 2.2.4 During the Application Window, Daily Capacity may be requested for each day within the relevant month.
- 2.2.5 A separate application is required in respect of each contract path, and in respect of each day.

- 2.2.6** The TSOs Systems will facilitate Shippers making a single application for Daily Capacity in respect of a series of consecutive days on a contract path, where the requested quantity of Daily Capacity for each individual day is the same.
- 2.2.7** An application submitted in accordance with 2.2.6 will constitute an individual and independent application for each Day.
- 2.2.8** Following the closure of the Application Window, each TSO will share the details of their capacity requests with each other, in the interest of optimising the booking process in accordance with the “**Capacity Booking Optimisation Methodology (CBOM)**”.
- 2.2.9** The Codes will be amended if necessary such that Shippers permit the TSOs to share this data without breaching confidentiality or data protection requirements.

#### **Capacity Booking Optimisation Methodology**

- a)** Each TSO will, using all the capacity requests on both networks, apply the CBOM independently, thus determining a provisional Daily Capacity quantity to be assigned to each Shipper in respect of each Gas Day and each contract path.
  - b)** The TSOs will then perform a check to ensure that the Daily Capacity quantity to be apportioned to each Shipper in respect of each Gas Day, as calculated independently by each TSO, corresponds with that calculated by the other.
  - c)** Any discrepancies in multiple capacity requests (on one or both networks) will be resolved by taking the lowest value requested. A missing request will be treated as a request for zero capacity.
  - d)** Where there is insufficient capacity in the network to meet all requests then a Pro Rata policy will be applied.
  - e)** Where there is sufficient capacity to meet all Shipper requests, the Shippers will be apportioned the quantity of capacity they have requested.
- 2.2.10** The TSOs will advise their Shippers of their apportionment of Daily Capacity in respect of each Gas Day no later than 2 business days after the closure of the Application Window.



### **3 Nominations and Allocations**

- 3.1 Separate nominations and allocations will be required in respect of each contract path and in respect of each day.
- 3.2 Nominations against Firm Capacity will be in line with the existing rules and timescales in BGE(NI) and MEL codes.
- 3.3 Allocations will be made in line with the existing timescales in BGE(NI) and MEL codes.
- 3.4 Allocations for each Shipper will be made against their aggregate Firm Capacity first. Where a Shippers Final Allocation exceeds its Firm Nominated Quantity at the Exit Point, it will be allocated an Interruptible Allocated Quantity (as per section 3.3.2 in BGE(NI) and MEL codes)

## **4 Financial Security**

- 4.1 Financial Security arrangements for Daily Capacity Products will be in line with existing arrangements in BGE(NI) and MEL codes.
- 4.2 Applications for Daily Capacity from Shippers who do not have sufficient credit cover in place will be rejected.

## **5 Billing / Tariffs**

- 5.4 A Shipper will be billed for their Daily Capacity in respect of each Exit Point by the relevant TSO in line with the current postalisised arrangements for charging for Firm Capacity.
- 5.5 Tariffs will be determined by NIAUR.

## **ANNEX B –MARK-UP OF PTL CODE**

This is provided for illustrative purposes only so that interested parties may see our initial thoughts on how the new product may impact on the code and further changes to the code may be required at legal drafting stage. Further consideration is required on how the draft business rules will impact on the code and this work will be ongoing during the consultation process. Please refer to the consultation paper for more details.

**PREMIER TRANSMISSION LIMITED**

**TRANSPORTATION CODE**

**Version 3.4 - last amended 31<sup>st</sup> Mar 2010**

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## 1. FIRM CAPACITY

**Comment [SKE 2]:** Throughout this markup YELLOW HIGHLIGHT indicates suggestions for Daily Capacity (blue is for 'housekeeping' changes)

### 1.1 Introduction and Definitions

1.1.1 A Shipper shall be entitled to reserve and utilise Firm Capacity (and utilise Available Interruptible Capacity) in the Transportation System subject to and in accordance with this Code.

1.1.2 In this Code:

- (a) **"Available Firm Capacity"** means the capacity of the Transportation System which Premier Transmission determines is, from time to time, available on a Day for the purposes of allocating Firm Capacity based upon the following:
- (i) the capacity of the PTL System;
  - (ii) the aggregate of all Firm Capacity allocated to Shippers at each Exit Point;
  - (iii) the capacity at the relevant Exit Point (which shall not, in any event, exceed the Maximum Offtake Rate in respect of the Exit Point);
  - (iv) the aggregate of all Firm Capacity allocated to Shippers at the relevant Exit Point;
  - (v) the capacity which BGE (UK) will make available to Premier Transmission under the BGE (UK) Transportation Agreement;
  - (vi) capacity which Premier Transmission has reserved or otherwise retained pursuant to arrangements approved by the Authority; and
  - (vii) the capacity of the Belfast Gas System.

(b) **"Daily Capacity"** means Firm Capacity which is allocated in accordance with section 1.5;

(c) **"Firm Capacity"** means the capacity of any duration, comprising MDQ and MHQ, which is allocated to a Shipper in respect of an Exit Point set out in a Firm Capacity Notice as it may be varied in accordance with this Code; for the avoidance of doubt, Firm Capacity includes Daily Capacity;

(de) **"Firm Capacity Notice"** means a notice, in the Prescribed Form, issued by Premier Transmission to a Shipper notifying the Shipper of its initial allocation of, or an increase or decrease in, Firm Capacity from time to time in respect of an Exit Point in accordance with this Code;

(ed) **"Maximum Daily Quantity"** or **"MDQ"** means the maximum quantity of gas which may be offtaken from an Exit Point by a Shipper in any Day in respect of Firm Capacity set out in its Firm Capacity Notice as it may be varied in accordance with this Code; and

(fe) **"Maximum Hourly Quantity"** or **"MHQ"** means the maximum quantity of gas which may be offtaken from an Exit Point by a Shipper in any hour in respect of Firm Capacity set out in its Firm Capacity Notice as it may be varied in accordance with this Code.

1.1.3 Premier Transmission:

**Comment [SKE 3]:** We have proposed this approach because it seems simple (and minimises changes elsewhere) to incorporate Daily Capacity as Firm – it is only in the application process that there is a distinction and once it is bought we want it to behave like long term Firm Capacity in all other respects. So we have avoided trying to redefine the existing product with definitions of long term or annual Capacity.

- (a) shall endeavour to maximise the level of Available Firm Capacity by acting in accordance with the provisions of this Code as a Reasonable and Prudent Operator; and
- (b) shall:
  - (i) act as a Reasonable and Prudent Operator in the manner in which it calculates and determines the level of Available Firm Capacity from time to time in accordance with this Code; and
  - (ii) take such steps, as would a Reasonable and Prudent Operator, to require that BGE (UK) makes available to Premier Transmission the maximum level of capacity to which Premier Transmission is entitled under the BGE (UK) Transportation Agreement.

1.1.4 If any Dispute arises as to Premier Transmission's determination of the level of Available Firm Capacity, which is not first resolved by mediation in accordance with section 21, Premier Transmission or a Shipper may refer the matter to an Expert for an Expert Determination.

1.1.5 Premier Transmission shall notify Shippers not later than one month before the Mid Year Date and in each Five Year Statement of its reasonable estimate of the level of the Available Firm Capacity in respect of future Gas Years.

## 1.2 Indicative Application for Firm Capacity

1.2.1 A Shipper may, from time to time, and a Prospective Shipper may provide Premier Transmission with details of:

- (i) any Maximum Daily Quantity and Maximum Hourly Quantity that it anticipates it will wish to apply for; and
- (ii) the period and Exit Point in respect of which the Shipper or the Prospective Shipper anticipates it will wish to apply for Firm Capacity.

in the Prescribed Form (an "**Indicative Application for Firm Capacity**").

1.2.2 Within 5 Business Days of receipt of an Indicative Application for Firm Capacity Premier Transmission shall notify the Shipper or Prospective Shipper of the extent to which Premier Transmission anticipates it will be able to provide the Firm Capacity which the Shipper or Prospective Shipper has indicated it wishes to apply for.

1.2.3 Premier Transmission offers no guarantee that the Firm Capacity which it stated it anticipated would be available will be so available or available at all after an application for Firm Capacity is made and shall have no liability to the Shipper or Prospective Shipper to the extent that it is not so available. A Shipper or Prospective Shipper shall receive no priority in respect of an application for Firm Capacity under this section 1 as a result of Premier Transmission stating that it anticipates capacity will be available to that Shipper or Prospective Shipper.

1.2.4 This section 1.2 does not apply to applications for Daily Capacity.

### 1.3 Firm Capacity Application requirements

1.3.1 A Shipper may apply to Premier Transmission for Firm Capacity at an Exit Point in accordance with this section 1.3 in respect of which it has an Exit Point Registration.

1.3.2 An application for Firm Capacity, whether made in accordance with section 1.4-7 or 1.69, shall be made in the Prescribed Form (a "Firm Capacity Application") and specify:

- (a) the Maximum Daily Quantity applied for;
- (b) the Maximum Hourly Quantity applied for;
- (c) the period over which the Shipper wishes to reserve Firm Capacity;
- (d) whether or not the Shipper will accept an allocation of Firm Capacity of less than it has applied for in accordance with section 1.85.2, 1.58.3 or 1.69.2;
- (e) the Exit Point in respect of which the Firm Capacity is applied for;
- (f) whether or not the Firm Capacity will be used for the purposes of supplying gas to a power station and if so to which power station; and
- (g) any other information that Premier Transmission may reasonably require which shall include an indication of the Daily Profile that the Shipper reasonably anticipates it will typically nominate in respect of the Exit Point.

1.3.3 An application for Daily Capacity made in accordance with section 1.4 shall be made in the Prescribed Form in section 1.3.2 but may omit the information required under section 1.3.2 (d) and 1.3.2 (f).

1.3.4 A Shipper may only apply for Firm Capacity:

- (a) no earlier than two (2) Gas Years before the first Gas Year in which it requires Firm Capacity;
- (b) no later than ~~ten (10)~~ twelve (12) Business Days (or any such shorter period as Premier Transmission may agree in relation to that application) before it requires Firm Capacity;
- (c) for any duration up to 30 September 2020 or any such later date as Premier Transmission may notify to all Shippers in writing it will allow as a result of any extension of its capacity rights in the BGE (UK) Upstream System; and
- (d) in the case of Daily Capacity, for any Gas Flow Day in accordance with the Daily Capacity Application process in section 1.4; or
- (e) in multiples of one (1) Gas Year, except in the Gas Year in which the application for Firm Capacity is made, in which case the application may be for each complete Month in the remainder of the Gas Year.

1.3.45 If, by virtue of the level of Firm Capacity for which a Shipper has applied in respect of any Gas Year, Premier Transmission believes that a Shipper has applied for Firm Capacity in respect of that Gas Year or Gas Flow Day, with a view to gaining priority in respect of the allocation of Firm Capacity in

**Comment [SKE 4]:** This is increased to be consistent with the proposed timescales for Daily Capacity in 1.4.1 a

accordance with section 1.5.2 (b) or section 1.8 Premier Transmission shall request the Shipper to provide the information referred to in section 1.3.56.

1.3.56 Premier Transmission shall, in accordance with section 1.3.45, request the Shipper to provide any of the information referred to in section 17.4.3 (d) in respect of the utilisation, supply or shipment of gas in each of such Gas Years or Gas Flow Days. The Shipper shall provide such information promptly after being requested to do so.

1.3.67 A Firm Capacity Application shall be rejected if:

- (a) any requirement of section 1.3 is not complied with;
- (b) section 13.4.2.(a) applies;
- (c) the Shipper has applied for Firm Capacity with an MHQ which when taken into account with the Firm Capacity already allocated to the Shipper would be at a level exceeding one twenty-fourth of the MDQ applied for combined with that already allocated to the Shipper;

(d) the Shipper shall fail to provide any of the information requested in section 1.3.5-6 within twenty (20) Business Days of being requested to do so; or

(e) if the Firm Capacity Application is for Daily Capacity, and the Shipper fails to provide the information requested in section 1.3.5 within two (2) Business Days of being requested to do so; or

(d)(f) if Premier Transmission receives a Direction from the Credit Committee, in accordance with paragraph 6.1 (K) of the Terms of Reference, that it should be the Firm Capacity Application should be rejected.

#### 1.4 Daily Capacity Applications

1.4.1 Shippers may apply for Daily Capacity:

- (a) during a period of two (2) Business Days commencing no later than twelve (12) Business Days before the first day of the following month (the "Daily Capacity Application Window"); and
- (b) in accordance with section 1.3.2 and 1.3.3; and
- (c) [using the Daily Capacity Application website][this to be a defined term].

1.4.2 Shippers acknowledge that Premier Transmission may share information relating to their Daily Capacity Applications with the Downstream Operator for the purposes of section 1.5.

#### 1.5 Daily Capacity Allocations

1.5.1 For the purposes of allocating Daily Capacity Premier Transmission will co-ordinate the allocation process with the Downstream System Operator in accordance with the "Capacity Booking Optimisation Methodology" and in accordance with the NINOA such that Shippers are allocated corresponding quantities of Daily Firm Capacity on the Transportation System and the Downstream Network in respect of the relevant Exit Point.

1.5.2 In the event that the Downstream System Operator [fails to provide the necessary information] to Premier Transmission, Premier Transmission shall allocate the Available Firm Capacity in the Transportation System such that:

Comment [SKE 5]: Insufficient Credit cover

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Comment [SKE6]: This will be a separate document sitting outside of the code, agreed between the TSO's and signed off by Ureg.

Comment [SKE 7]: Defined term?

a) Where there is sufficient Available Firm Capacity to meet Shipper Applications all Applications will be met; and

b) Where there is insufficient Available Firm Capacity in the Transportation System to meet all Shipper Applications the Available Firm Capacity shall be allocated prorata to Shippers Applications.

1.5.3 Premier Transmission shall issue a Firm Capacity Notice within two (2) Business Days of the closure of the Daily Capacity Application Window to each Shipper to which Available Firm Capacity shall be allocated in accordance with this section 1.5

1.5.4 An allocation of Daily Capacity shall not confer upon a Shipper any priority in the respect of Firm Capacity allocation in the same Gas Year or future Gas Years

## 1.6 Aggregation of Firm Capacity

1.6.1 For each Gas Flow Day for which a Shipper has an allocation of Daily Capacity in respect of an Exit Point the MDQ of the Shipper's Daily Capacity shall be aggregated with the MDQ of a Shipper's Firm Capacity which it has otherwise been allocated at the Exit Point in accordance with this code.

## 1.7.4 Application for Firm Capacity in future Gas Years

1.7.4.1 Not later than the Mid Year Date (or any such later date as Premier Transmission and the Authority may agree in relation to the relevant application) in each Gas Year a Shipper which has no Firm Capacity in a future Gas Year shall submit to Premier Transmission:

- (a) a Firm Capacity Application in respect of any future Gas Years; or
- (b) confirmation that it does not wish to reserve Firm Capacity in any future Gas Year.

1.7.4.2 If Premier Transmission does not receive any submission in accordance with section 1.4.1 a Shipper shall be deemed to have confirmed that it does not wish to reserve Firm Capacity in any future Gas Year.

1.7.4.3 Not later than the Mid Year Date (or any such later date as Premier Transmission and the Authority may agree in relation to the relevant application) in each Gas Year a Shipper which has Firm Capacity in a future Gas Year shall submit to Premier Transmission:

- (a) confirmation that it does not wish to vary its Firm Capacity in any future Gas Year;
- (b) an application for additional Firm Capacity in any future Gas Year; or
- (c) an application to reduce its Firm Capacity in any future Gas Year.

1.7.4.4 If Premier Transmission does not receive any submission in accordance with section 1.4.3 a Shipper shall be deemed to have confirmed that it does not wish to vary its Firm Capacity in any future Gas Year.

## 1.8 Allocation of Firm Capacity in future Gas Years

1.8.1 If a Shipper applies to reserve Firm Capacity:

- (a) in any future Gas Year before the Mid Year Date in the Gas Year in which it applies, its Firm Capacity application shall be treated in accordance with section 1.5.2 in the Gas Year in which it applies;
- (b) in any future Gas Year after the Mid Year Date in the Gas Year in which it applies, its Firm Capacity application shall be treated in accordance with section 1.5.2 in the next Gas Year unless Premier Transmission shall agree to treat its application as though it were submitted before the Mid Year Date in accordance with section 1.5.1(a);
- (c) one (1) or two (2) Gas Years before the Gas Year in respect of which it is seeking Firm Capacity, its Firm Capacity application shall be treated in accordance with section 1.5.2 in the Gas Year Preceding the Gas Year in respect of which it is seeking Firm Capacity

**1.8.2** If the Shippers applying for Firm Capacity in any future Gas Year apply, in aggregate, for an amount of capacity exceeding the Available Firm Capacity in that Gas Year then those Shippers which so applied and specified, in accordance with section 1.3.2 (d):

- (a) that they would not accept an allocation of Firm Capacity of less than they had applied for shall have no capacity allocated to them;
- (b) that they would accept an allocation of Firm Capacity of less than they had applied for shall have capacity allocated to them in accordance with section 1.5.3 or 1.5.4.

**1.8.3** Premier Transmission shall, subject to section 1.5.4, allocate Firm Capacity to the Shippers referred to in section 1.5.2 (b) according to the number of future Gas Years in respect of which the Shippers have applied for Firm Capacity so that the Shipper applying for Firm Capacity:

- (a) in the most number of Gas Years shall have its application met first to the extent that there is Available Firm Capacity at the relevant Exit Point;
- (b) in the next most number of Gas Years shall have its application met second to the extent that there is Available Firm Capacity at the relevant Exit Point;

and so on.

**1.8.4** If the Shippers referred to in section 1.5.2 (b) apply for Firm Capacity in an equal number of Gas Years such Shippers shall have their applications met by Premier Transmission pro rata to the amounts of Firm Capacity for which they have applied to the extent that there is Available Firm Capacity at the relevant Exit Point.

**1.8.5** Premier Transmission shall issue a Firm Capacity Notice to each Shipper to which Available Firm Capacity shall be allocated in accordance with section 1.5.3 or 1.5.4 not later than forty (40) Business Days after the Mid Year Date, or such other date Premier Transmission may agree with the Authority, in the Gas Year in which the applications are made.

**1.69 Application for an allocation of Firm Capacity in the same Gas Year**

**1.9.1** If a Shipper applies for Firm Capacity in the Gas Year in which its application is made Firm Capacity shall, subject to section 1.6.2 be allocated by Premier Transmission (on a first come first served basis) and a Firm Capacity Notice issued to the Shipper within five (5) Business Days of receipt of a Firm Capacity Application.

**1.9.2** If, in any Gas Year, there is less Available Firm Capacity than the amount of Firm Capacity for which a Shipper has applied in that Gas Year and the Shipper specified, in accordance with section 1.3.2 (d) that:



- (a) it will accept an allocation of Firm Capacity of less than it has applied for Premier Transmission shall allocate such Available Firm Capacity to such Shipper; or
- (b) it will not accept an allocation of Firm Capacity of less than it has applied for no Firm Capacity shall be so allocated to such Shipper.

### 1.710 Annual review of Firm Capacity

#### 1.10.1 If:

- (a) the aggregate of any Shipper's Firm Allocated Quantity and Interruptible Allocated Quantity at an Exit Point (a "**Relevant Exit Point**") on each and every Day during the period from the commencement of the Gas Year to one Month before the Mid Year Date is less than 80% of the MDQ of the Shipper on each such Day (a "**Relevant Shipper**"); and
- (b) on any Day in the next Gas Year or any subsequent Gas Year (a "**Relevant Day**") any Relevant Shipper has an MDQ of 80% or more than its MDQ on the Day during such period when the aggregate of the Relevant Shipper's Firm Allocated Quantity and Interruptible Allocated Quantity were greatest (the "**Day of Greatest Allocated Quantity**")

**Comment [SKE 8]:** This includes Daily Capacity because the MDQ is aggregated (as proposed in section 1.6)

Premier Transmission shall, as soon as reasonably practicable, and in any event not later than:

- (i) twenty (20) Business Days before the Mid Year Date inform the Authority and any Relevant Shipper of the quantity of gas so allocated to the Shipper and the Shipper's MDQ on the Day of Greatest Allocated Quantity; and
- (ii) ten (10) Business Days after the Mid Year Date, perform the calculation set out in section 1.7.2 and provide a copy of it to the Authority and any Relevant Shipper.

1.107.2 Premier Transmission shall calculate whether, if, in respect of each Relevant Day at any Relevant Exit Point:

- (a) the aggregate of any Relevant Shipper's MDQs were reduced by 20%;
- (b) all applications for Firm Capacity, in accordance with section 1.4, were met; and
- (c) all applications to reduce Firm Capacity, in accordance with section 1.8, were met

the aggregate level of MDQs held by all Shippers would increase, reduce or remain the same.

1.107.3 If such level would increase or remain the same, any Relevant Shipper's MDQ shall, subject to section 1.7.5 to 1.7.10, be reduced by 20% if to do so would facilitate the achievement of the relevant objective as set out in condition 2.4.1 of the Licence (the "**Relevant Objective**").

1.710.4 If such level would reduce, any Relevant Shipper's MDQ shall, subject to this section 1.7.5 to 1.7.10, be reduced pro-rata to the Relevant Shipper's MDQs on the Relevant Day by such amount as would result such level not reducing if to do so would facilitate the achievement of the Relevant Objective.

1.710.5 Premier Transmission shall, in accordance with section 2.3.3 of the Licence, refer to the Authority for its determination the question of whether to do so would achieve the Relevant Objective.

1.710.6 If the Authority determines, taking into account any representations which the Authority receives from any Relevant Shipper, that the proposed reduction would achieve the Relevant Objective, Premier Transmission shall reduce any Relevant Shipper's MDQ by the amount proposed.

- | 1.710.7 If the Authority determines that any such reduction would not so achieve the Relevant Objective, or makes no determination within 30 Business Days after the Mid Year Date, Premier Transmission shall not so reduce any Relevant Shipper's MDQ.
- | 1.710.8 Any reduction shall only be proposed to the extent that it would not reduce a Shipper's MDQ on any Day in any Gas Year below a quantity of MDQ equal to the aggregate of the Shipper's Firm Allocated Quantity and Interruptible Allocated Quantity on the Day of Greatest Allocated Quantity.
- | 1.710.9 If any Relevant Shipper's MDQ is reduced, in accordance with this section 1.7, the level of its MHQ shall be reduced pro rata to the reduction in its MDQ.
- | 1.710.10 Premier Transmission shall not reduce any Relevant Shipper's MDQ, in accordance with this section 1.7, if all applications for Firm Capacity, in accordance with section 1.4, can be met.
- | 1.710.11 Premier Transmission shall issue a Firm Capacity Notice to any Relevant Shipper whose MDQ or MHQ is reduced in accordance with this section 1.7 not later than forty (40) Business Days after the Mid Year Date in the Gas Year in which a Firm Capacity application is made.

| **1.811 Reduction of Firm Capacity**

- | 1.811.1 A Shipper may apply to Premier Transmission to reduce its Firm Capacity in accordance with this section 1.8.
- | 1.811.2 A Shipper may apply to reduce its Firm Capacity no later than the Mid Year Date in respect of the next Gas Year and at any time in respect of any Gas Year following the next Gas Year. A Shipper may only apply to reduce its Firm Capacity in respect of a whole Gas Year. Any such application shall specify:
  - (a) the reduction in the Maximum Daily Quantity and Maximum Hourly Quantity applied for;
  - (b) whether or not the Shipper will accept a reduction of Firm Capacity of less than it has applied for; and
  - (c) the Exit Point in respect of which the application is made.
- | 1.811.3 If, in respect of any Gas Year, the aggregate of the Firm Capacity for which Shippers apply exceeds or is equal to the aggregate of the Firm Capacity which Shippers apply to reduce, Premier Transmission shall accept those applications to reduce Firm Capacity.
- | 1.811.4 If, in respect of any Gas Year, the aggregate of the Firm Capacity for which Shippers apply is less than the aggregate of the Firm Capacity which Shippers apply to reduce, Premier Transmission shall accept those applications to reduce Firm Capacity made by the Shippers which confirmed to Premier Transmission that they would accept a reduction of Firm Capacity of less than it had applied for in accordance with section 1.8.2 (b), pro rata to the amount of Firm Capacity which the relevant applicants applied to reduce.
- | 1.811.5 If in respect of any Gas Year, there are no applications for Firm Capacity, any application to reduce Firm Capacity shall be rejected.

Comment [SKE 9]: This excludes Daily Capacity so no change needed to this section

| 1.811.6 Premier Transmission shall not accept any application to reduce Firm Capacity if the level of MHQ for which the Shipper has applied is less than one twenty-fourth of the MDQ for which the Shipper has applied.

| 1.811.7 Premier Transmission shall issue a Firm Capacity Notice to a Shipper whose Firm Capacity is reduced in accordance with this section 1.8 not later than forty (40) Business Days after the Mid Year Date in the Gas Year in which its application is made.

| **1.912 Transfer of Firm Capacity**

| 1.912.1 A Shipper (a “**Transferor**”) may apply to transfer all or part of its Firm Capacity to another Shipper (a “**Transferee**”) in accordance with this section 1.9 (a “**Capacity Transfer**”).

| **1.12.2 Capacity allocated in accordance with section 1.5 may not be transferred.**

| 1.129.32 A Capacity Transfer may only be made:

- (a) in respect of a complete Month or complete Months;
- (b) to a Transferee with an Exit Point Registration in respect of the Exit Point in relation to which the Transferee's Firm Capacity is being acquired or increased.

| 1.129.43 A Transferor wishing to make a Capacity Transfer shall, jointly with the Transferee, submit to Premier Transmission a capacity transfer application setting out the following in the Prescribed Form (a “**Capacity Transfer Application**”):

- (a) the MDQ and the MHQ which the Transferor wishes to transfer;
- (b) the Month or Months in respect of which Transferor wishes to transfer Firm Capacity;
- (c) confirmation of the identity of the Transferor and the Transferee; and
- (d) if the Transferor wishes to transfer Firm Capacity from one Exit Point to another, the Exit Point from which and to which it wishes to make the Firm Capacity Transfer.

| 1.912.54 A Capacity Transfer Application in relation to:

- (a) the same Exit Point may not be submitted later than ten (10) Business Days (or any such shorter period as Premier Transmission may, in relation to the relevant application, consent to); and
- (b) a different Exit Point may not be submitted later than thirty (30) Business Days (or any such shorter period as Premier Transmission may, in relation to the relevant application, consent to),

before the commencement of the first Month in respect of which the Transferor is applying to transfer Firm Capacity.

| 1.129.65 Premier Transmission shall reject any Firm Capacity Transfer Application:

- (a) if the requirements of this section 1.9 are not complied with; or
- (b) if it receives a Direction from the Credit Committee, in accordance with paragraph 6.1 (K) (1) of the Terms of Reference, that it should do so.

- | 1.129.76 Premier Transmission shall reject a Capacity Transfer Application to transfer capacity at the same Exit Point if the application is to transfer an MHQ in respect of an MDQ which is different from the MHQ in respect of the MDQ prior to the Capacity Transfer Application.
- | 1.129.87 Premier Transmission shall reject a Capacity Transfer Application to transfer Firm capacity from one Exit Point to another Exit Point if:
  - (a) the Transferee wishes the MHQ in respect of any Firm Capacity which it acquires to be at any level other than one twenty-fourth the MDQ for which the Shipper has applied;
  - (b) Premier Transmission shall determine that the transfer would result in the Available Firm Capacity being exceeded.
- | 1.129.98 Premier Transmission shall, subject to section 1.9.5, issue a Firm Capacity Notice to the Transferor and Transferee within:
  - (a) five (5) Business Days of Premier Transmission receiving a Capacity Transfer Application in relation to a transfer in respect of the same Exit Point; and
  - (b) twenty (20) Business Days of Premier Transmission receiving a Capacity Transfer Application in relation to a transfer in respect of a different Exit Point.
- | 1.129.109 The Firm Capacity of a Transferee shall be increased and the Firm Capacity of the Transferor shall be decreased by the amount and in respect of the Month or Months and the Exit Point or Exit Points set out in the Capacity Transfer Application.

| **1.4013 Sub-letting**

- | 1.130.1 A Shipper may, subject to this section 1.4013, sub-let part, or all, of its Firm Capacity **excluding any Daily Capacity** to any third party from time to time.
- | 1.130.2 A Shipper shall, if it sub-lets any Firm Capacity:
  - (a) remain liable to Premier Transmission for the performance of all of its obligations under this Code; and
  - (b) be liable to Premier Transmission for and indemnify, defend and hold harmless Premier Transmission from and against any and all Indemnified Liabilities, in respect of any claim which any sub-lessee of a Shipper may make against Premier Transmission arising out of or in connection with any act or omission of Premier Transmission in respect of this Code or the service to which it relates.
- | 1.133 Premier Transmission shall not be obliged to:
  - (a) accept or otherwise recognise any Nomination or Renomination which is submitted by any sub-lessee of a Shipper;
  - (b) invoice any sub-lessee of a Shipper; or
  - (c) otherwise deal with or acknowledge any sub-lessee of a Shipper.

**1.414 Effective date of allocated, transferred and reduced Firm Capacity**

Whilst the effective date of allocated, transferred or reduced Firm Capacity shall be the date upon which a Firm Capacity Notice is issued by Premier Transmission, the Firm Capacity shall be capable or cease to be capable (as appropriate) of being utilised with effect from first Day of the first Month, or in the case of Daily Capacity, the Gas Flow Day for which Daily Capacity is allocated as set out in the Firm Capacity Notice. A Shipper shall pay or cease to be liable to pay (as appropriate) PS Transmission Amounts in respect of Firm Capacity ~~effecting in respect~~ of the period from the date on which that Firm Capacity shall be capable or cease to be capable of being utilised and shall be liable for PS Code Charges in accordance with this Code.

**1.4215 Sub-CSEP Capacity Certificates and Transfer Certificates**

Premier Transmission shall, at the request of a Shipper, provide it with a Sub-CSEP Capacity Certificate and a Sub-CSEP Transfer Certificate, from time to time, in relation to NTS Exit Capacity (as each such term is defined in the CSEP Ancillary Agreement dated 25 August 1998 made between BG Transco plc (now called "National Grid plc") and others relating to the GB-Ireland interconnector). Such certificates shall be in respect of an amount not exceeding the lesser of what the Shipper requests and the Shipper's Firm Capacity and a period not exceeding the period in respect of which such Firm Capacity is held.

**Comment [SKE 10]:** This is now redundant anyway – could be deleted as part of housekeeping changes.

## 2. NOMINATIONS

### 2.1 Introduction

- 2.1.1 A Shipper shall make nominations to Premier Transmission in accordance with this section 2 for the quantities which it wishes to deliver gas to and offtake gas from the Transportation System on a Day.
- 2.1.2 Renominations shall allow a Shipper to renominate quantities to Premier Transmission in accordance with the provisions of this section 2, as the Shipper's requirements change.
- 2.1.3 Premier Transmission shall make nominations and renominations to the Moffat Agent in respect of the delivery of gas to the Moffat Entry Point on behalf of a Shipper. A Shippers' NTS Shipper agrees in the Moffat Administration Agreement to make nominations to the Moffat Agent in respect of the delivery of gas to the Moffat Entry Point on behalf of a Shipper. The Moffat Agent agrees in the Moffat Administration Agreement to seek to match Premier Transmission's nominations with those of a Shippers' NTS Shipper.
- 2.1.4 In this Code:
- (a) **"Available Interruptible Capacity"** means the capacity of the Transportation System which Premier Transmission determines is, from time to time, available to meet Interruptible Nominated Quantities based upon:
    - (i) the capacity of the PTL System;
    - (ii) the aggregate of all Firm Nominated Quantities in respect of the Transportation System;
    - (iii) the aggregate of all Firm Nominated Quantities at the relevant Exit Point;
    - (iv) the capacity which BGE (UK) will make available to Premier Transmission under the BGE (UK) Transportation Agreement;
    - (v) the capacity of the Belfast Gas System and
    - (vi) At the discretion of PTL, any interruption notice received by Premier Transmission from BGE(UK) in accordance with section 6.1.3.

so that for the avoidance of doubt it shall not be less than the aggregate of all Firm Capacity allocated less the aggregate of all Firm Nominated Quantities at an Exit Point.

- (b) **"Aggregate Nominated Quantity"** is the aggregate of any Firm Nominated Quantity and Interruptible Nominated Quantity of a Shipper at an Exit Point in respect of a Day;
- (c) **"Nomination"** is a Shipper's nomination to Premier Transmission of a Firm Nominated Quantity or an Interruptible Nominated Quantity to be offtaken from an Exit Point on a Day. For the avoidance of doubt a Shipper shall submit separate Nominations in respect of a Firm Nominated Quantity and an Interruptible Nominated Quantity. A Nomination shall be made in accordance with this section 2;

- (d) **“Ballylumford Nomination”** means a Nomination or a Renomination of gas which is nominated to exit the PTL System at the Ballylumford Exit Point and which will exit the NI Network at that point;
- (e) **“Stranraer Nomination ”** means a Nomination or a Renomination of gas which is nominated to exit the PTL System at the Stranraer Exit Point;
- (f) **“Belfast Gas Exit Point No 1 Nomination”** means a Nomination or a Renomination of gas which is nominated to exit the PTL System at Belfast Gas Exit Point No 1 and which will exit the NI Network at the Belfast Network Exit Points;
- (g) **“Belfast Gas Exit Point No 2 Nomination”** means a Nomination or a Renomination of gas which is nominated to exit the PTL System at Belfast Gas Exit Point No 2 and which will exit the NI Network at any exit point or points on the BGE (UK) Downstream System from which gas is offtaken for a purpose other than power generation the existence of which exit point or points Premier Transmission shall, from time to time, have given the Shippers reasonable notice of;
- (h) **“Belfast Gas Exit Point No 3 Nomination”** means a Nomination or a Renomination of gas which is nominated to exit the PTL System at Belfast Gas Exit Point No 3 and which will exit the NI Network at the point at Coolkeeragh at which gas exits the NI Network;
- (i) **“Renomination”** is a Shipper's nomination of a Firm Nominated Quantity or an Interruptible Nominated Quantity that revises an earlier Nomination or Renomination, or is submitted in accordance with section 2.9.2 where no Nomination has been submitted before 18:00 on D-1.

2.1.5 Premier Transmission shall:

- (a) endeavour to maximise the level of Available Interruptible Capacity by acting in accordance with the provisions of this Code as a Reasonable and Prudent Operator; and
- (b) act as a Reasonable and Prudent Operator in the manner in which it calculates and determines the level of Available Interruptible Capacity, from time to time, in accordance with this Code.

2.1.6 Subject always to section 8.2, to the extent only that there is an instantaneous loss of electrical generation infeed in Northern Ireland or the Republic of Ireland or significant disturbance on the electrical transmission system (which is an electrical transmission system operating equal to or above 110 kVA) in Northern Ireland including the Moyle interconnector or the Republic of Ireland which gives rise to a need for any power station connected to the NI Network to ramp-up its offtake rate:

- (a) any Shipper nominating in respect of the Ballylumford Exit Point or Belfast Gas Exit Point No 3 shall be relieved of any obligation it has under this Code to provide a Nomination or a Renomination in advance of such ramp-up; and
- (b) in the case of any such ramp-up occurring after 01:00 hours on any Day (but not otherwise), any Balancing Charge which any Shipper nominating in respect of the Ballylumford Exit Point or Belfast Gas Exit Point No 3 shall incur in respect of such Day shall, notwithstanding section 4.3.1, be calculated solely in accordance with section 4.3.1 (a) or 4.3.2 (a) (as appropriate),

provided that in the case of (a) and/or (b) above such Shipper shall (i) nominate appropriately as soon as practicable after such ramp-up occurring; and (ii) provide reasonable evidence to the Authority and Premier Transmission of why such need to ramp-up arose within 24 hours of such ramp-up occurring.

## **2.2 Firm Nominated Quantities and Interruptible Nominated Quantities**

- 2.2.1 A Shipper holding Firm Capacity shall be entitled to submit a Nomination or Renomination in respect of any amount less than or equal to its MDQ on the Day to which the Nomination or Renomination relates (a “**Firm Nominated Quantity**”).
- 2.2.2 A Shipper which is registered shall be entitled to submit a Nomination or Renomination in respect of any amount up to the Available Interruptible Capacity in respect of the relevant Exit Point on the Day to which the Nomination or Renomination relates (an “**Interruptible Nominated Quantity**”). The submission of a Nomination relating to an Interruptible Nominated Quantity shall be deemed an application for an equivalent amount of Available Interruptible Capacity at the Exit Point referred to in the Nomination.
- 2.2.3 Any reference in this Code to a Firm Nominated Quantity or an Interruptible Nominated Quantity shall be to a Shipper's Firm Nominated Quantity or Interruptible Nominated Quantity (as the case may be) as amended, from time to time, whether by a Renomination, a Flow Order, section 2.7.2 or 2.7.5 or otherwise in accordance with this Code.
- 2.2.4 A Shipper which has Firm Nominated Quantity and/or an Interruptible Nominated Quantity in respect of an Exit Point shall, notwithstanding any other provision of this Code, be deemed, from time to time, to have a Firm Nominated Quantity and/or an Interruptible Nominated Quantity at the Moffat Entry Point in respect of that Exit Point of an equal quantity (except in the case of gas delivered in response to a request by Premier Transmission for the purposes of making up Balancing Gas or in an Emergency).

## **Nominations of daily quantities**

### **2.3 Content of Nomination**

2.3.1 A Nomination shall:

- (a) specify the Gas Flow Day or Days to which it relates;
- (b) specify a Firm Nominated Quantity or an Interruptible Nominated Quantity;
- (c) specify whether the Nomination is a Stranraer Nomination, a Ballylumford Nomination, a Belfast Gas Exit Point No 1 Nomination, a Belfast Gas Exit Point No 2 Nomination, or a Belfast Gas Exit Point No 3 Nomination;
- (d) specify the identity and contact details of the NTS Shipper which shall deliver the corresponding quantity of gas at the Moffat Entry Point and where there is more than one such NTS Shipper the quantity which is attributable to each such shipper;



- (e) if the Nomination is a Belfast Gas Exit Point No 3 Nomination or a Belfast Gas Exit Point No 2 Nomination and if required by Premier Transmission, specify the identity of the BGE (UK) Shipper which shall off-take the corresponding quantity of gas from the Belfast Gas System into the BGE (UK) Downstream System and where there is more than one such BGE (UK) Shipper the quantity which is attributable to each such shipper;
- (f) if the Nomination is a Belfast Gas Exit Point No.1 Nomination specify the identity of the Downstream Supplier which shall offtake the corresponding quantity of gas from the Transmission System into the Belfast Gas Distribution system and where there is more than one such Downstream Supplier the quantity which is attributable to each such supplier; and
- (g) specify the identity of the nominating Shipper.

## **2.4 Submission of Nominations**

- 2.4.1 A Shipper shall always use its reasonable endeavours to submit Nominations as soon as practicable and to ensure that its Nominations are as accurate as practicable.
- 2.4.2 A Shipper shall, without prejudice to the generality of section 2.4.1, to the extent that it has the necessary information available, submit, not later than 09:00 on each Wednesday before each week commencing at 06:00 hours the following Sunday, a Nomination for each Day of that week.
- 2.4.3 A Shipper shall, without prejudice to the generality of section 2.4.1:
  - (a) to the extent that it has the necessary information available and has not submitted a Nomination in accordance with section 2.4.2; or
  - (b) to the extent that it has more accurate information available than it submitted in accordance with section 2.4.2
 submit, not later than 08:00 on the Day before ("**D-1**") the commencement of each Day ("**D**"), a Nomination for the following Day which, in the case of (b) above, shall amend any inaccuracy in the Nomination submitted in accordance with section 2.4.2.
- 2.4.4 If a Nomination is submitted between 08:00 and 18:00 on D-1 it shall be deemed to be a Renomination submitted at 18:00 on D-1 unless it is submitted in accordance with section 2.7.2.

## **2.5 Acceptance, reduction or rejection of a Nomination**

- 2.5.1 Premier Transmission shall accept, or reduce or reject a Nomination in accordance with section 2.5.3 and 2.5.4 respectively, as soon as reasonably practicable and in any event not later than 18:00 on D-1 and give a Shipper notice of any such reduction or rejection.
- 2.5.2 A Shipper may only submit a Nomination:
  - (a) if it relates to a single Exit Point;
  - (b) if it has an Exit Point Registration in respect of the Exit Point to which the Nomination relates;
  - (c) in respect of a Firm Nominated Quantity if the Shipper has sufficient FirmCapacity booked at the relevant Exit Point;

(d) in respect of an Interruptible Nominated Quantity if there is Available Interruptible Capacity at the relevant Exit Point

(e) in the Prescribed Form; and

(f) in accordance with section 20.1 or 20.2 (as determined by Premier Transmission under those sections) so that a Nomination or Renomination not so submitted will not be valid (whether or not Premier Transmission received it).

2.5.3 Premier Transmission shall reduce any Nomination nominating a quantity exceeding the level prescribed in a Flow Order, to the level prescribed in the Flow Order in accordance with section 6.

2.5.4 Premier Transmission shall reject a Nomination:

(a) if the nomination which Premier Transmission makes to the Moffat Agent under the Moffat Administration Agreement, or to BGE (UK) under the BGE (UK) Transportation Agreement in respect of such Nomination, is rejected by the Moffat Agent or BGE (UK) respectively;

(b) which is not in accordance with section 2.3 or otherwise in accordance with this section 2;

(c) nominating a Firm Nominated Quantity exceeding the Shipper's MDQ to the level of such MDQ;

(d) if it is in respect of an Interruptible Nominated Quantity and it receives a Direction from the Credit Committee, in accordance with paragraph 6.1 (K) of the Terms of Reference, that it should do so;

(e) if the Nomination specifies an Interruptible Nominated Quantity greater than the Available Interruptible Capacity at the relevant Exit Point;

and Premier Transmission may reject a Nomination if the quantity of gas nominated in any Daily Profile does not equal the Aggregate Nominated Quantity or exceeds any profile prescribed by a Flow Order. If a rejection by the Moffat Agent or BGE (UK) as referred to in paragraph (a) is subsequently withdrawn in a timeframe which allows the gas which was the subject of the original nomination to flow before the end of the Gas Flow Day, then Premier Transmission may also withdraw a rejection made pursuant to section 2.5.4(a).

2.5.5 Premier Transmission shall have the right to specify that a Shipper renominate if there is a substantial mismatch between the nomination by the Shipper on the PTL System and the nomination by the said Shipper on the Belfast Gas System.

2.5.6 If a nomination is rejected or reduced by BGE (UK) in accordance with section 2.5.4 (a) where the nomination was for a quantity to which Premier Transmission is entitled under the BGE (UK) Transportation Agreement Premier Transmission shall take such steps, as would a Reasonable and Prudent Operator in relation to the rejection or reduction, which may include requiring that the BGE (UK) accepts any nomination which it is obliged to accept under the terms of the BGE (UK) Transportation Agreement.

## 2.6 Zero Nomination

A Shipper shall be deemed to have submitted a Nomination for a zero quantity of gas in respect of a Gas Flow Day if:

2.6.1 the Shipper has not submitted a Nomination in relation to that Gas Flow Day; or

2.6.2 the Shipper's Nomination in relation to that Gas Flow Day is rejected in accordance with section 2.5.4.

## **2.7 Matching Nominations at Moffat**

2.7.1 Not later than 13.00 on D-1 Premier Transmission shall inform a Shipper of any Nomination Mismatch which it receives from the Moffat Agent which relates to the Shipper's Nomination.

2.7.2 A Shipper which has been so informed of a Nomination Mismatch may no later than 14:30 on D-1 submit to Premier Transmission a Nomination amending its Firm Nominated Quantity and/or Interruptible Nominated Quantity with the aim of achieving Matching Nominations.

2.7.3 Premier Transmission shall, as soon as practicable, after 16.00 on D-1 inform a Shipper of the Daily Gas Quantity which the Moffat Agent will record on the Matched Matrix in respect of such Shipper where it has been notified of such quantity by the Moffat Agent.

2.7.4 A Shipper's Aggregate Nominated Quantity shall, notwithstanding any other provision of this Code (save for section 14.1.2 (c)), be deemed, from time to time, to be an amount equal to the Daily Gas Quantity which the Moffat Agent records on the Matched Matrix in respect of such Shipper.

2.7.5 If a Shipper's Aggregate Nominated Quantity will, in accordance with section 2.7.4, be:

(a) reduced and:

- (i) the Shipper has Firm Nominated Quantity and an Interruptible Nominated Quantity; and
- (ii) it is not possible to determine from the information provided by the Moffat Agent whether the reduction should be applied to the Shipper's Firm Nominated Quantity or its Interruptible Nominated Quantity,

Premier Transmission will first reduce the Shipper's Interruptible Nominated Quantity and thereafter its Firm Nominated Quantity;

(b) increased and:

- (i) the Shipper has Firm Nominated Quantity and an Interruptible Nominated Quantity; and
- (ii) it is not possible to determine from the information provided by the Moffat Agent whether the increase should be applied to the Shipper's Firm Nominated Quantity or its Interruptible Nominated Quantity,

Premier Transmission will first increase the Shipper's Firm Nominated Quantity up to the level of its MDQ and thereafter its Interruptible Nominated Quantity.

## **Renominations of daily quantities**

### **2.8 Content of Renomination**

2.8.1 A Renomination shall:

- (a) specify the Nomination or Renomination in respect of which the Renomination is made. For the avoidance of doubt a Renomination may relate to a FirmNominated Quantity or an Interruptible Nominated Quantity only;
- (b) specify the time that the Shipper wishes the Renomination to become effective;
- (c) specify a revised Firm Nominated Quantity or Interruptible Nominated Quantity;
- (e) subject to section 2.12.2, specify a revised Daily Profile;
- (f) specify the identity and contact details of the NTS Shipper which shall deliver the corresponding renominated quantities of gas at the Moffat Entry Point and where there is more than one NTS Shipper the quantity which is attributable to each such NTS Shipper;
- (g) if the Renomination is a Belfast Gas Exit Point No 2 Nomination or a Belfast Gas Exit Point No 3 Nomination and if required by Premier Transmission, specify the identity of the BGE (UK) Shipper which shall offtake the corresponding quantity of gas from the Belfast Gas System into the BGE (UK) Downstream System and where there is more than one such BGE (UK) Shipper the quantity which is attributable to each such shipper.

## **2.9 Submission of Renominations**

- 2.9.1 A Shipper shall always use its reasonable endeavours to submit Renominations as soon as practicable and to ensure that its Renominations are as accurate as practicable.
- 2.9.2 A Shipper shall be entitled to submit a Renomination only after 18:00 on D-1 but before 01:00 on D.
- 2.9.3 A Shipper acknowledges that Premier Transmission may only renominate to the Moffat Agent once in every sixty (60) minutes, commencing at a quarter past the hour in respect of the Moffat Entry Point. Premier Transmission shall, regardless of the number of Renominations a Shipper submits in any such period of sixty (60) minutes, renominate to the Moffat Agent using the information contained in the last Renomination it receives from the Shipper before the hour bar.
- 2.9.4 A Shipper shall, subject to section 2.10.2 (b), submit a Renomination as soon as is practicable but in any event not later than three and a half (3½) hours, commencing on the hour, before it wishes the Renomination to take effect.

## **2.10 Rejection or reduction of a Renomination**

- 2.10.1 A Shipper may only submit a Renomination in accordance with section 2.5.2 applied *mutatis mutandis*.
- 2.10.2 Premier Transmission shall:
  - (a) reduce a Renomination in accordance with section 2.5.3 applied *mutatis mutandis*; or
  - (b) without prejudice to the generality of section 6, reduce a Renomination if, acting as a Reasonable and Prudent Operator, it anticipates that accepting the Renomination would adversely affect any part of the Transportation System and the Renomination:
    - (i) requests a variation in any Aggregate Nominated Quantity exceeding or equal to 50% where less than twelve (12) hours notice is given;

- (ii) requests a variation in any Aggregate Nominated Quantity of less than 50% but exceeding 25% where less than six (6) hours notice is given;
- (iii) does not replace an existing Nomination or Renomination that has been submitted in respect of the Day and requests an Aggregate Nominated Quantity exceeding or equal to 50% of the Shipper's MDQ where less than twelve (12) hours notice is given; or
- (iv) does not replace an existing Nomination or Renomination that has been submitted in respect of the Day and requests an Aggregate Nominated Quantity of less than 50% but exceeding 25% of the Shipper's MDQ where less than six (6) hours notice is given

to the extent necessary in order that the variation or amount (as appropriate) of the Aggregate Nominated Quantity is equal to the maximum allowed under such limit.

2.10.3 Premier Transmission shall reject a Renomination:

- (a) which is not submitted more than three and a half (3½) hours before the Shipper wishes the Renomination to take effect;
- (b) in accordance with section 2.5.4, applied *mutatis mutandis*;
- (c) without prejudice to the generality of section 2.5.4 (a), if the Moffat Agent rejects, in accordance with clause 5.4.1 (b) of the Moffat Administration Agreement, the corresponding renomination given by Premier Transmission in respect of such Renomination

and Premier Transmission may reject a Renomination which nominates an Aggregate Nominated Quantity less than the quantity of gas which will be offtaken from an Exit Point if the Shipper offtakes in accordance with its relevant Daily Profile at the time that the Renomination would have otherwise taken effect.

2.10.4 Premier Transmission shall, subject to section 2.10.5, notify a Shipper of any reduction or rejection of a Renomination in accordance with section 2.10.2 and 2.10.3 as soon as reasonably practicable, but in any event not later than the time that the Shipper has stated in the Renomination it wishes the Renomination to become effective.

2.10.5 If a Renomination is submitted within three and a half (3½) hours of the time that the Shipper wishes the Renomination to take effect Premier Transmission shall endeavour to give notice of its rejection of the Renomination as soon as is reasonably practicable.

2.10.6 If Premier Transmission rejects a Renomination the Nomination or Renomination to which it relates shall remain in effect.

## **2.11 Matching Renominations at Moffat**

2.11.1 Premier Transmission shall inform a Shipper of any Renomination Mismatch Notice which it receives from the Moffat Agent which relates to the Shipper's Renomination as soon as practicable after receiving such notice.

2.11.2 A Shipper which has been so informed of a renomination mismatch by a Renomination Mismatch Notice may, subject to sections 2.8, 2.9 and 2.10 and any Flow Order, issue a corrected Renomination in respect of its Renomination with the aim of achieving Matching Renominations.

- 2.11.3 Premier Transmission shall, as soon as practicable, after receiving notification from the Moffat Agent inform a Shipper of the Daily Gas Quantity which the Moffat Agent will record on the Matched Matrix in respect of such Shipper.
- 2.11.4 A Shipper shall, notwithstanding any other provision of this Code (save for section 14.2.2 (c)), be deemed to have renominated an Aggregate Nominated Quantity of an amount equal to the Daily Gas Quantity which the Moffat Agent records on the Matched Matrix in respect of such Shipper.
- 2.11.5 If a Shipper's Aggregate Nominated Quantity will, in accordance with section 2.11.4, be reduced or increased the provisions of section 2.7.5 shall be applied, *mutatis mutandis*.

## **Profile Nominations**

### **2.12 Daily Profile**

2.12.1 Subject to section 2.13, a Shipper submitting:

- (a) a Stranraer Nomination acknowledges that the Connected System Operator at the Stranraer Exit Point may submit to Premier Transmission a Profile Nomination in respect of the Stranraer Exit Point;
- (b) a Ballylumford Nomination acknowledges that the End User at the Ballylumford Exit Point may submit to Premier Transmission a Profile Nomination in respect of the Ballylumford Exit Point;
- (c) a Belfast Gas Exit Point No 1 Nomination acknowledges that the Connected System Operator at Belfast Gas Exit Point No 1 may submit to Premier Transmission a Profile Nomination in respect of Belfast Gas Exit Point No 1;
- (d) a Belfast Gas Exit Point No 2 Nomination and/or a Belfast Gas Exit Point No 3 Nomination acknowledges that the Downstream System Operator at the relevant NI Network Exit Point may submit to Premier Transmission a Profile Nomination in respect of Belfast Gas Exit Point No 2 and 3 which shall be equal to or less than 20% of one twenty fourth of the Aggregate Nominated Quantity in respect of Belfast Gas Exit Point No 2 and Belfast Gas Exit Point No 3.

2.12.2 Premier Transmission shall following receipt of any Profile Nomination in accordance with 2.12.1, which complies with the requirements of section 2.13.1, determine that there shall be attributed to each Nomination or Renomination referred to in section 2.12.1 (a), (b), (c) or (d) a daily profile equal to a pro rata proportion of each Profile Nomination referred to in section 2.12.1 (a), (b), (c) or (d) respectively calculated by reference to all Nominations and/or Renominations in respect of the Exit Point and the relevant Day (in each case a "**Daily Profile**").

2.12.3 If Premier Transmission shall not receive a Daily Profile in accordance with section 2.12.1, which complies with the requirements of section 2.13.1, it shall deem that the Daily Profile for any Nomination or Renomination shall be equal to one twenty fourth of the nominating Shipper's Aggregate Nominated Quantity in respect of the Exit Point and the relevant Day and "Daily Profile" shall be construed accordingly.

### **2.13 Contents and submission of Profile Nominations**

2.13.1 A Profile Nomination submitted in accordance with section 2.12.1 (a), (b) and (c) shall:

- (a) be submitted simultaneously with or immediately following the submission of each Nomination and Renomination and specify the Nomination or Renomination to which it relates;

- (b) be in the Prescribed Form;
- (c) be submitted in accordance with section 20.1.

2.13.2 A Profile Nomination submitted in accordance with section 2.12.1 (d) shall:

- (a) be submitted no later than 25 minutes past the start of the next hour after which each Belfast Gas Exit Point No 2 Nomination and Belfast Gas Exit Point No 3 Nomination was submitted and specify the aggregate profile nomination at Carrickfergus Connected Systems Point. The Downstream System Operator may revise any such Profile Nomination submitted on Day D by submitting a further Profile Nomination to PTL no later than 80 minutes past the start of the next hour after which the relevant Belfast Gas Exit Point No 2 Nomination or Belfast Gas Exit Point No 3 Nomination was submitted;
- (b) be in the Prescribed Form;
- (c) be submitted in accordance with section 20.1;
- (d) be revised by the submission of a revised Profile Nomination by 18:00 on D-1 if by that time the Downstream System Operator are aware that the profile requirement has changed;
- (e) be revised by the submission of a revised Profile Nomination by 06:00 on Day D if by that time the Downstream System Operator are aware that the profile requirement has changed.
- (f) request an hourly profile which shall not deviate by more than 20% of one twenty fourth of the Aggregate Nominated Quantity in respect of Belfast Gas Exit Point No2 and Belfast Gas Exit Point No 3.

## **2.14 Offtake Profile**

2.14.1 Whilst it is the intention of Premier Transmission that a Shipper's Daily Profile be accommodated up to its MHQ where circumstances allow, Premier Transmission shall, notwithstanding any other provision of this Code and whether or not a Nomination or Renomination has been accepted or a Profile Nomination has been accepted have no obligation to deliver a quantity of gas other than at a Uniform Offtake Rate.

## **2.15 Matching Nominations/Renominations at Belfast Gas Exit Point 1**

2.15.1 Premier Transmission and Belfast Gas acknowledge that nominations and renominations shall be submitted by Premier Transmission Shippers and Phoenix suppliers separately to the relevant Transmission or Distribution Operator for the relevant Transportation or Distribution System in accordance with the relevant Code.

### **2.15.2 Daily Nomination Information Flow**

- 2.15.2.1 Premier Transmission shall inform Phoenix no later than 08:30 on the day before ("D-1") the commencement of the Gas Flow Day ("D") of all Premier Transmission Shippers' nominations received by Premier Transmission for offtake at Belfast Gas Exit Point No. 1. Such information shall be in accordance with clause 2.3.1. (f).
- 2.15.2.2 Premier Transmission shall confirm to Phoenix no later than 16:00 on D-1 that the information supplied under Clause 2.15.2.1 is either correct or that such information has been amended to reflect a mismatch between delivery nominations into the Premier Transmission Transportation System and nominations in respect of Belfast Gas Exit Point No. 1. Premier Transmission's confirmation pursuant to this Clause 2.15.2.2 shall comprise

a breakdown of the confirmed or revised nominations, as the case may be, at Belfast Gas Exit Point No. 1. by the relevant Belfast Gas Exit Point 1 Shipper.

Phoenix shall use the information provided under Clause 2.15.2 to perform the matching process at Greater Belfast.

### **2.15.3 Renomination Information Flow**

- 2.15.3.1 Premier Transmission shall inform Phoenix, no later than ten (10) minutes past the Hour Bar by which a Shipper has renominated on the Premier Transmission Transportation System for a revised offtake at Belfast Gas Exit Point No. 1, of all Premier Transmission Shippers' revised renominated quantities, identifying the corresponding Phoenix suppliers and the quantities to be delivered to Belfast Gas Exit Point No. 1. and broken down by the relevant Belfast Gas Exit Point 1 Shipper.
- 2.15.3.2 Premier Transmission shall confirm to Phoenix, no later than fifty five (55) minutes past the Hour Bar referred to in Clause 2.15.3.2 that the information supplied under Clause 2.15.3.1 is either correct or that such information has been amended to reflect a mismatch between delivery renominations into the Premier Transmission Transportation System and renominations in respect of Belfast Gas Exit Point No. 1. Premier Transmission's confirmation pursuant to this Clause 2.15.3.2 shall comprise a breakdown of the confirmed or revised renominations, as the case may be, for Belfast Gas Exit Point No. 1 by the relevant Belfast Gas Exit Point 1 Shipper.

## **3. ALLOCATION**

### **3.1 Introduction**



- 3.1.1 Premier Transmission shall allocate the Entry Quantity and the Exit Quantity among the Shippers after the Gas Flow Day in accordance with this section 3.
- 3.1.2 Premier Transmission and a Shipper acknowledges that delivery of gas to the Moffat Entry Point or offtake from an Exit Point may not exactly match the Nomination or Renomination made in respect of it and consequently under deliveries and over deliveries of gas may occur.
- 3.1.3 All of the Entry Quantity at the Moffat Entry Point and the Exit Quantity at each Exit Point shall be allocated to Shippers regardless of the reason for any such over deliveries or under deliveries.

**3.2 Initial and Final Allocation**

- 3.2.1 On the Day after (“D+1”) the Day (“D”) that gas is delivered to the Transportation System Premier Transmission shall allocate the Entry Quantity at the Moffat Entry Point and the Exit Quantity at each Exit Point in respect of D among the Shippers in accordance with this section 3 (each an “Initial Allocation”).
- 3.2.2 Each Initial Allocation shall, subject to section 3.2.3, 3.6 and 9.6, become a final allocation (a “Final Allocation”) at 16:00 on the fifth Day after D (“D+5”).
- 3.2.3 A Final Allocation shall, subject to section 9 (*Measurement and Testing*), be binding upon a Shipper.
- 3.2.4 An Initial Allocation is subject to any adjustment which Premier Transmission reasonably determines is necessary in order to correct any error made in the application of section 3.4 or 3.5 of this Code.

**3.3 Final Allocations deemed to be firm and interruptible**

A Final Allocation of a Shipper (whether made pursuant to section 3.5, 3.6 or 3.7) on a Day at an Exit Point shall, for the purposes of this Code, be deemed to be:

- 3.3.1 a “Firm Allocated Quantity” to the extent that its Final Allocation is less than or equal to its Firm Nominated Quantity at the Exit Point; and
- 3.3.2 an “Interruptible Allocated Quantity” to the extent that its Final Allocation exceeds its Firm Nominated Quantity at the Exit Point.

**Comment [SKE 11]:** This clause applies for Daily capacity so no change is needed here

**3.4 Allocation at Moffat Entry Point**

- 3.4.1 The Initial Allocation of gas at the Moffat Entry Point in respect of gas Allocated at any Exit Point on any Day shall, subject to section 3.4.2, be made in respect of Exit Points on the basis of information received under the Moffat Administration Agreement in respect of quantities allocated to Shippers.
- 3.4.2 If in respect of any Gas Flow Day, Premier Transmission does not receive an allocation from the Moffat Agent, the Initial Allocation of gas at the Moffat Entry Point to a Shipper shall be made in accordance with the formula set out below:

$$SQ_m = Q_m \times \frac{SNQ_m}{ANQ_m}$$

where:

- SQm = the quantity of gas Allocated to a Shipper on the Gas Flow Day at the Moffat Entry Point;
- Qm = the Entry Quantity at the Moffat Entry Point on the Gas Flow Day;
- SNQm = the Shipper's Aggregate Nominated Quantity on the Gas Flow Day at the Moffat Entry Point (determined in accordance with section 2.2.4);
- ANQm = the aggregate of all Shipper's Nominated Quantities on the Gas Flow Day at the Moffat Entry Point (determined in accordance with section 2.2.4).

3.4.3 An Initial Allocation at the Moffat Entry Point shall, subject to 3.8, for the purposes of determining Balancing Charges, be in respect of gas Allocated at an Exit Point.

### 3.5 Allocation at an Exit Point

3.5.1 The Initial Allocation of gas in respect of any Gas Flow Day at an Exit Point where two or more Shippers offtake gas (a "**Shared Exit Point**") shall, subject to section 3.8 and 3.7, be made in accordance with the formula set out below:

$$SQ_e = Q_e \times \frac{SNQ_e}{ANQ_e}$$

where:-

- SQ<sub>e</sub> = the quantity of Gas Allocated to a Shipper on the Gas Flow Day at the Shared Exit Point;
- Q<sub>e</sub> = the Exit Quantity on the Gas Flow Day at the Shared Exit Point;
- SNQ<sub>e</sub> = the Shipper's Aggregate Nominated Quantity on the Gas Flow Day at the Shared Exit Point;
- ANQ<sub>e</sub> = the aggregate of all Shipper's Nominated Quantities on the Gas Flow Day at the Shared Exit Point:

provided that, for the purposes of both SNQ<sub>e</sub> and ANQ<sub>e</sub>, on any Day on which no Shipper has a Firm Nominated Quantity or an Interruptible Nominated Quantity or the Aggregate Nominated Quantities are zero (0), each Shipper which has an Exit Point Registration in respect of:

- (a) Firm Nominated Quantities and Interruptible Nominated Quantities in relation to the relevant Shared Exit Point shall be deemed to have a Firm Nominated Quantity of one (1) MWh; and
- (b) Interruptible Nominated Quantities only in relation to the relevant Shared Exit Point shall be deemed to have an Interruptible Nominated Quantity of one (1) MWh.

3.5.2 The Initial Allocation of gas on any Day at an Exit Point shall, subject to 3.8, where there is only one (1) Shipper which has submitted a Nomination or a Renomination in respect of offtaking gas on that Gas Flow Day, allocate all of the Exit Quantity of gas to that Shipper at such Exit Point.

### 3.6 Change to the Initial Allocation at a Shared Exit Point after it is made

- 3.6.1 Any Shippers may agree on a different Allocation from the Initial Allocation at a Shared Exit Point (but not between Shared Exit Points and not between Firm and Interruptible Allocated Quantities), as between themselves, of their aggregate Allocated quantity of gas for D (a "**Reallocation**").
- 3.6.2 A Reallocation may only be requested, subject to 3.8,:
- (a) by all Shippers whose allocations would change as a result of any such Reallocation writing jointly to Premier Transmission;
  - (b) during the period between the commencement of D+1 and 16:00 on D+5; and
  - (c) not more than once in respect of each Day unless the Exit Quantity is adjusted in accordance with section 9 (*Measurement and Testing*) in which case a further Reallocation may be requested.
- 3.6.3 A Reallocation shall be accepted by Premier Transmission only if:
- (a) Premier Transmission is satisfied that the aggregate measured quantity of gas which would be allocated to such affected Shippers in respect of D if section 3.5.1 were applied, is equal to the quantity of gas which the affected Shipper's have requested be Reallocated; and
  - (b) in the case of a Reallocation of gas at Belfast Gas Exit Point No 2 and/or 3, Premier Transmission receives BGE (UK)'s written approval of such Reallocation before 16:00 on D+5.
  - (c) in the case of a Reallocation of gas at Belfast Gas Exit Point No 1, Premier Transmission receives PNGLs written approval of such Reallocation between the first business day and 16:00 on the fifth business day of the next subsequent month in respect of day D.
- 3.6.4 A Reallocation accepted in accordance with section 3.6.3 shall, subject to section 9 (*Measurement and Testing*), become a Final Allocation.

### **3.7 Change to the Initial Allocation at a Shared Exit Point before it is made**

- 3.7.1 Any Shippers may enter into an agreement, subject to section 3.8, providing for the basis upon which the Exit Quantity at a Shared Exit Point shall be allocated among them after any Gas Flow Day and provide a summary of such agreement to Premier Transmission in the Prescribed Form containing the information set out in section 3.7.3 (a "**Shipper's Allocation Arrangement**").
- 3.7.2 Premier Transmission shall, subject to section 3.7.3 and 3.7.4, allocate the Exit Quantity in respect of a Shared Exit Point in accordance with the Shipper's Allocation Arrangement.
- 3.7.3 A Shipper's Allocation Arrangement shall:
- (a) be a summary of an agreement which has as parties to it all and only those Shippers which have an Exit Point Registration in respect of the Exit Point in relation to which the relevant Shippers wish to agree an alternative allocation;
  - (b) be provided to Premier Transmission not later than twenty (20) Business Days before the Day in respect of which the relevant Shippers wish to agree an alternative allocation;
  - (c) be amended not more than three (3) times in any Gas Year other than to the extent necessary to comply with (a) above; and
  - (d) provide for the Allocation of a quantity of gas in respect of a Day equal to the Exit Quantity in

respect of the Shared Exit Point by one of the following methods:

- (i) the allocation of a stated percentage of the Exit Quantity in respect of the Shared Exit Point to each party to the agreement to which the Shipper's Allocation Arrangement relates such that 100% is allocated;
- (ii) the allocation of a stated quantity, firstly to one party to the agreement to which the Shipper's Allocation Arrangement relates (to the extent that the Exit Quantity in respect of the Shared Exit Point exceeds that quantity), secondly to another party to the agreement to which the Shipper's Allocation Arrangement relates (to the extent that the Exit Quantity in respect of the Shared Exit Point exceeds that quantity) and so on with all of any balance being allocated to a specified Shipper; or
- (iii) the allocation of a quantity, firstly equal to a Shipper's Aggregate Nominated Quantity (to the extent that the Exit Quantity in respect of the Shared Exit Point exceeds that quantity), secondly equal to a Shipper's Aggregate Nominated Quantity (to the extent that the Exit Quantity in respect of the Shared Exit Point exceeds that quantity) and so on with all of any balance being allocated to a specified Shipper.

**3.7.4** Subject to 3.8, if a Shipper's Allocation Arrangement relates to the allocation of gas at Belfast Gas Exit Point No 2 and/or 3, Premier Transmission shall only allocate the Exit Quantity at Belfast Gas Exit Point No 2 and/or 3 in accordance with the Shipper's Allocation Arrangement if Premier Transmission receives BGE (UK)'s written approval of such Shipper's Allocation Arrangement.

### **3.8 Allocation at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3**

3.8.1 For the purposes of PS Code Charges and Emergencies, Allocations at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 applied under this section 3 shall not be made by Premier Transmission. BGE(UK) shall Allocate Shippers exiting the PTL System at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 under the BGE(UK) Code in respect of Entry and Exit to the NI Network and in agreement with section 6 of the NI Network Operating Agreement, hereafter referred to as the NINOA.

3.8.2 In the event that BGE(UK) does not Allocate Shippers exiting the PTL System at Belfast Gas Exit Point 2 and/or Belfast Gas Exit Point 3, Premier Transmission shall Allocate such Shippers under section 3 in respect of the PTL System.

## **4. BALANCING AND SCHEDULING CHARGES**

### **4.1 Introduction and definitions**

4.1.1 In this Code:

- (a) **"Daily Gas Price"** shall:
- (i) firstly, be equal to the System Average Price(as defined in the GB Uniform Network Code) on the relevant Day ;
  - (ii) secondly, where for any Day the System Average Price is not available the Daily Gas Price for that Day shall be equal to the arithmetic mean of the System Average Price for each of the seven (7) preceding Days, and
  - (iii) lastly, where for any Day for any reason the System Average Price is not available under section 4.1.1.(a)(i) or calculated under section 4.1.1.(a)(ii), or if it is disputed, be such alternative price as Premier Transmission may reasonably determine.
- (b) **"Balancing Charge"** means the charge payable to a Shipper in respect of a Positive Balance or the charge payable by a Shipper in respect of a Negative Balance as set out below;
- (c) a **"Negative Balance"** is where any Final Allocation of Shipper at the Moffat Entry Point in respect of an Exit Point is less than its corresponding Final Allocation at that Exit Point on any Day; and
- (d) a **"Positive Balance"** is where any Final Allocation of a Shipper at the Moffat Entry Point in respect of an Exit Point exceeds its corresponding Final Allocation at that Exit Point on any Day.

4.1.2 A Shipper shall use its reasonable endeavours to ensure the following:

- (a) that if gas were Allocated to it at the Moffat Entry Point in accordance with section 3.4.2 and were Allocated to the Shipper at an Exit Point in accordance with section 3.5.1 such allocations would be of an equal amount; and
- (b) that if gas were Allocated to the Shipper at an Exit Point in accordance with section 3.5.1 such allocation would equal the Aggregate Nominated Quantity of the Shipper in respect of that Exit Point on that Day.

## 4.2 Exit Point Tolerance

4.2.1 Premier Transmission shall subject to section 4.6, within ten (10) Business Days of receiving a Downstream Load Statement in respect of an Exit Point in accordance with section 17.7, calculate a tolerance, expressed as a percentage, at that Exit Point for a Shipper or Prospective Shipper using the information contained in the Downstream Load Statement as set out below (a Shippers **"Exit Point Tolerance"**):

$$\text{Exit Point Tolerance} = \frac{100}{TC_{vm}} \times (a + b + c + d)$$

where:

- a = (C<sub>vm</sub> x C<sub>f</sub> for Un1)
- b = (C<sub>vm</sub> x C<sub>f</sub> for Un2)
- c = (C<sub>vm</sub> x C<sub>f</sub> for Un3)

- d = (Cvm x Cf for Un4)
- Cvm = the maximum quantity in MWh/day which may reasonably be required to supply the relevant downstream load category listed in column (2) in the table below (a "**Downstream Load Category**") at an Exit Point on a Gas Flow Day as set out in the relevant Downstream Load Statement;
- TCvm = aggregate of each Cvm of each Downstream Load Category;
- Un = the number identifying the Downstream Load Category listed in column (1) of the table below;
- Cf = Downstream Load Category weighting listed in column (3) of the table below.

Exit Point Tolerance Table

(1)	(2)	(3)
Number identifying Downstream Load Category	Downstream load category	Downstream Load Category weighting
1	Power generation consumers	3%
2	Downstream consumers whose loads are greater than or equal to 1,465,416 MWh/annum and are not power generation consumers	3%
3	Downstream consumers whose loads are greater than or equal to 733 MWh/annum but less than 1,465,416 MWh/annum	10%
4	Downstream consumers whose loads are less than 733 MWh/annum	20%

4.2.2 Premier Transmission shall, within ten (10) Business Days of receiving a revised Downstream Load Statement in respect of an Exit Point in accordance with section 17.7, recalculate the relevant Exit Point Tolerance in accordance with section 4.2.1.

**4.3 Balancing Charges**

Balancing Charges shall, subject to 4.6 be calculated and made in accordance with this section 4.3.

4.3.1 On any Day on which a Shipper has a Positive Balance a charge shall be payable to it of the aggregate of the value of:

- (a) an amount of Balancing Gas up to or equal to the Exit Point Tolerance calculated at the Daily Gas Price; and
- (b) any amount of Balancing Gas exceeding the Exit Point Tolerance calculated at the lower of the Daily Gas Price multiplied by 0.7, or the System Marginal Sell Price on the relevant Day (as defined in the GB Uniform Network Code).

4.3.2 On any Day on which a Shipper has a Negative Balance it shall pay an amount equal to the aggregate of the value of:

- (a) an amount of Balancing Gas up to or equal to the Exit Point Tolerance calculated at the Daily Gas Price; and
- (b) any amount of Balancing Gas exceeding the Exit Point Tolerance calculated at the higher of the Daily Gas Price multiplied by 1.5, or the System Marginal Buy Price on the relevant Day (as defined in the GB Uniform Network Code).

4.3.3 This section 4.3.3. shall only apply with effect from such date (no earlier than 1 April 2009) as the Authority may notify to Premier Transmission. If a Shipper has a Negative Balance and/or Positive Balance which exceeds its Exit Point Tolerance either, on four (4) or more consecutive Days, or on any six (6) Days in any Month, Premier Transmission shall reduce its Exit Point Tolerance by one

half, until such time as the Shipper has avoided a Negative Balance and/or Positive Balance for five (5) consecutive days when its Exit Point Tolerance shall be reinstated at the original level. This reduction of a Shipper's Exit Point Tolerance, pursuant to this section 4.3.3, will occur only once in any particular Month.

#### 4.4 Scheduling Charges

Scheduling Charges shall, subject to 4.6 be calculated and made in accordance with this section 4.4.

4.4.1 A scheduling charge (a "**Scheduling Charge**") may be payable by a Shipper in respect of an Exit Point as set out below.

4.4.2 If a Shipper's Final Allocation at an Exit Point on any Day is more, or less than, the Aggregate Nominated Quantity of such Shipper in respect of that Exit Point on that Day, by an amount exceeding the Exit Point Tolerance in respect of that Exit Point Premier Transmission shall impose a Scheduling Charge calculated as follows:

$$\text{Scheduling Charge} = (5\% \times \text{Daily Gas Price}) \times (\text{QAM} - \text{Z})$$

where:

- QAM = the amount by which the quantity of gas Allocated to a Shipper at an Exit Point is more, or less than, the quantity of gas Nominated by such Shipper for offtake from such Exit Point; and
- Z = a quantity equal to a Shipper's Aggregate Nominated Quantity multiplied by the Exit Point Tolerance.

**Comment [SKE 12]:** = Agg Nom = firm + interruptible nominated quantity  
Firm nom quantity includes Daily so this is all fine with no change

#### 4.5 Unauthorised Flow Charges

Unauthorised Flow Charges shall, subject to 4.6 be calculated and made in accordance with this section 4.5.

4.5.1 If a Flow Order is issued in relation to a D-1 Predicted Capacity Shortfall or a Day D Capacity Shortfall and a Shippers Final Allocation in respect of an Exit Point exceeds its Nominated Quantity in respect of that Exit Point (as it may be reduced by a Flow Order from time to time) by 3% or more Premier Transmission shall, subject to 4.5.2, impose an unauthorised flow charge (an "Unauthorised Flow Charge" calculated in accordance with the following:

"UFC" = the value which shall be calculated for any day in question in respect of Shipper's in accordance with the following formula:

$$\frac{(\text{FPCapCt}) \times 10 \times \text{UF}}{365}$$

"UF" = the amount, if any, by which the Final Allocation in respect of an Exit Point for Shippers, in respect of any D-1 Predicted Capacity Shortfall or a



Day D Capacity Shortfall and in respect of which the Premier Transmission has issued a Flow Order, exceeds its Nominated Quantity in respect of that Exit Point (as it may be reduced by a Flow Order from time to time) by 3% or more of such Nominated Quantity.

FPCapCt (as defined in condition 2A.2.5.2 of the Premier Transmissions Licence for the Conveyance of Gas in Northern Ireland)

- 4.5.2 An Unauthorised Flow Charge may be payable by any Shipper submitting a Nomination in respect of an Exit Point to which a Flow Order relates whether or not the Shipper had submitted a Nomination before the relevant Flow Order was issued.
- 4.5.3 If a Shipper incurs an Unauthorised Flow Charge pursuant to this section 4.5 in respect of gas offtaken at an Exit Point on a Day and is also required to pay an unauthorised flow charge requested to be invoiced under section 12.15.4 by reference to a quantity of gas allocated at the same Exit Point on the same day, then the Shipper shall be liable to pay the greater of the Unauthorised Flow Charge calculated pursuant to this section 4.5 or the unauthorised flow charge requested to be invoiced under section 12.15.4 but not both.

#### **4.6 Exit Point Tolerance, Balancing Charge, Scheduling Charge and Unauthorised Flow Charge at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3**

- 4.6.1. Exit Point Tolerance Calculations, Balancing Charges and Scheduling Charges applied under this section 4 at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 shall not be made by Premier Transmission. BGE(UK) shall apply Exit Point Tolerance, Balancing Charges and Scheduling Charges to Shippers exiting the PTL System at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 under the BGE(UK) Code in respect of Entry and Exit to the NI Network and in agreement with section 7 of the NINOA.
- 4.6.2. In the event that BGE(UK) does not apply Exit Point Tolerances, Balancing Charges and Scheduling Charges to Shippers exiting the PTL System at Belfast Gas Exit Point 2 and/or Belfast Gas Exit Point 3, Premier Transmission shall apply Exit Point Tolerances, Balancing Charges and Scheduling Charges to such Shippers under section 4 in respect of the PTL System.
- 4.6.3. If on any day a D-1 Predicted Capacity Shortfall or Day D Capacity Shortfall is declared on the PTL System, Premier Transmission shall apply any Unauthorised Flow Charge under section 4.5 in relation to Shippers exiting the PTL System at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 using Exit Allocations in respect of the NI Network, provided by BGE(UK) in accordance with section 7 of the NINOA.
- 4.6.4. In the event that BGE(UK) does not provide Exit Allocations under section 4.6.3 Premier Transmission shall apply any Unauthorised Flow Charge under section 4.5 in relation to Shippers exiting the PTL System at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 using Exit Allocations in respect of the PTL System.
- 4.6.5. For the avoidance of doubt Premier Transmission shall be entitled to assume that BGE(UK) has not provided Exit Allocations in respect of the NI Network by the fifth business day after the month end, ("M+5")

## 5. BALANCING AND SHRINKAGE GAS

### 5.1 Definitions

In this Code “**Shrinkage Gas**” is gas, of any amount, which is lost or otherwise unaccounted for, from the PTL System or the Belfast Gas System or any part of the PTL System or the Belfast Gas System.

### 5.2 Balancing Gas

- 5.2.1 Premier Transmission may in conjunction with BGE(UK) and in accordance with the NINOA procure the purchase of or procure the disposal of gas reasonably required to achieve the physical balance of the PTL System and/ or gas reasonably required to achieve the physical balance of the NI Network or any localised part thereof (“Balancing Gas”) including that which is considered reasonably necessary to provide gas to make up Shrinkage Gas provided however nothing herein shall prevent Premier Transmission from time to time purchasing or procuring the purchase of or disposing or procuring the disposal of such gas as may be reasonably necessary with a view to achieving a physical balance of gas in respect of the PTL System.
- 5.2.2 Premier Transmission shall use reasonable endeavours to procure the purchase and disposal of Balancing Gas upon the most competitive terms and conditions reasonably available.

### 5.3 PTL Postalised Network Disbursement Bank Account

- 5.3.1 Premier Transmission shall procure the set up and operation of a separate bank account: (the “PTL Postalised Network Disbursement Bank Account”) and shall procure the administration of the PTL Postalised Network Disbursement Bank Account in conjunction with the administration of the BGE(NI) Postalised Network Disbursement Bank Account in accordance with a procedure (the “**Postalised Network Disbursement Procedure**”) established pursuant to the NINOA. Premier Transmission shall in respect of each Month:
- (a) pay into the PTL Postalised Network Disbursement Bank Account :
- (i) all Balancing Charges, Scheduling Charges and Unauthorised Flow Charges paid by each Shipper pursuant to this Code;
  - (ii) all monies received by Premier Transmission from the sale of Balancing Gas;
  - (iii) monies received from a Shipper in respect of the costs and expenses of the Verifying Accountant in accordance with section 6.11.7 (b) (ii);
  - (iv) monies received as a result of invoices issued pursuant to Section 12.15.5;
  - (v) Disbursement Amounts received from Shippers;
  - (vi) all monies received from BGE(UK) in accordance with Postalised Network Disbursement Procedure, for the purpose of balancing the PTL Postalised Network Disbursement Bank Account;

- (vii) any interest received in respect of payments required to be paid into the PTL Postalised Network Disbursement Bank Account and;
  - (viii) any other monies which the Transporter reasonably determines should be credited thereto.
- (b) pay from the PTL Postalised Network Disbursement Bank Account:
- (i) all Balancing Charges payable to each Shipper pursuant to this Code;
  - (ii) all monies paid by Premier Transmission to purchase Balancing Gas;
  - (iii) all monies paid by Premier Transmission pursuant to section 6.11.7 (a);
  - (iv) the costs and expenses of the Verifying Accountant in accordance with section 6.11.6.
  - (v) all costs of administration of the PTL Postalised Network Disbursement Bank Account and/or administration of the Postalised Network Disbursement Procedure;
  - (vi) any interest payable in respect of the PTL Postalised Network Disbursement Bank Account or in respect of amounts to be discharged therefrom;
  - (vii) all monies payable to BGE(UK) in accordance with the Postalised Network Distribution Procedure for the purpose of balancing the BGE(NI) Postalised Network Disbursement Bank Account;
  - (viii) any other monies which Premier Transmission reasonably determines should be so debited.
- (c) The Postalised Network Disbursements Procedure shall include provisions whereby the Disbursement Amount payable to or by each shipper on the Postalised Network (including Shippers) shall be calculated.

#### **5.4 Provision of information relating to Balancing Gas and Shrinkage Gas**

5.4.1 Premier Transmission shall notify each Shipper, after each Gas Year, in the Five Year Statement of:

- (a) the quantity and cost of the Balancing Gas purchased or sold in that Gas Year;
- (b) its estimate, acting as a Reasonable and Prudent Operator, of what proportion of such Balancing Gas was Shrinkage Gas; and
- (c) its estimate, acting as a Reasonable and Prudent Operator, of the level of Shrinkage Gas in the next Gas Year.

5.4.2 Premier Transmission shall notify each Shipper after each Month of:

- (a) the quantity, cost and date of each sale and purchase of Balancing Gas on the NI Network in that Month;

## **5.5 Premier Transmission shipping Balancing Gas**

Notwithstanding any other provision of this Code Premier Transmission may, in respect of any Balancing Gas which Premier Transmission shall ship on the Transportation System:

- (a) enter on GTMBS a Nomination and/or Renomination;
- (b) be deemed to receive an Initial and a Final Allocation; and
- (c) be deemed to be liable for or make claims for Off-Spec Gas or Non-Compliant Gas,

in accordance with the relevant section of this Code as though Premier Transmission were a Shipper, but solely for such purposes provided that Premier Transmission will not be liable for PS Transmission Amounts or PS Code Charges for gas nominated pursuant to this section 5.5.

## 6. CAPACITY REDUCTION AND EMERGENCIES

### 6.1 Introduction and Definitions

- 6.1.1 This section 6 relates to the declaration of D-1 Predicted Capacity Shortfall Days and Day D Capacity Shortfalls in respect of the Transportation System where profiles are required to be reduced, interruption is required and capacity is reduced and to the declaration of Emergencies.
- 6.1.2 In this Code:
- (a) **"Available Capacity"** means the aggregate of the Available Firm Capacity and Available Interruptible Capacity;
  - (b) **"Flow Order"** means an order issued by Premier Transmission to Shippers in relation to a D-1 Predicted Capacity Shortfall or Day D Capacity Shortfall instructing those Shippers in accordance with this section 6, or an order modifying such an earlier order;
  - (c) **"Interruptible Ballylumford Nomination"** means a Ballylumford Nomination which is a nomination or renomination of an Interruptible Nominated Quantity;
- 6.1.3 Any instruction made under this section 6 by Premier Transmission in terms of Capacity Reduction and Emergency shall be copied to BGE(UK). Upon receipt of any note from BGE(UK) in relation to a Capacity Reduction or Emergency issued under the BGE(UK) Code, Premier Transmission may at its own discretion issue a Capacity Shortfall or Emergency instruction under this section 6 of the Premier Transmission Code.

### 6.2 D-1 Predicted Capacity Shortfall

- 6.2.1 If at any time on D-1 Premier Transmission predicts, as a Reasonable and Prudent Operator, that the:
- (a) Aggregated Nominated Quantity on D-1 (whether or not accepted by Premier Transmission) will exceed the Available Capacity for Day D; and/or
  - (b) aggregate of all Daily Profiles submitted on D-1 in respect of any hour on Day D will exceed that part of the Available Capacity available in respect of that hour,
- (a **"D-1 Predicted Capacity Shortfall"**) the provisions of this clause 6.2 shall apply.
- 6.2.2 If there is a D-1 Predicted Capacity Shortfall and Premier Transmission believes that the submission of revised Nominations for Ballylumford and/or Belfast Gas Exit Point No 3 Nominations and/or revised nominations of Daily Profiles attributable to such Nominations (**"Revised Power Station Nominations"**) may avert the D-1 Predicted Capacity Shortfall, Premier Transmission shall promptly inform SONI of:
- (a) the reduction in capacity utilised on the PTL System which it believes will, if achieved through Revised Power Station Nominations avert the D-1 Predicted Capacity Shortfall, and the time by which it believes that such Revised Power Station Nominations will have to be submitted in order that Premier Transmission will not have to issue a Flow Order to avert the D-1 Predicted Capacity Shortfall; and

- (b) whether Premier Transmission believes that the D-1 Predicted Capacity Shortfall has arisen as a result of:
  - (i) the pressure at the entry to the PTL System falling below 64 bar;
  - (ii) there being an operational constraint in respect of the PTL System; or
  - (iii) the Nominations and Renominations and/or the Daily Profile attributable to each such Nomination and/or Renomination in respect of a Day exceeding the capability of the PTL System on that Day or in any hour on that Day where there is no significant operational constraint in respect of the PTL System.

6.2.3 If, after the time by which Premier Transmission requested Revised Power Station Nominations, Premier Transmission has not received any such Revised Power Station Nominations and there remains a D-1 Predicted Capacity Shortfall Premier Transmission shall by issuing a Flow Order:

- (a) require that Shippers submit no further Nominations or Renominations (other than any Renominations of a reduced Firm Nominated Quantity or a reduced Interruptible Nominated Quantity, which may continue to be made) on D-1 or on Day D for any Exit Points identified in such Flow Order; and
- (b) subject to section 6.2.4, reduce those Nominations or Renominations which have been submitted (whether or not accepted by Premier Transmission) on D-1 up until the time by which Premier Transmission required that no further Nominations or Renominations be submitted in accordance with (a) above, and/or the Daily Profiles attributable to each such Nomination or Renomination, to an extent which Premier Transmission believes will avert the D-1 Predicted Capacity Shortfall in the following order:
  - (i) firstly:
    - (aa) each Interruptible Ballylumford Nomination shall be reduced pro rata to all Interruptible Nominations for Ballylumford to the extent that such nominations exceed the amount of Firm Capacity allocated to all Shippers at the Ballylumford Exit Point; and/or
    - (bb) each Daily Profile attributable to each such Interruptible Ballylumford Nomination shall be reduced pro rata to all such Daily Profiles attributable to all such Interruptible Ballylumford Nominations,to the extent which Premier Transmission believes will avert the D-1 Predicted Capacity Shortfall;
  - (ii) secondly:
    - (aa) each Belfast Gas Exit Point No 3 Nomination shall be reduced pro rata to all Belfast Gas Exit Point No 3 Nominations; and/or
    - (bb) each Daily Profile attributable to each such Belfast Gas Exit Point No 3 Nomination shall be reduced pro rata to all such Daily Profiles attributable to all such Belfast Gas Exit Point No 3 Nominations;,,to the extent which Premier Transmission believes will avert the D-1 Predicted Capacity Shortfall and that there remains a D-1 Predicted Capacity Shortfall after applying (i) above;
  - (iii) thirdly:

- (aa) each Ballylumford Nomination (which has not already been reduced in accordance with (i) above) shall be reduced pro rata to all such Nominations for Ballylumford; and/or
- (bb) each Daily Profile attributable to each such Ballylumford Nomination shall be reduced pro rata to all such Daily Profiles attributable to all such Nominations for Ballylumford,

to the extent which Premier Transmission believes will avert the D-1 Predicted Capacity Shortfall and that there remains a D-1 Predicted Capacity Shortfall after applying (ii) above; and

- (iv) If Premier Transmission believes that the submission of revised Nominations for Belfast Gas Exit Point No 1, Belfast Gas exit Point 2 or Stranraer Exit Point Nominations and/or revised nominations of Daily Profiles attributable to such Distribution Nominations may avert the D-1 Predicted Capacity Shortfall, Premier Transmission shall promptly inform Phoenix, BGE(UK) and Stranraer of:

- (aa) the reduction in capacity utilised on the PTL System which it believes will, if achieved through Revised Distribution Nominations avert the D-1 Predicted Capacity Shortfall, and the time by which it believes that such Revised Distribution Nominations will have to be submitted in order that Premier Transmission will not have to issue a Flow Order to avert the D-1 Predicted Capacity Shortfall; and
- (bb) whether Premier Transmission believes that the D-1 Predicted Capacity Shortfall has arisen as a result of:
  - (i) the pressure at the entry to the PTL System falling below 64 bar;
  - (ii) there being an operational constraint in respect of the PTL System;

or

- (iii) the Nominations and Renominations and/or the Daily Profile attributable to each such Nomination and/or Renomination in respect of a Day exceeding the capability of the PTL System on that Day or in any hour on that Day where there is no significant operational constraint in respect of the PTL System.

If, after the time by which Premier Transmission requested Revised Distribution Nominations, Premier Transmission has not received any such Revised Distribution Nominations and there remains a D-1 Predicted Capacity Shortfall Premier Transmission shall by issuing a Flow Order:

- (cc) require that Belfast Gas Exit Point 1, Belfast Gas Exit Point 2 and Stranraer shippers submit no further Nominations or Renominations (other than any Renominations of a reduced Firm Nominated Quantity or a reduced Interruptible Nominated Quantity, which may continue to be made) on D-1 or on Day D for any Exit Points identified in such Flow Order; and
- (dd) subject to section 6.2.4, reduce those Nominations or Renominations which have been submitted (whether or not accepted by Premier Transmission) on D-1 up until the time by which Premier Transmission required that no further Nominations or Renominations be submitted in accordance with (a) above,

and/or the Daily Profiles attributable to each such Nomination or Renomination, to an extent which Premier Transmission believes will avert the D-1 Predicted Capacity Shortfall as per the following:

1. each Stranraer Nomination, Belfast Gas Exit Point No 1 Nomination, Belfast Gas Exit Point No 2 Nomination shall be reduced pro rata to all such nominations; and/or
2. each Daily Profile attributable to each such Stranraer Nomination, Belfast Gas Exit Point No 1 Nomination and Belfast Gas Exit Point No 2 Nomination shall be reduced pro rata to all such Daily Profiles,

to the extent which Premier Transmission believes will avert the D-1 Predicted Capacity Shortfall and that there remains a D-1 Predicted Capacity Shortfall after applying (iii) above.

- (v) PTL shall communicate any Flow Order issued in accordance with 6.2.2.(b)(iv) to Phoenix, BGE(UK) and Stranraer for information purposes only.

6.2.4 Nominations and/or Renominations shall not be reduced in accordance with section 6.2.3 (b) by an amount exceeding the amount by which such Nominations and/or Renominations exceed the Available Capacity for Day D. If both any Nomination and/or Renomination and its corresponding Daily Profile are reduced in accordance with section 6.2.3 (b) the Daily Profile shall not be reduced below the level of one twenty fourth of the reduced Nomination and/or Renomination. If a Daily Profile (but not the Nomination and/or Renomination to which it relates) is reduced in accordance with section 6.2.3 (b) the Daily Profile shall not be reduced below the level of one twenty fourth of the Nomination and/or Renomination to which it relates.

6.2.5 Notwithstanding any other provision of this section 6.2 if there is a D-1 Predicted Capacity Shortfall Premier Transmission:

- (a) shall be entitled to take the steps set out in section 6.2.3 at any time it considers appropriate and whether or not it shall have received Revised Power Station Nominations; and
- (b) shall not be required to notify SONI in accordance with section 6.2.2 (a) if, in Premier Transmission's reasonable opinion, there is insufficient time for Revised Power Station Nominations to be submitted before Premier Transmission would have to issue a Flow Order to avert the D-1 Predicted Capacity Shortfall.

### 6.3 Day D Capacity Shortfall

6.3.1 If at any time on Day D:

(a) the:

- (i) Aggregated Nominated Quantity of all Nominations and/or Renominations submitted on Day D (whether or not accepted by Premier Transmission) exceed the Available Capacity for Day D; and/or
- (ii) aggregate of all Daily Profiles submitted on Day D in respect of any hour on Day D exceed that part of the Available Capacity available in respect of that hour; or



(b) Premier Transmission predicts, as a Reasonable and Prudent Operator, that this will occur

(a “**Day D Capacity Shortfall**”) the provisions of this clause 6.3 shall apply.

6.3.2 If there is a Day D Capacity Shortfall and Premier Transmission believes that the submission of Revised Power Station Nominations may avert the Day D Capacity Shortfall, Premier Transmission shall promptly inform SONI of:

(a) the reduction in capacity utilised on the PTL System which it believes will, if achieved through Revised Power Station Nominations avert the Day D Capacity Shortfall, and the time by which it believes that such Revised Power Station Nominations will have to be submitted in order that Premier Transmission will not have to issue a Flow Order to avert the Day D Capacity Shortfall; and

(b) whether Premier Transmission believes that the Day D Capacity Shortfall has arisen as a result of:

(i) the pressure at the entry to the PTL System falling below 64 bar;

(ii) there being an operational constraint in respect of the PTL System; or

(iii) the Nominations or Renominations and/or the Daily Profile attributable to each such Nomination or Renomination in respect of a Day exceeding the capability of the PTL System on that Day or in any hour on that Day where there is no significant operational constraint in respect of the PTL System.

6.3.3 If, after the period by which Premier Transmission requested Revised Power Station Nominations, Premier Transmission does not receive any such Revised Power Station Nominations and there remains a Day D Capacity Shortfall Premier Transmission shall by issuing a Flow Order:

(a) require that Shippers submit no further Nominations or Renominations (other than any Renominations of a reduced Firm Nominated Quantity or a reduced Interruptible Nominated Quantity, which may continue to be made) on Day D for any Exit Points identified in such Flow Order; and

(b) subject to section 6.3.4, reduce those Nominations or Renominations which have been submitted (whether or not accepted by Premier Transmission) on Day D up until the time by which Premier Transmission required that no further Nominations or Renominations be submitted in accordance with (a) above, and/or the Daily Profiles attributable to each such Nomination or Renomination, to an extent which Premier Transmission believes will avert the Day D Capacity Shortfall in the following order:

(i) firstly, Premier Transmission:

(aa) shall, on the first occasion (after which this section 6.3 is effective) on which Premier Transmission shall declare any Day D a Reduced Capacity Day, apply (x) below;

(bb) shall, on the second such occasion, apply (y) below;

(cc) shall, on the third such occasion, apply (x) below;

(dd) shall, on the fourth such occasion, apply (y) below

and so on in rotation, where (x) and (y) shall be as follows:

- (x) any Belfast Gas Exit Point No 3 Nomination shall be reduced pro rata to the nominated amounts by the amount of the remaining Day D Capacity Shortfall;
  - (y) any Interruptible Nominations for Ballylumford submitted by Shippers on D-1 or on Day D for Day D (whether or not accepted by Premier Transmission) shall, to the extent that such nominations exceed the amount of Firm Capacity allocated to all Shippers at the Ballylumford Exit Point, be reduced pro rata to the nominated amounts by the amount of the remaining Day D Capacity Shortfall;
- (ii) secondly, apply whichever of (x) or (y) which was not applied in accordance with (i) above;
  - (iii) thirdly, any Nominations for Ballylumford (which have not already been reduced in accordance with (i) above) shall, to the extent that there remains a Day D Capacity Shortfall after applying (i) above, be reduced pro rata to the nominated amounts by the amount of the remaining Day D Capacity Shortfall; and
  - (iv) If Premier Transmission believes that the submission of revised Nominations for Belfast Gas Exit Point No 1, Belfast Gas exit Point 2 or Stranraer Exit Point Nominations and/or revised nominations of Daily Profiles attributable to such Distribution Nominations may avert the D day Predicted Capacity Shortfall, Premier Transmission shall promptly inform Phoenix, BGE(UK) and Stranraer of:
    - (aa) the reduction in capacity utilised on the PTL System which it believes will, if achieved through Revised Distribution Nominations avert the D day Predicted Capacity Shortfall, and the time by which it believes that such Revised Distribution Nominations will have to be submitted in order that Premier Transmission will not have to issue a Flow Order to avert the D day Predicted Capacity Shortfall; and
    - (bb) whether Premier Transmission believes that the D day Predicted Capacity Shortfall has arisen as a result of:
      - (i) the pressure at the entry to the PTL System falling below 64 bar;
      - (ii) there being an operational constraint in respect of the PTL System; or
- Or**
- (iii) the Nominations and Renominations and/or the Daily Profile attributable to each such Nomination and/or Renomination in respect of a Day exceeding the capability of the PTL System on that Day or in any hour on that Day where there is no significant operational constraint in respect of the PTL System.

If, after the time by which Premier Transmission requested Revised Distribution Nominations, Premier Transmission has not received any such Revised Distribution Nominations and there remains a D day Predicted Capacity Shortfall Premier Transmission shall by issuing a Flow Order:

- (cc) require that Belfast Gas Exit Point 1, Belfast Gas Exit Point 2 and Stranraer shippers submit no further Nominations or Renominations (other than any Renominations of a reduced Firm Nominated Quantity or a reduced Interruptible

Nominated Quantity, which may continue to be made) on D-1 or on Day D for any Exit Points identified in such Flow Order; and

- (dd) subject to section 6.2.4, reduce those Nominations or Renominations which have been submitted (whether or not accepted by Premier Transmission) on D-1 up until the time by which Premier Transmission required that no further Nominations or Renominations be submitted in accordance with (a) above, and/or the Daily Profiles attributable to each such Nomination or Renomination, to an extent which Premier Transmission believes will avert the D-1 Predicted Capacity Shortfall as per the following:
  - 1. each Stranraer Nomination, Belfast Gas Exit Point No 1 Nomination, Belfast Gas Exit Point No 2 Nomination shall be reduced pro rata to all such nominations; and/or
  - 2. each Daily Profile attributable to each such Stranraer Nomination , Belfast Gas Exit Point No 1 Nomination and Belfast Gas Exit Point No 2 Nomination shall be reduced pro rata to all such Daily Profiles,to the extent which Premier Transmission believes will avert the D day Predicted Capacity Shortfall and that there remains a D day Predicted Capacity Shortfall after applying (iii) above.
- (v) PTL shall communicate any Flow Order issued in accordance with 6.3.2.(b)(iv) to Phoenix, BGE(UK) and Stranraer for information purposes only.

6.3.4 Nominations or Renominations shall not be reduced in accordance with section 6.3.3 (b) by an amount exceeding the amount by which such Nominations or Renominations exceed the Available Capacity for Day D. If both any Nomination or Renomination and its corresponding Daily Profile are reduced in accordance with section 6.3.3 (b) the Daily Profile shall not be reduced below the level of one twenty fourth of the reduced Nomination or Renomination. If a Daily Profile (but not the Nomination or Renomination to which it relates) is reduced in accordance with section 6.3.3 (b) the Daily Profile shall not be reduced below the level of one twenty fourth of the Nomination or Renomination to which it relates

6.3.5 Notwithstanding any other provision of this section 6.3 if there is a Day D Capacity Shortfall Premier Transmission:

- (a) shall be entitled to take the steps set out in section 6.3.3 at any time it considers appropriate and whether or not it shall have received Revised Power Station Nominations; and
- (b) shall not be required to notify SONI in accordance with section 6.3.2 (a) if, in Premier Transmission's reasonable opinion, there is insufficient time for Revised Power Station Nominations to be submitted before Premier Transmission would have to issue a Flow Order to avert the Day D Predicted Capacity Shortfall.

#### **6.4 Flow Orders for a D-1 Predicted Capacity Shortfall or Day D Capacity Shortfall**

6.4.1 Premier Transmission shall declare a D-1 Predicted Capacity Shortfall or Day D Capacity Shortfall by issuing a Flow Order to all affected Shippers informing such Shippers of the application of section 6.2 or 6.3 (as appropriate) which shall have the effect that the Nominated Quantity and Daily Profile shall for all purposes under this Code become the amount set out in the Flow Order with effect from the issue of the Flow Order

6.4.2 A Flow Order may be issued, in accordance with section 6.2.3 or 6.3.3, as a result of the Available Firm Capacity being affected by, inter alia, the occurrence of an Emergency, the occurrence of a Maintenance Day or the occurrence of an event of Force Majeure.

6.4.3 A Shipper shall, notwithstanding any other provision of this Code but without prejudice to the generality of section 2.2.3, comply with a Flow Order within 5 hours if it is issued on D-1 and 2 hours if it is issued on D.

6.4.4 Where Premier Transmission reasonably believes;

- (a) that gas is being offtaken from the Transportation System by a Shipper in such a manner as does not or will not comply with a Flow Order; and
- (b) that the Transportation System integrity may be prejudiced as a result, or the service to other Shippers may be affected or compromised,

Premier Transmission may take any steps available to it to secure a reduction in the rate of, or the discontinuance of, the offtake of gas from the Transportation System at the Exit Point by the Shipper. Premier Transmission, however, acknowledges that, where a Downstream Load Statement confirms that gas made available for offtake from the Exit Point is supplied to downstream consumers whose loads are less than 733 MWh/day, the ability to control rates and quantities of offtake are limited and this shall be taken in account when applying this section 6.4.4.

6.4.5 The steps referred to in section 6.4.4 include the isolation of the relevant Exit Point but, without prejudice to any other provision of this Code, Premier Transmission shall endeavour not to take this step where, in its opinion, alternative steps are available and adequate in the circumstances. In the event that an Exit Point is so isolated Premier Transmission shall explain to any affected Shipper why the Exit Point was isolated.

6.4.6 Premier Transmission shall, where the necessity for the Flow Order has ceased, notify:

- (a) any Shipper to which the Flow Order was issued of the time after which the Flow Order shall cease to apply and after which the Shippers may, subject to the provisions of this Code, submit a Renomination; and
- (b) to any Shipper who requests it, an explanation of why the Flow Order was issued and the circumstances which gave rise to the need for it.

## 6.5 Emergencies

6.5.1 The existence of an Emergency under this Code shall be determined by Premier Transmission, acting as a Reasonable and Prudent Operator, irrespective of the cause of the Emergency, or whether Premier Transmission or any other person may have caused, or contributed to the Emergency.

6.5.2 An Emergency (an “**Emergency**”):

- (a) may exist by reason of an escape, or suspected escape, of gas; or
- (b) may exist in circumstances in which, in the opinion of Premier Transmission:
  - (i) the safety of the Transportation System is significantly at risk;
  - (ii) the safe conveyance of gas by the Transportation System is significantly at risk;

- (iii) gas conveyed by the Transportation System is at such a pressure or of such a quality as to constitute, when supplied to premises, a danger to life or property;
  - (iv) where Premier Transmission's ability to maintain safe pressures within the Transportation System is affected or threatened by an interruption or disruption to the Transportation System, an insufficiency of deliveries of gas to the Transportation System, or by any actual or potential failure of or damage to any part of the Transportation System; or
  - (v) in any other circumstances reasonably believed by Premier Transmission to constitute an Emergency (which, for the avoidance of doubt, includes circumstances upstream of the Moffat Entry Point); and
- (c) shall exist:
- (i) where Premier Transmission declares an Emergency in co-operation with the Northern Ireland Network Emergency Coordinator;
  - (ii) where a reduction in the quantity of gas available for offtake in respect of downstream consumers whose loads are less than 733 MWh/annum is applied in accordance with section 6.2.3 (b) (iv) or 6.3.3 (b) (iii).

6.5.3 An Emergency shall continue until such time as Premier Transmission determines that the circumstances referred to in this section 6.5 no longer apply, that no further Emergency Steps are required, and that normal operation of the Transportation System and implementation of this Code may be resumed.

## 6.6 Emergency Steps

6.6.1 Premier Transmission may take or require that a Shipper takes such steps ("**Emergency Steps**") as Premier Transmission deems, as a Reasonable and Prudent Operator, to be necessary:

- (a) to avert and/or reduce the probability of, or probable scale of, an Emergency;
- (b) to overcome or contain an Emergency and/or to avert or reduce the hazard presented by it;
- (c) to restore gas supply and normal operation of the Transportation System including making available additional gas at the Moffat Entry Point; and/or
- (d) taking into account any steps that the Northern Ireland Network Emergency Coordinator may request Premier Transmission to take.

6.6.2 In view of the importance of co-ordination of Emergency Steps, a Shipper shall only take Emergency Steps pursuant to a request made by Premier Transmission.

6.6.3 During an Emergency each Shipper:

- (a) shall co-operate with Premier Transmission, to the extent within the Shipper's power (and without thereby rendering the Shipper unable to comply with any requirement to take Emergency Steps itself), so as to enable Premier Transmission to take Emergency Steps and in so doing comply with Premier Transmission instructions and requests as soon as reasonably practicable; and

(b) shall, to the extent within its power, comply with Premier Transmission's instructions and requests to take Emergency Steps as soon as reasonably practicable.

6.6.4 Premier Transmission and each Shipper acknowledges that in an Emergency their interests shall be subordinated to the need to take Emergency Steps.

6.6.5 Subject to section 12.1.4, no Emergency Step taken by Premier Transmission, or at the request of Premier Transmission, by any Shipper, shall be a breach of any provision of this Code, and in particular Premier Transmission shall not be in breach of its obligation to accept gas tendered for delivery to the Transportation System at the Moffat Entry Point or to make gas available for offtake at an Exit Point to the extent that it is as a result of any such Emergency Step so taken.

6.6.6 Premier Transmission may at its sole discretion on notice to Shippers amend or cancel any Emergency Step.

## **6.7 Emergency Contacts**

6.7.1 Each Shipper shall provide to Premier Transmission:

(a) a single telephone and facsimile number at which Premier Transmission may contact, 24 hours a Day and on each Day of a Gas Year, in an Emergency for any purpose pursuant to this section 6:

(i) a representative of the Shipper; and

(ii) a representative of any End User at an Exit Point in respect of which a Shipper has an Exit Point Registration; and

(b) the name(s), title(s) and addresses of such representatives.

6.7.2 The details required under section 6.7.1 shall be provided by an applicant Shipper before becoming a Shipper and where a Shipper submits an application for an Exit Point Registration in respect of an Exit Point and shall at all times be maintained up to date. A Shipper shall notify Premier Transmission of any change in such details promptly and, where possible, in advance of such change.

6.7.3 Each representative referred to in section 6.7.1(a) (i) and (ii) above shall be a person having appropriate authority and responsibilities within a Shipper's or an End User's organisation (as appropriate) to act as the primary contact for Premier Transmission in the event of an Emergency.

6.7.4 If a Shipper does not provide such details, or cannot be contacted when required at the contact point referred to in section 6.7.1, Premier Transmission may, having taken any steps to contact the relevant Shipper or End User as would a Reasonable and Prudent Operator and without prejudice to the generality of this section 6, discontinue the offtake by such Shipper of Gas. In such circumstances, Premier Transmission shall not be liable for and the Shipper shall indemnify Premier Transmission in respect of, any costs incurred in connection with such discontinued offtake of gas.

## **6.8 Premier Transmission to inform Shippers of Emergency**

Where an Emergency arises, Premier Transmission shall, as quickly as is reasonably practical, inform the Shippers which have Exit Point Registrations in respect of the affected Exit Point of the commencement and, so far as practicable, the nature, extent and expected duration of the Emergency. Premier Transmission shall, so far as practicable, thereafter keep such Shippers informed of any material changes and developments in respect of the Emergency and shall inform

such Shippers as soon as reasonably practicable when Premier Transmission considers the Emergency is no longer continuing.

### **6.9 Entry Control in an Emergency**

In an Emergency Premier Transmission may take steps to increase or decrease the delivery and/or rate of flow of gas to the Moffat Entry Point by issuing appropriate instructions to the Shippers, who in turn shall nominate on their NTS Shippers as necessary and/or as requested by Premier Transmission to the extent practical but at all times using their reasonable endeavours.

### **6.10 Exit Control in an Emergency**

- 6.10.1 Where Emergency Steps include the reduction or discontinuance of the offtake of gas at an Exit Point, Premier Transmission shall first seek voluntary reductions by Shippers and if Premier Transmission cannot achieve the requisite reduction voluntarily it shall endeavour to reduce offtake from the Transportation System, in so far as is practicable, in the Priority Order.
- 6.10.2 Premier Transmission shall endeavour, in so far as it is practicable, to treat each Exit Point equally within each Downstream Load Category.
- 6.10.3 In so reducing offtake Premier Transmission shall give due consideration, upon notice from a Shipper and, where practicable, so as to enable End Users to discontinue offtake in such a manner as to preserve so far as possible essential services, or to allow the End User to change to alternative fuels (where practicable).
- 6.10.4 Where, pursuant to the Emergency, Premier Transmission instructs a Shipper to give any notification or communication to an End User or supplier, the Shipper shall comply with that instruction.
- 6.10.5 Without prejudice to Premier Transmission's ability to take any Emergency Steps, Premier Transmission may take steps physically to isolate any Exit Point where a Shipper does not comply with any instruction given under this section 6.
- 6.10.6 The order in which, following an Emergency, offtake of gas at Exit Points is restored shall, so far as is practicable, be the reverse of the Priority Order.

### **6.11 Consequences of Emergency**

- 6.11.1 Premier Transmission shall take steps to restore gas transportation and normal operation of the Transportation System as soon as reasonably practicable after an Emergency.
- 6.11.2 Notwithstanding section 4.4 and 4.5 respectively, Premier Transmission shall not impose any Scheduling Charge in respect of any Shipper which complies with any Emergency Step (taking into account any amendment or cancellation of an Emergency Step made pursuant to section 6.8.6) with which it is required to comply in respect of the duration of the Emergency.
- 6.11.3 If a Shipper's compliance with any Emergency Step shall give rise to:
  - (a) a Positive Balance, Premier Transmission shall, notwithstanding section 4.3.1, pay to the Shipper;

- (b) a Negative Balance, Premier Transmission shall, notwithstanding section 4.3.2, charge the Shipper

an amount equal to the Daily Gas Price, whether or not the Exit Point Tolerance has been exceeded.

6.11.4 If:

- (a) a Shipper's compliance with any Emergency Step shall give rise to a Positive Balance; and
- (b) the Shipper claims that the amount payable to it in accordance with section 6.11.3 (a) in respect of Balancing Gas is less than the price which it has paid in respect of the relevant gas (a "**Shortfall in Price**") and requests that such Shortfall in Price be verified

Premier Transmission shall promptly appoint from a nationally recognised firm of Chartered Accountants, an independent chartered accountant to verify the extent to which there was a Shortfall in Price and the Shortfall in Price was suitably evidenced and to notify Premier Transmission of its findings (a "**Verifying Accountant**").

6.11.5 The relevant Shipper shall provide the Verifying Accountant with such access to its books and records as the Verifying Accountant may reasonably require for the purposes of making such verification after the Verifying Accountant has provided the Shipper with any reasonable confidentiality undertaking which the Shipper may have required.

6.11.6 The costs and expenses of the Verifying Accountant shall be paid by Premier Transmission from the PTL Postalised Network Disbursement BankAccount.

6.11.7 If the Verifying Accountant determines that the Shortfall in Price is:

- (a) more than £2,000 Premier Transmission shall pay to the relevant Shipper the Shortfall in Price from the PTL Postalised Network Disbursement BankAccount (as though it were monies paid by Premier Transmission to purchase Balancing Gas in accordance with section 5.3.1 (b) (ii));
- (b) less than £2,000 the relevant Shipper shall:
  - (i) receive no payment in respect of the Shortfall in Price; and
  - (ii) pay to the PTL Postalised Network Disbursement BankAccount an amount equal to the costs and expenses of the Verifying Accountant.

6.11.8 Premier Transmission and the Shippers acknowledge that during an Emergency it may be necessary for each of them to divert resources from other activities which may potentially result in a temporary impairment of their abilities subsequently to perform their respective obligations pursuant to this Code and acknowledge that any such impairment resulting from such diversion of resources may be regarded as Force Majeure for the purposes of section 15 (*Force Majeure*).

6.11.9 A Shipper agrees and acknowledges that all gas used or lost in connection with an Emergency, (including any Emergency on the BGE(UK) System), shall be treated as Shrinkage Gas.

## 6.12 Audit following an Emergency

6.12.1 In the event of an Emergency, an audit shall be conducted by a reputable, independent expert to determine the cause and what, if any, remedial actions may need to be taken to minimise the likelihood of such Emergency arising again.



6.12.2 A copy of such experts report shall be provided to the Authority and the Shippers with Exit Point Registrations in respect of any Exit Point in relation to which the Emergency occurred with, in the case of such Shippers, any parts of the report that Premier Transmission determines, in consultation with the Authority, is confidential withheld.

6.12.3 The cost of such audit and effecting such remedial measures shall be treated as an Eligible Pass-Through Cost in accordance with the Licence.

**6.13 Emergency procedures**

A Shipper shall co-operate with Premier Transmission in relation to the testing of Premier Transmission's emergency procedures provided that this shall not extend to a Shipper taking Emergency Steps.

## 7. ENTRY REQUIREMENTS

### 7.1 Introduction

This section 7 sets out the terms upon which gas shall be delivered to the Transportation System at the Moffat Entry Point.

### 7.2 Delivery at Moffat

- 7.2.1 All gas delivered or tendered for delivery to the Transportation System at the Moffat Entry Point on a Day shall be deemed to be delivered, or tendered for delivery, by those Shippers delivering gas or tendering gas for delivery on that Day to the Transportation System irrespective of any act or omission of Premier Transmission or any other person, including BGE (UK).
- 7.2.2 If on a Day more than one Shipper delivers gas or tenders gas for delivery to the Transportation System at the Moffat Entry Point each Shipper delivering gas or tendering gas for delivery to the Transportation System on that Day shall be treated as so delivering or tendering for delivery gas with the same delivery characteristics as the single homogenous gas stream delivered, or tendered for delivery on that Day.

### 7.3 Gas Specification on entry

- 7.3.1 A Shipper shall deliver or tender for delivery gas at the Moffat Entry Point which shall comply with the gas specification set out in appendix 2 (the "**Gas Specification**").
- 7.3.2 If gas is delivered or tendered for delivery at the Moffat Entry Point which does not comply with the Gas Specification ("**Non-Compliant Gas**") Premier Transmission may, from time to time, until such time as the gas so delivered or tendered for delivery complies with the Gas Specification, in its discretion:
- (a) refuse to accept or take such action as it considers appropriate to prevent delivery or continued delivery of all or part of such Non-Compliant Gas; or
  - (b) subject to any Legal Requirement or the instruction of the Northern Ireland Network Emergency Coordinator, accept delivery of all or part of such Non-Compliant Gas.
- 7.3.3 Premier Transmission's rights under section 7.3.4 shall not be prejudiced if it accepts the delivery of gas which it is aware is Non-Compliant Gas.
- 7.3.4 Where, on any Day, Non-Compliant Gas is delivered to the Transportation System each Shipper to which gas is Allocated at the Moffat Entry Point shall pay to Premier Transmission the proportion that the quantity of gas Allocated to it at the Moffat Entry Point on the Day bears to the aggregate quantity of gas Allocated to all Shippers at the Moffat Entry Point on the Day of the amount set out in section 7.3.5. If gas is only Allocated to one Shipper at the Moffat Entry Point on a Day it shall bear all of this amount. For the avoidance of doubt, the reference in this clause to each Shipper to which gas is allocated at the Moffat Entry point shall include Shippers exiting the PTL System at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3.
- 7.3.5 The amount referred to above shall, subject to section 7.3.6, be all costs and expenses reasonably incurred by Premier Transmission as a result of the delivery of Non-Compliant Gas, including those incurred:

- (a) in cleaning any part of its Transportation System or rectifying any other damage to it caused by the acceptance of Non-Compliant Gas;
  - (b) in taking reasonable measures to secure that the Transportation System can be operated in accordance with applicable Legal Requirements or Recognised Standard notwithstanding the delivery or continued delivery of such Non-Compliant Gas; and/or
  - (c) in taking any measures which are reasonably required to bring such Non-Compliant Gas within the Gas Specification.
- 7.3.6 The amount in section 7.3.5 shall not exceed an amount equal to 10% of the quantity of Non-Compliant Gas which is Allocated to any Shippers on such Day at the Moffat Entry Point multiplied by the Daily Gas Price. Each Shipper agrees and acknowledges that any such amount exceeding such 10% level shall be treated as an Eligible Pass-Through Cost in accordance with the Licence.
- 7.3.7 When Premier Transmission first becomes aware that Non-Compliant Gas is being, or has been, delivered to the Transportation System at the Moffat Entry Point on any Day, Premier Transmission shall as soon as reasonably practicable notify the Shippers specifying:
- (a) the Day or Days on which Non-Compliant Gas was delivered to the Transportation System;
  - (b) reasonable details of the respect in which the gas did not comply with the Gas Specification;
  - (c) reasonable details of the costs and expenses referred to in section 7.3.5 and the person to whom and purposes for which, they were incurred; and
  - (d) the total quantity of Non-Compliant Gas.
- 7.3.8 No failure by Premier Transmission so to notify any Shipper shall affect Premier Transmission's rights under this section 7.3.

#### **7.4 Title and risk at entry**

- 7.4.1 Title and risk in gas delivered to the Transportation System at the Moffat Entry Point by or on behalf of a Shipper shall transfer to Premier Transmission at the Moffat Entry Point.
- 7.4.2 A Shipper warrants to Premier Transmission:
- (a) that it shall have title to all gas which it delivers or tenders for delivery to the Transportation System at the Moffat Entry Point; and
  - (b) that all such gas at the Moffat Entry Point shall be free of any lien, charge, encumbrance or adverse claim, as to title or otherwise, including any claim for any tax, royalty or other charge in respect of the production, gathering, processing and tendering of gas arising on or before its delivery to the Transportation System.
- 7.4.3 A Shipper shall indemnify Premier Transmission and hold it harmless against any loss, liability, damage, claim, action, proceeding, cost and expense suffered or incurred by or made or brought against Premier Transmission in consequence of any breach of either of the warranties in section 7.4.2.
- 7.4.4 The warranty in section 7.4.2 (a) shall be treated as satisfied where the Shipper has arranged for delivery or tender for delivery of gas to the Transportation System by a person or persons who has or jointly have title at the Moffat Entry Point to such gas.

## 8. EXIT REQUIREMENTS

### 8.1 Introduction and Definitions

- 8.1.1 This section 8 sets out the terms upon which a Shipper shall be entitled to offtake gas from the Transportation System at an Exit Point.
- 8.1.2 Nothing in this Code confers on any person any entitlement to have any premises, pipeline, plant or other installation connected to the Transportation System for the purposes of offtaking gas.
- 8.1.3 In this Code an "**Exit Point**" is a Connected System Exit Point or a point at which gas is offtaken by Shippers from the Transportation System for the purpose of supplying gas to premises and shall be as described in part II of appendix 3.

### 8.2 Ramp rates and Off-take Rates

- 8.2.1 A Shipper shall not:
- (a) vary the rate of offtake gas from any Exit Point by more than the ramp rate in respect of that Exit Point set out in part I of appendix 3; or
  - (b) exceed the Maximum Offtake Rate in respect of any Exit Point as set out in part 1 of appendix 3.
- 8.2.2. If a Shipper does so:
- (a) offtake at a rate which exceeds such ramp rate; or
  - (b) exceed such Maximum Offtake Rate

Premier Transmission may take any steps available to it to secure a reduction in the rate of the offtake of gas from the Transportation System at the Exit Point by the Shipper or discontinue it.

- 8.2.3 Premier Transmission shall notify a Shipper, as soon as reasonably practicable, that it proposes to take, or it has taken (as appropriate), the steps referred to in section 8.2.2.

### 8.3 Offtake pressure

- 8.3.1 Premier Transmission shall, subject to section 8.3.10 and 8.3.12, make gas available for offtake from the Transportation System at the Ballylumford Exit Point, Belfast Gas Exit Point Nos 1, 2 and 3 and the Stranraer Exit Point to a Shipper at a pressure of no less than that set out in part 1 of appendix 3 in respect of each Exit Point (the "**Minimum Pressure**").
- 8.3.2 A Shipper may request that Premier Transmission makes all gas available for offtake from the Transportation System at any Exit Point in respect of which it has an Exit Point Registration at a pressure exceeding the Minimum Pressure ("**Enhanced Pressure**") not later than 35 Business Days before it requires the Enhanced Pressure to be available.
- 8.3.3 Premier Transmission shall:

- (a) agree to provide such Enhanced Pressure on the date requested or offer to provide it as soon as practicable after such date, unless it determines, as a Reasonable and Prudent Operator, that it should not do so taking into account the following:
  - (i) the pressure which BGE (UK) will agree to provide to Premier Transmission;
  - (ii) Premier Transmission's reasonable forecast of allocations at all Exit Points over the next 36 months;
  - (iii) Premier Transmission's reasonable forecast of Daily Profiles at all Exit Points over the next 36 months; and
  - (iv) the physical capability of the PTL System and the Belfast Gas System to accommodate pressure; and
- (b) notify the Shipper of the availability of the Enhanced Pressure within 25 Business Days of receiving the Shipper's request.

8.3.4 If Premier Transmission:

- (a) notifies the Shipper that it shall provide the Enhanced Pressure on the date requested the Shipper shall be entitled to the Enhanced Pressure with effect from such date;
- (b) offers to provide the Enhanced Pressure:
  - (i) at a date later than the date requested; and/or
  - (ii) subject to any conditions,

the Shipper shall, within 5 Business Days of receiving Premier Transmission's offer, confirm to Premier Transmission whether or not it requires the Enhanced Pressure on such date and/or subject to such conditions and, if it notifies Premier Transmission that it does, the Shipper shall be entitled to the Enhanced Pressure with effect from such date and/or subject to such conditions.

8.3.5 The Shipper shall, with effect from the date on which the Enhanced Pressure is made available, pay a charge in respect of the provision of the Enhanced Pressure at an Exit Point. The charge shall be equal to any additional costs payable by Premier Transmission to BGE (UK) under the BGE (UK) Transportation Agreement as a result of Premier Transmission providing the Enhanced Pressure calculated in accordance with the following formula:

$$\text{Enhanced Pressure charge} = (\text{SAQ} \times \text{EP}) \times (\text{FGC}/\text{AAQ})$$

where:

- FGC = the aggregate of any additional fuel gas costs, payable by Premier Transmission to BGE (UK) under the BGE (UK) Transportation Agreement as a result of Premier Transmission obtaining from BGE (UK) the pressure which Premier Transmission determines is sufficient to enable Premier Transmission to provide any Shippers with Enhanced Pressure at any Exit Points;
- AAQ = the aggregate of (SAQ x EP) in respect of each Shipper which has requested Enhanced Pressure at an Exit Point;
- EP = the Enhanced Pressure less the Minimum Pressure at the Exit Point;

SAQ = the aggregate of any Firm and Interruptible Allocated Quantities allocated to a Shipper requesting the Enhanced Pressure at the Exit Point.

- 8.3.6 Premier Transmission may, at any time, upon giving any Shipper which is entitled to Enhanced Pressure not less than 2 years notice, withdraw or reduce the availability of its Enhanced Pressure if:
- (a) there is insufficient pressure available on the Transportation System to meet the requirements of other Shippers, from time to time, for Enhanced Pressure; and
  - (b) the allocation, in a non discriminatory manner, of the pressure which is available requires that Premier Transmission withdraws or reduces the availability such Enhanced Pressure from such Shipper.
- 8.3.7 A Shipper may require that Premier Transmission withdraws the availability of Enhanced Pressure not later than 10 Business Days before it requires that such service is withdrawn whereupon such service shall be withdrawn.
- 8.3.8 A Shipper's obligation to pay a charge for Enhanced Pressure shall cease or reduce when Premier Transmission withdraws or reduces, respectively, the availability of any Enhanced Pressure.
- 8.3.9 Premier Transmission shall, when notifying a Shipper of any determination in accordance with section 8.3.3 (a) that the provision of Enhanced Pressure is acceptable, notify all other Shippers which have an Exit Point Registration in respect of the Exit Point of such determination. Premier Transmission shall, after receiving notification by a Shipper in accordance with section 8.3.3 (b) that the Shipper wishes to receive Enhanced Pressure, notify all other Shippers which have an Exit Point Registration in respect of the Exit Point of such notification. It is agreed, for the avoidance of doubt, that, whilst any such other Shipper may receive the Enhanced Pressure, such Shipper shall, unless it requests an Enhanced Pressure in accordance with this section 8, only be entitled to receive the Minimum Pressure at the Exit Point.
- 8.3.10 Notwithstanding any other provision of this Code, Premier Transmission shall, subject to section 8.3.11, be relieved of its obligation to make gas available:
- (a) at the Minimum Pressure, an Enhanced Pressure or at all, to the extent that it is prevented from doing so by reason of:
    - (i) any failure of BGE (UK) to provide sufficient pressure at the connection point of the PTL System to the BGE (UK) Upstream Network at Twynholm to enable Premier Transmission to provide the Minimum Pressure;
    - (ii) any failure of the PTL System other than as a result of the Wilful Misconduct of Premier Transmission; or
    - (iii) the pressure of the gas immediately downstream of the Exit Point exceeding the Minimum Pressure; or
  - (b) at an Enhanced Pressure to the extent that it is prevented from doing so by reason of:
    - (i) the aggregate measured offtake quantity in each hour of all Shippers at an Exit Point varying from the aggregate of such Shipper's Daily Profiles in respect of the relevant hour by more than the Exit Point Tolerance at the Exit Point; or
    - (ii) the aggregate of any Firm and Interruptible Allocated Quantities allocated to all Shippers at an Exit Point on a Day varying from the aggregate of such Shipper's

Aggregate Nominated Quantities by more than the Exit Point Tolerance at the Exit Point.

- 8.3.11 Premier Transmission shall take such steps, as would a Reasonable and Prudent Operator, to require that BGE (UK) makes available to Premier Transmission the maximum pressure to which Premier Transmission is entitled under the BGE (UK) Transportation Agreement.
- 8.3.12 Where at any time, by reason of any building, mining or engineering developments or changes in population density, in the vicinity of any part of the Transportation System, it is not, or ceases, or will cease to be, feasible safely or in accordance with any Recognised Standard to maintain at any Exit Point a pressure of at least the Minimum Pressure, or the Enhanced Pressure (as appropriate) applicable at the time in accordance with this section 8.3.12:
- (a) Premier Transmission shall, subject to section 8.3.13, as soon as reasonably practicable after becoming aware that, by reason of such circumstances, such pressure cannot be maintained, so inform the Shipper specifying the date with effect from which it will be necessary to reduce such pressure and the reduced pressure which can, after such date, be so maintained; and
  - (b) with effect from the date specified by Premier Transmission, the reduced pressure so specified shall be the Minimum Pressure, or the Enhanced Pressure (as appropriate).
- 8.3.13 Premier Transmission shall, if requested, meet any Shipper which would be affected by a reduction in pressure in accordance with section 8.3.12 and discuss whether reinforcing the pipeline would avoid the need to so reduce pressure and how the cost of any reinforcement may be recovered.
- 8.3.14 Subject to section 11 (*Five Year Statement, System Planning and NI Pressure / Capacity Report*), Premier Transmission shall act as a Reasonable and Prudent Operator in endeavouring not to schedule operations which would result in the Transportation System pressures falling to operationally unacceptable levels or which would otherwise jeopardise the integrity of the Transportation System and the ability of Premier Transmission to provide transportation services.
- 8.3.15 The Minimum Pressure in respect of an Exit Point shall be measured at the Exit Point.

#### **8.4 Gas Specification on exit**

- 8.4.1 Gas offtaken from the Transportation System shall comply with the Gas Specification.
- 8.4.2 If gas enters the Transportation System in accordance with the Gas Specification, but does not conform to the Gas Specification when made available for offtake by a Shipper from the Transportation System at an Exit Point ("**Off-Spec Gas**"), the Shipper may, from time to time, until such time as the gas so made available for offtake complies with the Gas Specification, in its discretion:
- (a) offtake or continue to offtake such Off-Spec Gas; or
  - (b) decline to offtake or to continue to offtake such Off-Spec Gas.
- 8.4.3 Where Off-Spec Gas has been offtaken on any Day from the Transportation System, the liability of Premier Transmission to each Shipper shall be limited to an amount determined in accordance with section 8.4.4.

- 8.4.4 The amount payable by Premier Transmission to a Shipper under this section 8.4 shall be treated as an Eligible Pass-Through Cost in accordance with the Licence and be the lesser of:
- (a) any reasonable costs and expenses properly incurred by the Shipper as a result of the offtake of Off-Spec Gas by the Shipper at an Exit Point; and
  - (b) an amount equal to 10% of the quantity of Off-Spec Gas that is Allocated to the Shipper on such Day at the Exit Point multiplied by the Daily Gas Price.
  - (c) Premier Transmission shall apply section 8.4.4 in relation to Shippers exiting the PTL System at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 using Exit Allocations in respect of the NI Network, provided by BGE(UK) in accordance with section 7 of the NINOA.
  - (d) In the event that BGE(UK) does not provide Exit Allocations under section 8.4.4.(c), Premier Transmission shall apply section 8.4 in relation to Shippers exiting the PTL System at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 using Exit Allocations in respect of the PTL System.
  - (e) For the avoidance of doubt Premier Transmission shall be entitled to assume that BGE(UK) has not provided Exit Allocations in respect of the NI Network by M+5.
- 8.4.5 When a Shipper first becomes aware that Off-Spec Gas is being, or has been, made available for offtake from the Transportation System at an Exit Point on any Day the Shipper shall, as soon as reasonably practicable, notify Premier Transmission specifying:
- (a) the relevant Exit Point and the Day or Days on which Off-Spec Gas was offtaken from the Transportation System;
  - (b) reasonable details of the respect in which the gas did not comply with the Gas Specification; reasonable details of the costs and expenses referred to in section 8.4.4 and the person to whom and purposes for which, they were incurred; and
  - (c) the total quantity of Off-Spec Gas referred to in section 8.4.2 and the Shipper's offtake proportion.

## **8.5 Gas offtaken for compressors**

- 8.5.1 Where a Shipper uses, or procures that an End User uses, gas offtaken from the Transportation System at an Exit Point for supplying a compressor the Shipper shall if so required by Premier Transmission by notice, fix in a suitable position and keep in use an appliance provided by the Shipper which shall effectively prevent pressure fluctuation in the Transportation System and any other inconvenience or danger being caused to Premier Transmission, the Transportation System, any Shipper or any End User.
- 8.5.2 Where a Shipper is required by this section 8.5 to keep in use any such appliance the Shipper shall at its own expense keep it in proper order and repair and replace it if it is not in proper order or repair.
- 8.5.3 If the Shipper defaults in complying with any provision of this section 8.5 Premier Transmission may suspend offtake of gas by a Shipper at the relevant Exit Point and shall not be required to resume the supply of such gas until the default has been remedied to the reasonable satisfaction of Premier Transmission.



## **8.6 Discontinuance of supply at Exit Point**

If any Shipper:

8.6.1 uses, or an End User, for whom the Shipper has procured gas, uses, gas offtaken from the Transportation System at an Exit Point other than as a Reasonable and Prudent Operator or other than in accordance with this Code or deals with offtaken gas so as to interfere with the efficient transportation or offtake of gas by any other Shipper; or

8.6.2 inputs Non-Compliant Gas into the Transportation System,

Premier Transmission may discontinue the supply of gas to the Exit Point until the interference is remedied to the satisfaction of Premier Transmission.

## **8.7 Access rights and Shipper indemnity**

8.7.1 A Shipper shall, subject to section 8.7.2, procure that Premier Transmission shall have the right of access to any Connected Facilities at any Exit Point in respect of which the Shipper has an Exit Point Registration without charge, for the purpose of exercising its rights in accordance with the relevant sections of this Code. A Shipper shall procure that such access may be obtained safely at all reasonable times, save in the case of an Emergency, when such access shall be procured safely at any time.

8.7.2 A Shipper shall not be obliged to procure that Premier Transmission shall have such access if the End User at the Exit Point shall have granted Premier Transmission a right of access for such purposes or at Belfast Gas Exit Point Nos 1, 2 and 3 where Premier Transmission has secured such rights in accordance with the Belfast Metering Deed.

8.7.3 A Shipper shall, subject to section 8.4.4 (a) and section 8.7.4, indemnify Premier Transmission and hold it harmless against any loss, liability, damage, claim, action, proceeding, cost and expense suffered or incurred by Premier Transmission as a result of any claim or action brought by any person (including itself or any End User) offtaking gas, directly or indirectly, from the Transportation System at an Exit Point shipped by that Shipper arising, directly or indirectly, as a result of an event or occurrence downstream of an Exit Point.

8.7.4 A Shipper shall not be obliged to indemnify Premier Transmission, in accordance with section 8.7.3, to the extent that the liability of Premier Transmission arises in respect of a supply of gas as result of Premier Transmission's negligence or Wilful Misconduct.

## **8.8 Connected Facilities**

8.8.1 Premier Transmission and a Shipper shall consult and cooperate with a view to ensuring that the objective in section 8.8.2 is achieved.

8.8.2 The objective is to ensure that in all material respects the facilities of Premier Transmission at an Exit Point and the adjacent Connected Facilities, are and will continue to be technically and operationally compatible as facilities by which the Transportation System and the relevant Connected System may safely be connected. In the case of Connected Facilities owned by a person other than the Shipper the Shipper alone shall have the responsibility of consulting and cooperating with such downstream owner with a view to ensuring that this objective is achieved.

8.8.3 Where, by reason of any modification, other than a modification made to comply with any Legal Requirement, made or to be made by Premier Transmission to the facilities of Premier Transmission

at the Exit Point or by a Shipper or such downstream owner in respect of the Connected Facilities, the objective in section 8.8.2 ceases or will cease to be satisfied:

- (a) Premier Transmission, in the case of a modification made by it; and
- (b) the Shipper in the case of a modification made by it or such downstream owner

shall promptly reimburse to the other any material expenditure demonstrated to have been reasonably incurred by the other for the purposes of ensuring that the objective continues to be or is again satisfied. In case of more than one Shipper offtaking gas from the Connected Facilities such Shippers shall reimburse Premier Transmission such expenditure in 6 equal Monthly instalments at the end of each Month commencing at the end of the Month in which such expenditure is incurred so that each such Shipper bears its pro rata share of each instalment based upon its Allocated Quantity at the relevant Exit Point during the Month that each such instalment is recoverable.

- 8.8.4 Any such expenditure reimbursed by Premier Transmission shall be a Licensee Unpredictable Operating Cost in accordance with the Licence.
- 8.8.5 Premier Transmission and each relevant Shipper shall be entitled, upon reasonable notice to inspect the other's facilities at or adjacent to the Exit Point for the purposes of determining whether the objective in section 8.8.2 is satisfied or any expenditure has been incurred in accordance with section 8.8.3. In case of Connected Facilities owned by a person other than the Shipper the Shipper shall ensure that Premier Transmission shall be entitled, upon reasonable notice to inspect such other's facilities at or adjacent to the Exit Point for both such purposes.
- 8.8.6 Without prejudice to any other agreement between Premier Transmission and a Shipper in respect of the installation of Premier Transmission's facilities at the Exit Point or a Shipper's Connected Facilities, subject to sections 8.8.2, 8.8.3 and 8.8.5, nothing in this Code shall impose any obligations upon, or take effect as a warranty by, either Premier Transmission or the Shipper in relation to its system and neither Premier Transmission or the Shipper shall be liable to the other in respect of any failure or malfunction thereof.

## **8.9 Title and risk on exit**

- 8.9.1 Title and risk in gas made available for offtake from the Transportation System at an Exit Point by Premier Transmission shall transfer to the Shipper at the relevant Exit Point.
- 8.9.2 Premier Transmission warrants to the Shipper that subject to section 8.9.4:
  - (a) it shall have title to all gas which it makes available for offtake from the Transportation System at an Exit Point; and
  - (b) all such gas shall be free of any lien, charge, encumbrance or adverse claim, as to title or otherwise, including any claim for any tax, royalty or other charge in respect of the production, gathering, processing and tendering of gas arising on or before it is made available for offtake from the Transportation System.
- 8.9.3 Premier Transmission shall, subject to section 8.9.4, indemnify a Shipper and hold it harmless against any loss, liability, damage, claim, action, proceeding, cost and expense suffered or incurred by or made or brought against the Shipper in consequence of any breach of either of the warranties in section 8.9.2.
- 8.9.4 Premier Transmission offers no warranty under section 8.9.2 or indemnity under section 8.9.3 to the extent that any Shipper is in breach of either of the warranties given in section 7.4.2.

## 9. MEASUREMENT AND TESTING

### 9.1 Introduction and Definitions

- 9.1.1 (a) The Measurement Equipment at the Moffat Entry Point is owned, read and validated by National Grid who provide measurement information to BGE (UK) and the Moffat Agent.
- (b) The Measurement Equipment at the Stranraer Exit Point is owned and validated by National Grid. Premier Transmission reads such equipment.
- (c) The Measurement Equipment at the Ballylumford Exit Point is owned, read and validated by Premier Transmission.
- (e) The Measurement Equipment at the Belfast Network Exit Point is owned and validated by Belfast Gas. Premier Transmission reads such equipment in accordance with the Belfast Metering Agreement. Premier Transmission agrees that it will not agree to amend the Belfast Metering Agreement without first consulting with the Authority and Shippers.
- (f) The Measurement Equipment at the Carrickfergus Connected Systems Point and the Lisburn Exit Point is owned and validated by BGE (UK). Premier Transmission reads such equipment in accordance with the NINOA. Premier Transmission will not agree to amend the NINOA without first consulting with the Authority and Shippers.

#### 9.1.2 In this Code:

- (a) **“Adjusted Final Allocation at Entry”** is any adjustment in accordance with section 9.3;
- (b) **“Adjusted Final Allocation at Exit”** is any adjustment in accordance with section 9.6;
- (c) **“Entry Point Adjustment Day”** is a Day on which an Adjusted Final Allocation at Entry occurs;
- (d) **“Measurement Equipment”** is the measurement, metering, sampling, analysis and other equipment installed from time to time at the Moffat Entry Point or at an Exit Point;
- (e) **“Permitted Range”** means any inaccuracy in the Measurement Equipment at the Moffat Entry Point and at each Exit Point which in all steady-state flow conditions does not exceed 1.1 per cent over the range of 20-100 per cent of the maximum Flow Rate for which the Metering Equipment is designed calculated using the method specified in ISO 5167/5168 for the determination of uncertainties of the measurement of those volume flow rates which are used to compute Flow Rates;
- (f) **“validate”** means to determine by checking tolerances the validity of the reading of a meter.

### Moffat Entry Point

#### 9.2 Entry Quantity at the Moffat Entry Point

- 9.2.1 The quantity of gas determined to have been delivered at the Moffat Entry Point shall, subject to section 9.3:

- (a) be the quantity of gas allocated by the Moffat Agent to Premier Transmission in respect of the Moffat Entry Point in accordance with the Moffat Administration Agreement; or
- (b) in the absence of an allocation in accordance with (a) above, be the quantity of gas determined to have been delivered by BGE (UK) in accordance with the BGE (UK) Transportation Agreement

(in either case an “**Entry Quantity**”).

9.2.2 The Entry Quantity shall be allocated to Shippers as Initial Allocations which shall become Final Allocations in accordance with section 3 (*Allocation*).

### **9.3 Adjustment to the Final Allocation at the Moffat Entry Point**

9.3.1 If the Moffat Administration Agreement is amended so that the Moffat Agent allocates quantities of gas to Shippers after 16:00 on D+5:

- (a) the Entry Quantity is determined by the Moffat Agent in accordance with section 9.2.1 (a); and
- (b) the Moffat Agent changes the allocation quantities of gas to Shippers

any affected Final Allocation at the Moffat Entry Point shall be adjusted in accordance with such changes.

9.3.2 If the Entry Quantity is determined by BGE (UK) in accordance with section 9.2.1 (b) and BGE (UK) revises its determination of the Entry Quantity such revised Entry Quantity shall be allocated in accordance with section 3.4.2.

9.3.3 If Premier Transmission reasonably determines that there has been an error in the allocation of the Entry Quantity determined to have been delivered at the Moffat Entry Point by the Moffat Agent, or BGE (UK), as a result of the incorrect application of section 3.4, Premier Transmission shall correctly apply section 3.4.1 or 3.4.2 (as appropriate) to such quantity and any affected Final Allocation shall be adjusted accordingly.

### **9.4 Adjustment of charges**

If there is an Adjusted Final Allocation at Entry Premier Transmission shall, subject to 9.13:

- 9.4.1 allocate the Adjusted Monthly Charge in accordance with such Adjusted Final Allocation at Entry in respect of any Entry Point Adjustment Day;
- 9.4.2 recalculate any PS Code Charges which it has made in respect of any Entry Point Adjustment Day on the basis that gas is deemed to have been Allocated in accordance with such Adjusted Final Allocation at Entry in respect of the Entry Point Adjustment Day; and
- 9.4.3 recover any under payment from and repay any overpayment to Shippers accordingly in the next invoice issued to the Shipper following such recalculation.

## **Exit Points**

## 9.5 Exit Quantity at an Exit Point

The quantity of gas delivered at:

- 9.5.1 the Stranraer Exit Point shall, subject to section 9.6, be determined by Premier Transmission using readings taken from the Measurement Equipment at that Exit Point;
- 9.5.2 the Ballylumford Exit Point shall, subject to section 9.6, be determined by Premier Transmission using readings taken from the Measurement Equipment at that Exit Point;
- 9.5.3 Belfast Gas Exit Point No 1 shall, subject to section 9.6, be determined by Premier Transmission in accordance with the Belfast Metering Agreement and the NINOA;
- 9.5.4 Belfast Gas Exit Point No 2 and Belfast Gas Exit Point No 3 shall, subject to section 9.6 and 9.13, be determined by Premier Transmission in accordance with the NINOA,

(in each case an “Exit Quantity”).

## 9.6 Adjustment to the Exit Quantity at an Exit Point

- 9.6.1 If it is determined by Premier Transmission that the Measurement Equipment at an Exit Point or a NI Network Exit Point has registered beyond the Permitted Range (whether under or over recording the quantity of gas offtaken), the Measurement Equipment at that Exit Point shall be assumed to have registered beyond the Permitted Range during the latter half of the period since it was last validated except where it is proven that the Measurement Equipment began to register beyond the Permitted Range on some other date, in which case this date shall be taken.
- 9.6.2 A Final Allocation shall, subject to 9.13, be adjusted in respect of any Day (an “Exit Point Adjustment Day”) as set out below if:
  - (a) it is determined by Premier Transmission or in accordance with the Belfast Metering Agreement or the NINOA that the Measurement Equipment at an Exit Point has registered beyond the Permitted Range in accordance with section 9.6.1 (such amount beyond the Permitted Range being known as an “Exit Point Adjustment Quantity”); or
  - (b) Premier Transmission reasonably determines that there has been an error in the allocation of the Exit Quantity determined to have been delivered at any Exit Point as a result of the incorrect application of section 3.5, 3.6 or 3.7; or
  - (c) Premier Transmission shall, before 16:00 hours on D+5, deem a quantity to have flowed in accordance with section 9.9.
- 9.6.3 In the case of an Exit Point Adjustment Quantity arising in accordance with section 9.6.2 (a) where any Final Allocation had been carried out in accordance with section 3.5.1 or 3.7 the Final Allocation shall be adjusted by applying to the aggregate of the Exit Quantity and the Exit Point Adjustment Quantity, whichever of section 3.5.1 or 3.7 was previously applied.
- 9.6.4 In the case of an Exit Point Adjustment Quantity arising in accordance with section 9.6.2 (a) where any Final Allocation had been carried out in accordance with section 3.6 the Final Allocation shall be adjusted as follows:
  - (i) in the case of a Shared Exit Point from which there has been more than one Shipper offtaking gas on any Exit Point Adjustment Day, by allocating the Exit Point

Adjustment Quantity to those Shippers pro rata to the proportion in which gas was allocated to those Shippers by the Final Allocation before the adjustment is made;

- (ii) in the case of an Exit Point where there has been only one Shipper offtaking gas on any Exit Point Adjustment Day, by allocating all of the Exit Point Adjustment Quantity to the Shipper.

9.6.5 In the case of it being determined that there has been an error in the allocation of the Exit Quantity in accordance with section 9.6.2 (b) or Premier Transmission shall deem a quantity to have flowed as referred to in section 9.6.2 (c) the Exit Quantity shall be correctly allocated in accordance with which ever of section 3.5, 3.6 or 3.7 was previously applied.

## **9.7 Adjustment of charges**

If there is an Adjusted Final Allocation at Exit Premier Transmission shall subject to 9.13:

9.7.1 allocate the Adjusted Monthly Charge in accordance with the Adjusted Final Allocation at Exit in respect of the Exit Point Adjustment Day;

9.7.2 recalculate any PS Transmission Amounts and/or any PS Code Charges which it has made in respect of the Exit Point Adjustment Day on the basis that gas is deemed to have been Allocated in accordance with the Adjusted Final Allocation at Exit in respect of the Exit Point Adjustment Day; and

9.7.3 recover any under payment from and repay any overpayment to the Shippers accordingly in the next invoice issued to the Shipper following such recalculation.

## **9.8 Validation of Exit Point Measurement Equipment**

9.8.1 Premier Transmission shall:

(a) request National Grid to validate the Measurement Equipment at the Stranraer Exit Point at least once in each Gas Year;

(b) validate the Measurement Equipment at the Ballylumford Exit Point at least once in each Gas Year;

(c) require that the Measurement Equipment at the Belfast Network Exit Point is validated in accordance with the Belfast Metering Agreement at least once in each Gas Year;

(d) require that the Measurement Equipment at the Carrickfergus Connected Systems Point and Lisburn Exit Point is validated in accordance with the NINOA.

9.8.2 A Shipper may at any time request a validation of the Measurement Equipment at any Exit Point or NI Network Exit Point in respect of which it has an Exit Point Registration in which case Premier Transmission shall use its reasonable endeavours to ensure that such validation shall be carried out as soon as reasonably practicable.

9.8.3 Each Shipper agrees and acknowledges that all costs and expenses incurred in connection with any validation in accordance with section 9.8.2 shall, if it is found that the accuracy of the Measurement Equipment is within the Permitted Range, be borne by the Shipper which requested the validation of the Measurement Equipment.

- 9.8.4 If a validation, in accordance with this section 9, determines that the Measurement Equipment at an Exit Point or NI Network Exit Point registered beyond the Permitted Range the Measurement Equipment shall be adjusted or replaced, as necessary, to read within the Permitted Range and centrally and accurately where this is technically possible with the existing Measurement Equipment.
- 9.8.5 Any validation of the Measurement Equipment at an Exit Point or NI Network Exit Point shall be conducted by or on behalf of Premier Transmission. Premier Transmission shall give reasonable advance notice of such validation to any Shipper which requested it and shall use its reasonable endeavours to ensure that such Shipper shall be entitled to be present.
- 9.8.6 Premier Transmission shall provide a report of the validation to such Shipper within ten (10) Business Days of the validation stating the results of the validation. Such validation shall be binding on both Premier Transmission and such Shipper (even if the Shipper does not attend) unless Premier Transmission or such Shipper disputes the validation within fifteen (15) Business Days after such validation. In the event that such dispute is not resolved within a further fifteen (15) Business Days Premier Transmission or such Shipper may refer the matter to an Expert for Expert Determination.

#### **9.9 Absence of reliable readings at an Exit Point**

In the absence of reliable readings from the Measurement Equipment at an Exit Point or a NI Network Exit Point, or if any of such Measurement Equipment fails to function, Premier Transmission shall deem that the quantity of gas flowing through such Measurement Equipment was equal to the aggregate of the Nominated Quantities in respect of such Exit Point or NI Network Exit Point unless, in Premier Transmission's reasonable opinion, a more accurate determination of the quantity of gas flowing through such Measurement Equipment would be achieved by Premier Transmission:

- 9.9.1 using appropriate gas engineering technology; or
- 9.9.2 relying on any written evidence of such quantities presented by a Shipper before 16:00 hours on D+5.

#### **9.10 Access to Exit Point Measurement Equipment**

Premier Transmission shall use its reasonable endeavours to ensure that such Shipper shall have a right of access to the Measurement Equipment at any Exit Point or NI Network Exit Point in respect of which it has an Exit Point Registration, at reasonable times, at its own risk and on giving reasonable notice to Premier Transmission for any reasonable purpose.

#### **9.11 Additional Exit Point information**

- 9.11.1 If requested by a Shipper, Premier Transmission shall, to the extent that it is available, provide the Shipper the following data from the Exit Point or NI Network Exit Point in respect of which it has an Exit Point Registration, in respect of such offtaken gas, as soon as the same is reasonably available:
- (a) instantaneous Flow Rate;
  - (b) cumulative volume;
  - (c) instantaneous energy rate;

(d) cumulative energy; and

(e) calorific value.

9.11.2 Premier Transmission shall provide such information without cost to the Shipper to the extent that Premier Transmission is able to provide such information without incurring a material cost.

**9.12 Measurement of offtake pressure**

9.12.1 The pressure of gas at Belfast Gas Exit Points Nos 1, 2 and 3 shall be deemed to be the pressure which the Measurement Equipment measures is available at the Ballylumford Exit Point.

**9.13 Measurement and Testing at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3**

9.13.1 Measurement and Testing applied under this section 9 at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 shall not be made by Premier Transmission. BGE(UK) shall apply Measurement and Testing to Shippers exiting the PTL System at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 under the BGE(UK) Code in respect of Entry and Exit to the NI Network and in agreement with sections 6 and 7 of the NINOA.

9.13.2 In the event that BGE(UK) does not apply Measurement and Testing to Shippers exiting the PTL System at Belfast Gas Exit Point 2 and/or Belfast Gas Exit Point 3, Premier Transmission shall apply section 9 to such Shippers in respect of the PTL System.



## 10. MAINTENANCE

### 10.1 Introduction and Definitions

10.1.1 Premier Transmission shall maintain the PTL System in accordance with:

- (a) the provisions of this Code;
- (b) to the standard of a Reasonable and Prudent Operator; and
- (c) in accordance with all Legal Requirements.

10.1.2 In this Code:

- (a) **"Maintenance"** includes any inspection, repair, replacement, reinstatement, reinforcement, re-commissioning, upgrade or extension of any part of the Transportation System and includes any works preparatory to such maintenance or required for the return to service of a part of the Transportation System after such maintenance.
- (b) **"Maintenance Days"** means the Days, whether consecutive or not, nominated by Premier Transmission pursuant to this section 10, as Days during which acceptance of gas for delivery to or making gas available for offtake from that part of the Transportation System as may be subject to maintenance, may be reduced (if necessary down to zero) due to Maintenance on the Transportation System.
- (c) **"Scheduled Maintenance"** means Maintenance carried out during a Maintenance Day.

### 10.2 Maintenance Planning

10.2.1 A Shipper shall provide Premier Transmission, as soon as reasonably practicable, with the information Premier Transmission may reasonably require to:

- (a) plan the Maintenance of the PTL System;
- (b) comply with its obligations set out in 10.1.1; and
- (c) prepare Maintenance Programmes.

10.2.2 Premier Transmission shall establish a maintenance programme each year (the **"Maintenance Programme"**) in respect of any Exit Point at which Scheduled Maintenance will be carried out. The Maintenance Programme shall specify which Days in the year shall be Maintenance Days at the affected Exit Point and the extent to which such Exit Point shall be affected. Scheduled Maintenance shall only be carried out between April and September unless there is a Legal Requirement or a requirement of any Competent Authority that such maintenance be carried out at any alternative time.

10.2.3 Premier Transmission shall plan any Scheduled Maintenance to:

- (a) minimise disruption to the Transportation System in as cost-effective, efficient and commercially prudent manner as is practicable; and
- (b) co-ordinate it, where practicable, with the maintenance of the NTS, the BGE (UK) Upstream Network, any relevant Connected System and the relevant Exit Point;

(c) accord, where practicable, with the NINOA.

### **10.3 Timetable**

- 10.3.1 Any Shipper with an Exit Point Registration in respect of an Exit Point at which Scheduled Maintenance is proposed shall meet with Premier Transmission at a mutually convenient time to discuss the Maintenance Programme for the following year with a view to concluding such consultations before 30 September. A Shipper may, in the discussions, notify Premier Transmission of the maintenance programmes in relation to any facilities downstream of an Exit Point.
- 10.3.2 Premier Transmission shall issue the Maintenance Programme to any Shipper with an Exit Point Registration in respect of an Exit Point at which Scheduled Maintenance is to be carried out in the following year by 30 December.

### **10.4 Maintenance Limits**

- 10.4.1 Premier Transmission shall be entitled to carry out Scheduled Maintenance on the number of Maintenance Days in respect of each Exit Point set out in part I of appendix 3.
- 10.4.2 Premier Transmission may, without prejudice to a Shipper's rights under section 14.1 and 14.2, revise the nature, timing and duration of any Scheduled Maintenance by providing for additional Maintenance Days and/or by varying the date, period or extent of any Scheduled Maintenance by giving any affected Shipper not less than 30 Business Days notice unless a shorter period of notice is agreed by the affected Shipper.

### **10.5 Premier Transmission's obligation to transport**

If Premier Transmission cannot accept into the Transportation System gas tendered for delivery at the Moffat Entry Point or make gas available for offtake at an Exit Point as a result of Scheduled Maintenance Premier Transmission shall, subject to section 10.4.2, be relieved of its obligations to transport gas under this Code for the duration of such Scheduled Maintenance.

## 11. FIVE YEAR STATEMENT, SYSTEM PLANNING AND NI PRESSURE / CAPACITY REPORT

### 11.1 Five Year Statement

11.1.1 In this Code a "Five Year Statement" is a document containing:

- (a) the statement required to be prepared by Premier Transmission pursuant to Condition 2.9 of its Licence and any direction of the Authority pursuant thereto; and
  - (b) such further information which Premier Transmission may decide is appropriate,
- or any revision to the most recently published Five Year Statement.

11.1.2 Premier Transmission shall publish a Five Year Statement in the Gas Year that this Code is introduced and each subsequent Gas Year containing any revisions to the previous years' Five Year Statement.

11.1.3 A Shipper shall provide information reasonably requested by Premier Transmission for the purposes of enabling Premier Transmission to prepare a Five Year Statement and draw up plans for the operation, development and maintenance of the Transportation System. This shall include the Shipper no later than 30 June, in each Gas Year notifying Premier Transmission of its bona fide estimate of the aggregate energy and flow rate requirements at each Exit Point for the next five (5) Gas Years.

11.1.4 The information to be provided by a Shipper pursuant to this section 11 shall be treated as having been requested by Premier Transmission for the purposes of the Standard Condition of the Shipper's Gas Supply Licence which obliges it to provide information to a licence holder to enable such licence holder to draw up plans for, inter alia, the safe operation of its system.

11.1.5 If a Shipper intends, pursuant to the conditions in the Shipper's Gas Supply Licence which is equivalent to standard condition 2.16.2 of the Standard Conditions of Gas Supply Licences approved 12 May 1997, to refuse to provide any item of information requested by Premier Transmission, the Shipper undertakes promptly:

- (a) to inform Premier Transmission of such intention;
- (b) if requested by Premier Transmission, to discuss with Premier Transmission whether there is a form in which the information can be provided or alternative information which can be provided;
- (c) if requested by Premier Transmission, to refer or co-operate with Premier Transmission in referring its refusal to the Authority for determination under that licence condition.

11.1.6 Premier Transmission shall not be liable pursuant to this Code or otherwise to any Shipper in relation to any estimate, forecast or other information contained in or omitted from a Five Year Statement, and nothing contained in it shall oblige Premier Transmission to undertake any reinforcement of the Transportation System.

11.1.7 Except as provided for or referred to in this Code, Premier Transmission is not party to any agreement for the sale of gas offtaken from the Transportation System, or the purchase of gas delivered to the Transportation System; and accordingly Premier Transmission depends on the information provided by persons who are party to such agreements, and on other sources of information, in estimating under this section 11, demand and availability of gas for supply.

11.1.8 A Shipper shall, in so far as it is practicable, co-operate with and provide reasonable assistance to Premier Transmission in obtaining information requested from persons not bound by this Code, including BGE (UK), National Grid, persons from whom the Shipper has contracted to purchase gas and End Users.

## 11.2 Shipper's estimate of requirements for System Planning

11.2.1 Not later than 30 September, in respect of each Gas Year, a Shipper shall give Premier Transmission its bona fide best estimate of the quantity of energy and the flow rate requirement to be delivered to the Moffat Delivery Point and transported for offtake at each Exit Point by the Shipper for each month (expressed as a maximum quantity per Day) during the next Gas Year.

11.2.2 On the first Day of each Quarter a Shipper shall notify Premier Transmission of its bona fide best estimates of the quantity of energy to be delivered at the Moffat Delivery Point and transported for offtake at each Exit Point by the Shipper for each month (expressed as a maximum quantity per Day) during the following four Quarters.

11.2.3 Not later than 30 Days before the first day of each Quarter a Shipper shall notify Premier Transmission of its bona fide best estimate of the quantity of energy and the flow rate requirement to be supplied at the Moffat Delivery Point and transported for offtake at each Exit Point for each Day during such Quarter.

11.2.4 The Shipper shall provide such other information reasonably requested by Premier Transmission which would aid Premier Transmission in planning the future deliveries of gas from the commingled stream in the PTL System. Without prejudice to the obligations of a Shipper under its Gas Supply Licence to provide accurate information, the information provided by a Shipper in accordance with this section 11.2 shall not be binding upon it and a Shipper shall not warrant the accuracy of the information and shall have no liability should the information be defective to the extent that the information is provided in good faith.

## 11.3 Operational information

Premier Transmission will endeavour to issue to Shippers, at least quarterly, a report detailing such operational information as Premier Transmission determines appropriate having regard to the confidential and commercially sensitive nature of any such information.

## 11.4 NI Pressure / Capacity Report

11.4.1 Premier Transmission shall publish a report each Gas Year which it shall, in accordance with the NINOA, prepare jointly with BGE (UK) and Belfast Gas based upon network analysis and associated assumptions (a "NI Pressure / Capacity Report"). Information relevant to the production of the NI Pressure / Capacity Report provided by SONI shall be taken into consideration by Premier Transmission in its production. The NI Pressure / Capacity Report shall set out:

- (a) the pressure which PTL and BGE (UK) anticipate will be available on the NI Network during a 5 year period commencing with the next Gas Year;
- (b) the relationship between delivery pressure and flows at each NI Network Exit Point;
- (c) the demand assumptions used in the modelling undertaken to prepare the NI Pressure / Capacity Report.

**Comment [SKE 13]:** As written, this section includes any delivery against daily capacity so no change needed  
Shippers should just be made aware of the requirement to include all daily requirements in their forecasts

**Comment [SKE 14]:** Update to refer to Joint Capacity Statement?

- 11.4.2 Premier Transmission shall consult with Shippers and the Authority from time to time as to the form of the NI Pressure / Capacity Report and shall not include details of an individual Shippers forecast of throughput or actual throughput or holding of capacity on any part of the NI Network without that Shippers consent (which shall not be unreasonably withheld or delayed).
- 11.4.3 Premier Transmission shall not be liable pursuant to this Code or otherwise to any Shipper in relation to any estimate, forecast or other information contained in or omitted from a NI Pressure / Capacity Report, and nothing contained in it shall oblige Premier Transmission to undertake any reinforcement of the Transportation System.

## 12. CHARGES, PAYMENT AND TAX

### 12.1 Introduction

- 12.1.1 Premier Transmission shall, in accordance with the Licence, invoice monthly each Gas Supplier in respect of the PS Transmission Amounts that that Gas Supplier owes it and/or the PS Transmission Amounts that it owes that Gas Supplier in accordance with this section 12.
- 12.1.2 Premier Transmission shall subject to 12.14 and 12.15, invoice each Shipper monthly in respect of PS Code Charges and any other relevant charges which the Shipper owes to it and/or it owes to the Shipper in accordance with this section 12.
- 12.1.3 All monies due under the Licence and this Code shall be invoiced and payable in accordance with this section 12.
- 12.1.4 A Shipper shall, notwithstanding any failure by Premier Transmission to deliver gas for offtake from the Transportation System in accordance with this Code or the Licence for whatsoever reason, be obliged to pay charges and amounts which it has agreed to pay in accordance with section 12.2 of this Code, subject only to section 6.11.12 (*Emergencies*).

### 12.2 Shipper payment obligations

- 12.2.1 Subject to section 12.2.2, a Shipper which is a Gas Supplier:
  - (a) subject to section 12.9.1, undertakes to pay to Premier Transmission those elements of the PS Transmission Amounts which Premier Transmission is entitled to recover from that Gas Supplier in accordance with the Licence; and
  - (b) undertakes to pay to Premier Transmission the PS Code Charges which Premier Transmission is entitled to recover from that Gas Supplier in accordance with this Code.
- 12.2.2 A Transit Shipper:
  - (a) shall not, subject to (b) below, be liable to pay Premier Transmission PS Transmission Amounts;
  - (b) subject to section 12.9.1, undertakes to pay to Premier Transmission Monthly Postalised Capacity Payments in respect of Firm Capacity held by that Transit Shipper to the extent that that Transit Shipper reserves Firm Capacity on Premier Transmission's Network, for Natural Gas in respect of which it does not reserve Firm Capacity on the Network of any Downstream System Operator;
  - (c) undertakes to pay to Premier Transmission the PS Code Charges which Premier Transmission is entitled to recover from that Transit Shipper in accordance with this Code.
- 12.2.3 A Shipper which is not a Gas Supplier undertakes to pay to Premier Transmission:
  - (a) those charges which Premier Transmission is entitled to recover from that Shipper in accordance with the Licence; and
  - (b) the PS Code Charges which Premier Transmission is entitled to recover from that Shipper in accordance with this Code.

### 12.3 Premier Transmission payment obligations

12.3.1 Premier Transmission undertakes to:

- (a) pay to a Gas Supplier the amount of any Reconciliation Payment and account for Debt Repayment due to the Gas Supplier in accordance with the Licence; and
- (b) pay to a Gas Supplier the PS Code Charges which the Gas Supplier is entitled to receive from Premier Transmission in accordance with this Code.

### 12.4 Not used

### 12.5 Content of PS Invoice

12.5.1 Each invoice which Premier Transmission issues to a Gas Supplier in accordance with this section 12 in respect of PS Transmission Amounts, together with any attachments thereto (a "**PS Invoice**"), shall set out the following:

- (a) the identity of the Gas Supplier;
- (b) the period to which the PS Invoice relates;
- (c) the information required to be stated in sections 12.5.2, 12.5.3 and 12.5.4; and
- (d) an unique number by which the PS Invoice may be identified

12.5.2 Each PS Invoice shall itemise the amounts due in respect of PS Transmission Amounts payable by that Gas Supplier to Premier Transmission, or by Premier Transmission to that Gas Supplier, and in either case, in accordance with the Licence, by detailing, on a separate line, any sums due for each of the following:

- (a) (i) **Monthly Postalised Capacity Payment;**
- (ii) Monthly Postalised Commodity Payment;
- (iii) Supplemental Payment;
- (iv) Auxiliary Payment;
- (v) Debt Payment;
- (vi) Reconciliation Payment payable by the Gas Supplier to Premier Transmission;
- (vii) Reconciliation Payment payable by Premier Transmission to the Gas Supplier; and
- (viii) Debt Repayment;

(known collectively as "**PS Transmission Amounts**")

- (b) the amount payable in accordance with section 12.5.3(c) and 12.5.4(c); and
- (c) the amount of tax payable in accordance with sections 12.5.3, 12.5.4 and 12.12

provided that if any payment of PS Transmission Amounts due to Premier Transmission under this Code remains unpaid after the Due Date a PS Invoice shall be accompanied by (i) a statement

**Comment [SKE 15]:** If the Licence is modified such that this term in the licence includes payments for Daily Capacity then no change needed here. If there is a new licence term for this then it will be included here. Different rates and multipliers for the Daily Capacity Product would be held in a separate document

setting out the amount so overdue and (ii) an invoice of the amount of interest due on such overdue amount calculated to the date of the invoice.

12.5.3 Notwithstanding section 12.2 but subject to section 12.5.4, the total amount payable by the Gas Supplier in respect of PS Transmission Amounts shall be stated in the PS Invoice and shall be calculated in accordance with this section 12.5.3 as:

- (a) the sum of the amounts detailed in sections 12.5.2(a)(i), (ii), (iii), (iv), (v) and (vi); less
- (b) the sum of the amounts detailed in sections 12.5.2(a)(vii) and (viii); plus
- (c) the applicable VAT; plus
- (d) any tax payable on the sum of (a) less (b) in accordance with section 12.12 (apart from that payable under (c)).

12.5.4 Notwithstanding section 12.2 but subject to section 12.11.1, where the sum of the figures referred to in section 12.5.3(a) less those figures referred to in section 12.5.3(b) is a negative value, this section 12.5.4 shall apply instead of section 12.5.3 so that the total amount payable by Premier Transmission in respect of PS Transmission Amounts shall be stated in the PS Invoice and shall be calculated in accordance with this section 12.5.4 as:

- (a) the sum of the amounts detailed in sections 12.5.2(a)(vii) and (viii); less
- (b) the sum of the amounts detailed in sections 12.5.2(a)(i), (ii), (iii), (iv), (v) and (vi); plus
- (c) the applicable VAT; plus
- (d) any tax payable on the sum of (a) less (b) in accordance with section 12.12 (apart from that payable under (c)).

12.5.5 The provisions of this section 12.5 shall be applied, *mutatis mutandis*, to any Shipper which is not a Gas Supplier and adjusted to reflect those charges which such Shipper has agreed to pay in accordance with section 12.2.3 (a).

## 12.6 Content of CC Invoice

12.6.1 Each invoice which Premier Transmission issues to a Shipper in accordance with this section 12 in respect of PS Code Charges, together with any attachments thereto (a "**CC Invoice**"), shall set out the following:

- (a) the identity of the Shipper;
- (b) the period to which the CC Invoice relates;
- (c) the information required to be stated in sections 12.6.2, 12.6.3 and 12.6.4, and
- (d) an unique number by which the CC Invoice may be identified.

12.6.2 Each CC Invoice shall itemise the amounts due in respect of PS Code Charges payable by that Shipper to Premier Transmission, or by Premier Transmission to that Shipper, by detailing, on separate lines, any sums due from or to the Shipper for each of the following:

- (a) amounts which Premier Transmission shall credit to or debit from the PTL Postalised Network Disbursement Bank Account as set out in Section 5.3.



- (b) outstanding PS Code Charges;
- (c) Enhanced Pressure charges;
- (d) any other sums payable under the Code by or to the Shipper; including any other sums payable under this Code (save PS Transmission Amounts) and which amounts are not pursuant to this Code to be credited to or debited from the PTL Postalised Network Disbursement Bank Account;
- (e) the amount payable in accordance with section 12.6.3(c); and
- (f) for the avoidance of doubt, the CC invoice shall identify separately those amounts which are to be credited by the Shipper to the PTL Postalised Network Disbursement Bank Account and those amounts which are to be credited by the Shipper to Premier Transmission.

12.6.3 Subject to section 12.6.4, the total amount payable by the Shipper in respect of PS Code Charges, shall be stated in the CC Invoice and shall be calculated as follows:

- (a) the sum of the amounts detailed in section 12.6.2 (a) which are due to Premier Transmission; less
- (b) the sum of the amounts detailed in section 12.6.2 (a) which are due to the Shipper; plus
- (c) the applicable VAT.

12.6.4 Where the sum of 12.6.3 (a) less 12.6.3 (b) is a negative value, this section 12.6.4 shall, subject to section 12.11.1, apply instead of section 12.6.3 so that the total amount payable by Premier Transmission to the Shipper in respect of PS Code Charges shall be stated in the CC Invoice and shall be calculated as follows:

- (a) the sum of the amounts detailed in section 12.6.2 (a) which are payable to the Shipper; less
- (b) the sum of the amounts detailed in section 12.6.2 (a) which are payable to Premier Transmission; plus
- (c) the applicable VAT.

## 12.7 Outstanding PS Code Charges

12.7.1 Premier Transmission shall be entitled to recover monies in respect of all PS Code Charges due and owing from a Shipper in accordance with section 12.7.2 from all other Shippers in accordance with this section 12.7.

12.7.2 If any payment of PS Code Charges due to Premier Transmission under this Code, remains unpaid in whole or in part, after:

- (a) the Due Date; and
- (b) Premier Transmission has taken any steps available to it under this Code and all other reasonable steps to secure its recovery having taken into account any Directions of the Credit Committee in respect of the debt

Premier Transmission shall, subject to section 12.7.6, be entitled to recover the outstanding payment (an “**Outstanding PS Code Charges**” which expression shall include any sum which

Premier Transmission is entitled to recover in accordance with this section 12.7) in accordance with section 12.7.3, 12.7.4 and 12.7.5.

12.7.3 Premier Transmission shall:

- (a) be entitled to recover from a Shipper a proportion of the aggregate of all Outstanding PS Code Charges, together with interest on such amount from any Due Date until the date of payment at LIBOR plus 0.75% compounded Monthly, in the next Gas Year in twelve (12) equal instalments not later than ten (10) Business Days after the end of each Month; and
- (b) deposit any such Outstanding PS Code Charges recovered from a Shipper in a separate interest bearing account and apply all sums, including interest, in such account in accordance with section 12.7.7.

12.7.4 The proportion of such amount that Premier Transmission shall recover from each Shipper shall be the proportion that the aggregate of the relevant Shipper's Firm Allocated Quantities and Interruptible Allocated Quantities (if relevant) in respect of the Month in respect of which the relevant payment was not made bears to the aggregate of all Shipper's Firm Allocated Quantities and Interruptible Allocated Quantities (if relevant) in respect of such Month provided that in any Month in which such quantities shall all be zero (0) each Shipper shall be deemed to have a Firm Allocated Quantity of one (1) MWh in relation to each Exit Point in respect of which it has an Exit Point Registration.

12.7.5 In the case of a liquidator, receiver or an administrator or an examiner being appointed over any part of the assets of a Shipper or any event similar, equivalent or analogous to any of such events occurring in relation to the Shipper in Great Britain or any other jurisdiction any payment due to Premier Transmission under this Code in respect of PS Code Charges remaining unpaid after the Due Date shall, upon such event occurring, be an Outstanding PS Code Charge recoverable in accordance with this section 12.7.

12.7.6 Premier Transmission shall, to the extent that it recovers any Outstanding PS Code Charges from a Shipper in respect of which it subsequently receives a payment under a liquidation or administration, pay an amount equal to such payment received to the Shippers from which the Outstanding PS Code Charges was recovered pro rata to the proportions in which the Outstanding PS Code Charges was recovered provided that no Shipper shall be entitled to receive any sum greater than the amount it actually paid to Premier Transmission in respect of such Outstanding PS Code Charges.

12.7.7 A Shipper acknowledges that Premier Transmission shall, and Premier Transmission agrees to, apply all sums deposited in and interest earned on the account referred to in section 12.7.3 (b) in making an immediate payment of the Outstanding PS Code Charges due to Premier Transmission; or shall credit the relevant amounts to the PTL Postalised Network Disbursement Bank Account.

## 12.8 Periods of Invoicing

12.8.1 Each Month Premier Transmission shall subject to 12.14. and 12.15, as soon as reasonably practicable and in any event not later than the tenth (10<sup>th</sup>) Business Day after the end of each Month (the "Invoice Day"), submit a PS Invoice and a CC Invoice to each Shipper.

12.8.2 The provisions of section 12.8.1 shall be applied, *mutatis mutandis* subject to 12.14 and 12.15, to the invoice to be submitted by Premier Transmission to any Shipper which is not a Gas Supplier in respect of those charges which such Shipper has agreed to pay in accordance with section 12.2.3 (a).

## 12.9 Payment

12.9.1 A Shipper shall:

- (a) pay to the PoT Account any balance specified in a PS Invoice in accordance with section 12.5.3 by the Due Date provided that this obligation shall not be satisfied by any payment by a Shipper to Premier Transmission of any such balance specified in a PS Invoice; and
- (b) pay to Premier Transmission any balance specified in a CC Invoice in accordance with 12.6.3 by the Due Date.

12.9.2 Premier Transmission shall:

- (a) pay to a Gas Supplier any balance specified in a PS Invoice in accordance with section 12.5.4 by the eighth (8<sup>th</sup>) Business Day following the Due Date; and
- (b) pay to the Shipper any balance specified in a CC Invoice in accordance with section 12.6.4 by the Due Date.

12.9.3 All payments made under this Code to:

- (a) the PoT Account shall be made in Pounds Sterling by direct bank transfer or equivalent instantaneous transfer of funds to the following, or such other account of which Premier Transmission may, from time to time, give a Shipper written notice:  
  
Account name: Postalisation Trustee Account  
  
Bank: [to be notified in writing]  
  
Sort Code: [to be notified in writing]  
  
Account number: [to be notified in writing]
- (b) the PTL Postalised Network Disbursement Bank Account shall be made in Pounds Sterling by direct bank transfer or equivalent instantaneous transfer of funds to the following, or such other account of which Premier Transmission may, from time to time, give a Shipper written notice:  
  
Account name: The Disbursement Account  
  
Bank: [to be notified in writing]  
  
Sort Code: [to be notified in writing]  
  
Account number: [to be notified in writing]
- (c) Premier Transmissions account shall be made in Pounds Sterling by direct bank transfer or equivalent instantaneous transfer of funds to such account as Premier Transmission may from time to time give a Shipper written notice of:-  
  
Account Name: [to be notified in writing];

12.9.4 Any payment under this Code to a Shipper shall be made in Pounds Sterling by direct bank transfer or equivalent instantaneous transfer of funds to such place in the United Kingdom of which the Shipper may, from time to time, give Premier Transmission written notice.

12.9.5 All amounts payable under this Code shall be paid:

- (a) free and clear of any restriction, reservation or condition; and
- (b) except to the extent, if any, required by law or expressly required under this Code, without deduction or withholding in respect of tax or on account of any amount due or to become due to the paying party, whether by way of set-off, counterclaim or otherwise.

12.9.6 The provisions of this section 12.9 shall be applied, *mutatis mutandis*, to payments of each invoice to be submitted by Premier Transmission to any Shipper which is not a Gas Supplier in respect of those charges which such Shipper has agreed to pay in accordance with section 12.2.3 (a) save that such invoiced amounts shall be paid to Premier Transmission and to such account (not, for the avoidance of doubt, being the PoT Account) as Premier Transmission may, from time to time, give the Shipper written notice of.

#### **12.10 Interest**

If a Shipper or Premier Transmission fails to pay any sum due in accordance with this section 12 on the Due Date, (other than payments which are notified by a Shipper as being the subject of a bona fide dispute in accordance with section 12.11.3), interest on such overdue amount shall accrue, both before and after judgement, at LIBOR plus 3% compounded monthly from the Due Date until the date payment is made.

#### **12.11 Set off and disputed invoices**

12.11.1 Premier Transmission shall be entitled to set off against any repayment due to a Gas Supplier any amounts outstanding for payment by that Gas Supplier to Premier Transmission in respect of PS Transmission Amounts.

12.11.2 Where any sum invoiced in a PS Invoice is the subject of a dispute (whether bona fide or not) the Shipper shall pay the full amount of the PS Invoice without set off or withholding. Premier Transmission shall after settlement of the dispute, pay any amount agreed or determined to be payable within seven (7) days of such agreement or determination and interest on such amount shall accrue and be payable from the Due Date to the date of payment (both before and after any judgement) at LIBOR plus 3% compounded monthly from such Due Date until the date payment is made.

12.11.3 Where any sum invoiced in a CC Invoice is the subject of a bona fide dispute and the Shipper provides Premier Transmission with full details of the reasons as to why the disputed portion is disputed within fourteen (14) Business Days of receipt by the Shipper of the CC Invoice to which the dispute relates, the Shipper or Premier Transmission, whichever is applicable, shall:

- (a) pay the undisputed portion of the CC Invoice by the Due Date; and
- (b) after settlement of the dispute, pay any amount agreed or determined to be payable within seven (7) days of such agreement or determination and interest on such amount shall accrue and be payable from the Due Date to the date of payment (both before and after any judgement) at LIBOR plus 3% compounded monthly from such Due Date until the date payment is made.

#### **12.12 Taxes and withholdings**

12.12.1 If, in respect of any payment to be made to the PoT Account or Premier Transmission by a Shipper, any deduction or withholding is required to be made by the law of any country other than a country of the United Kingdom, the Shipper shall:

- (a) ensure that the amount of such withholding or deduction does not exceed the minimum so required; and
- (b) forthwith pay into the PoT Account or to Premier Transmission, as appropriate, such additional amounts as will ensure that the net aggregate amount received into the PoT Account or by Premier Transmission will be equal to that which would have been received had no deduction or withholding been made.

12.12.2 All amounts expressed as payable by a Shipper under this Code are exclusive of Value Added Tax and accordingly the Shipper shall pay Value Added Tax where payable in respect of and in addition to any such amount.

12.12.3 A Shipper shall be responsible for the payment of any taxes, duties or other levies imposed on Premier Transmission, whether or not at the time of entering into this Code, in relation to the delivery, transportation, offtake, supply, or other disposition of its gas in connection with this Code other than Premier Transmission's corporation tax.

12.12.4 A Shipper shall indemnify, keep indemnified and hold harmless Premier Transmission from and against any charges, costs, claims or demands whatsoever arising in connection with the taxes, duties or other levies for which the Shipper is responsible in accordance with section 12.12.3 and any fines, penalties, or interest which may be charged to or claimed or demanded from Premier Transmission in connection with the non-payment or delayed payment of such taxes by the Shipper.

12.12.5 A PS Invoice and a CC Invoice shall include the amount of any fiscal imposts, taxes, VAT (or similar imposts), duties or levies imposed, whether or not in effect at the time of the parties entering into this Code, upon delivery, transportation, offtake, supply, appropriation or other disposition of a Shipper's gas.

12.12.6 If Premier Transmission is required to pay any sum to a Shipper in accordance with this Code it shall be entitled to deduct from such sum any amount that it is legally required to deduct and shall provide reasonable details of any amount so deducted.

### **12.13 Audit**

12.13.1 A Shipper or PS Gas Supplier may, upon reasonable notice and during reasonable hours, subject to section 19 (Confidentiality) and any obligations of confidentiality to which Premier Transmission is subject, have an independent auditor of international repute, examine the books and records of Premier Transmission to the extent necessary to verify the accuracy of any accounting statement, charge or computation made in accordance with this Code provided that:

- (a) the Shipper or PS Gas Supplier has exercised its right under this section 12.13 by giving written notice to Premier Transmission whilst it is, or within twenty-four (24) months of it ceasing to be, a Shipper;
- (b) such books and records need not be preserved longer than a period of six (6) years after the end of the Gas Year to which such books or records refer unless they relate to an existing dispute, in which case they will be retained until the end of such dispute; and
- (c) if such verification reveals any such inaccuracy Premier Transmission shall within forty (40) Business Days after such inaccuracy is established submit to the Shipper or PS Gas Supplier a statement showing all necessary adjustments to the accounting statement, charge or computation and Premier Transmission or the Shipper or PS Gas Supplier (as appropriate) shall, within fourteen (14) Business Days after the date of such statement make payment to the other party of the sum (if any) so due to that party.

12.13.2 The cost of any such audit shall be borne by the Shipper or PS Gas Supplier which requested it unless any such audit shall show an adjustment is necessary giving rise to a lesser charge to the Shipper or PS Gas Supplier than had been charged (an “**Adjustment Amount**”) in which case the reasonable cost of such an audit shall be treated as an Operating Cost in accordance with the Licence provided that:

- (a) such audit costs do not exceed the Adjustment Amount; and
- (b) the Adjustment Amount in aggregate exceeds £25,000 (adjusted at the start of each Gas Year in line with the arithmetic annual average value for the previous twelve (12) months of the CPI published by the Office of National Statistics each month in respect of all items).

#### **12.14 Charges, Payment and Tax at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3**

12.14.1 Premier Transmission shall not invoice monthly Shippers at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 in accordance with this section 12 in respect of;

- (i) Balancing Charges;
- (ii) Scheduling Charges;
- (iii) monies to be charged or credited to such Shippers in respect of the purchase or sale of Balancing Gas, and;
- (iv) Disbursement Amounts,

BGE(UK) shall invoice such charges monthly to Shippers exiting the PTL System at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3 under the BGE(UK) Code in respect of Entry and Exit to the NI Network and in agreement with section 7 of the NINOA.

12.14.2 In the event that BGE(UK) does not invoice monthly Shippers exiting the PTL System at Belfast Gas Exit Point 2 and/or Belfast Gas Exit Point 3 in respect of charges under section 12.14.1, Premier Transmission shall apply section 12 to such Shippers in respect of the PTL System.

12.14.3 For the avoidance of doubt Premier Transmission shall be entitled to assume that BGE(UK) has not invoiced charges under section 12.14.1 if Premier Transmission does not receive written confirmation from BGE(UK) that BGE(UK) has so invoiced such charges by the twelfth (12<sup>th</sup>) day after the month end, (“M+12”).

#### **12.15 Invoicing Unauthorised Flow Charges at Belfast Gas Exit Point 2, Belfast Gas Exit Point 3 and the Lisburn Exit Point**

12.15.1 Premier Transmission shall request BGE(UK) to invoice Unauthorised Flow Charges calculated under section 4.6 in respect of Shippers Exiting the PTL System at Belfast Gas Exit Point 2 and Belfast Gas Exit Point 3.

12.15.2 In the event that BGE(UK) does not invoice monthly Shippers exiting the PTL System at Belfast Gas Exit Point 2 and/or Belfast Gas Exit Point 3 in respect of charges under section 12.15.1, Premier Transmission shall apply 12.15.1 to such Shippers.

12.15.3 For the avoidance of doubt Premier Transmission shall be entitled to assume that BGE(UK) has not invoiced charges under section 12.15.2 if Premier Transmission does not receive written confirmation from BGE(UK) that BGE(UK) has so invoiced such charges by the twelfth (12<sup>th</sup>) day after the month end, (“M+12”).

12.15.4 Upon receipt of a request from BGE(UK), Premier Transmission may invoice a Shipper for any

Unauthorised Flow Charge calculated pursuant to the BGE(UK) Code in respect of the Lisburn Exit Point. Premier Transmission shall invoice such a charge to the party holding Capacity at Belfast Gas Exit Point 1.

### 13. CREDIT PROCEDURES

#### 13.1 Application to determine Required Level of Credit Support

13.1.1 (a) A Prospective Shipper shall, in accordance with section 17.2.2, request Premier Transmission to determine the Required Level of Credit Support that the Prospective Shipper is required to establish in order for it to reserve and utilise Firm Capacity and/or utilise Interruptible Capacity.

**Comment [SKE 16]:** Credit Application in connection with accession

(b) A Shipper shall provide a Credit Application from time to time, on the occurrence of any of the events specified in sections 13.6.1(a) to (f).

**Comment [SKE 17]:** This includes c) an increase in Firm Capacity and d) increase in forecast supplier quantity so ok for daily as long as procedures in place to check that Shippers make a new Credit Application / sufficient cover in place

13.1.2 Where a Prospective Shipper requests a determination by Premier Transmission in accordance with section 17.2.2, where a re-assessment is required pursuant to one or more of sections 13.6.1(a) to (e) or where a Shipper requests a re-assessment pursuant to section 13.6.1(f) within a Gas Year to which the re-assessment relates, such Prospective Shipper or Shipper (as appropriate) shall provide Premier Transmission with the following:

(a) its Forecast Supplier Quantity for the next twelve (12) Months;

(b) a forecast of the Firm Capacity it will hold for the next twelve (12) Months; and

(c) if applicable, the information required by section 13.3.6

in the Prescribed Form (a "Credit Application"), indicating, in the case of both (a) and (b) above, what proportion of each figure is attributable to the first Gas Year to which such application relates. For the avoidance of doubt a forecast of Firm Capacity should include a forecast of Daily Capacity for each month in the next twelve (12) Months.

**Comment [SKE 18]:** This form will need amending to facilitate data provision with the appropriate granularity – daily capacity will be charged at a different rate so the shipper needs to give a breakdown of daily and 'long term' firm capacity and indicate the relevant months for the daily capacity for the purposes of forecasting the relevant charges

13.1.3 Such a Prospective Shipper or Shipper shall provide, together with its Credit Application, a copy of its most recent audited accounts and such further information as Premier Transmission may reasonably require for the purposes of determining a Shipper's Required Level of Credit Support.

13.1.4 A person which is a Shipper before the date on which this section is first implemented shall submit a Credit Application within a Month of such implementation and its application shall, for the avoidance of doubt, be dealt with in accordance with the provisions of this Code in effect at the time of such application.

#### 13.2 Calculation of Required Level of Credit Support

13.2.1 Subject to section 13.2.4 the Required Level of Credit Support that a Shipper or Prospective Shippers shall be required to establish shall be of a value equal to 80 per cent of the sum of:

(a) a forecast of the Forecast Postalised Charges that the Shipper or Prospective Shipper will incur in the next twelve (12) Months on Premier Transmission's System calculated in accordance with section 13.2.2; plus

(b) a forecast of the PS Code Charges that the Prospective Shipper or Shipper will incur during the next twelve (12) Months on the NI network calculated in accordance with section 13.2.3.

13.2.2 Premier Transmission shall forecast the Forecast Postalised Charges that a Shipper or Prospective Shipper is likely to incur in the next twelve (12) Months (the "Credit Period") based only upon the following:

(a) the sum of:



- (i) the higher of:
  - (aa) the Shipper's or Prospective Shipper's estimate forecast in accordance with section 13.1.2 (a); and
  - (bb) the Forecast Supplier Quantity which Premier Transmission reasonably estimates that the Shipper or Prospective Shipper will Exit from Premier Transmission's System during the Credit Period; and

Comment [SKE 19]: le commodity

- (ii) the higher of:
  - (aa) the Shipper's or Prospective Shipper's forecast in accordance with section 13.1.2 (b); and
  - (bb) the Firm Capacity which Premier Transmission reasonably estimates that the Shipper or Prospective Shipper will hold during the Credit Period;

Comment [SKE 20]: le capacity

- (b) Premier Transmission's calculation of the Forecast Postalised Charges applicable to (a) above which shall be calculated as the sum of that element of the Forecast Postalised Charges that will be payable in respect of:
  - (i) the Firm Capacity estimated to be held by the Shipper or Prospective Shipper in the Credit Period as determined in accordance with (a)(ii) above; and
  - (ii) the volume of gas estimated to be Exited by the Shipper or Prospective Shipper in the Credit Period as determined in accordance with (a)(i) above;

which shall in each case be calculated in accordance with the Licence.

13.2.3 Premier Transmission shall calculate forecast PS Code Charges as an amount equal to 80% of the Forecast Supplier Quantity calculated in accordance with section 13.2.2(a)(i) and section 7 of the NINOA multiplied by the Average PS Code Charge

13.2.4 For the avoidance of doubt, a Transit Shipper's Required Level of Credit Support shall be calculated solely in accordance with section 13.2.3.

**Duration of Required Credit Support**

13.2.5 The Required Level of Credit Support shall apply from the date on which Premier Transmission issues its determination of the Provided Level of Credit Support in accordance with section 13.4 until the date at which Premier Transmission has completed the annual reconciliation of its Charges in accordance with its Licence.

Comment [SKE 21]: This should define the correct 'effective time' for required credit support

Comment [SKE 22]: A clause along these lines is required to ensure that Shippers maintain their credit support in case of a reconciliation adjustment which requires them to pay more (in the year end bullet payment). In particular this is relevant to Shippers who only buy short term capacity for a period during the year but may not be holding capacity at the year end, but it applies equally to shippers with longer term firm capacity holdings as well. This wording needs further financial and legal review

**13.3 Establishing a Provided Level of Credit Support**

**Acceptable forms of credit support**

- 13.3.1 Premier Transmission shall determine the Provided Level of Credit Support for a Shipper or a Prospective Shipper by reference to security which that Shipper or Prospective Shipper elects to provide in any one or combination of the following ways:
  - (a) subject to section 13.3.2, provision of security by way of "long term" Baa or higher investment grade rating as defined by Moody's, an Equivalent Rating from an Equivalent

Agency, or, if the Securer does not hold a credit rating by way of an Equivalent Rating based on the Accounting Ratios specified in section 13.3.4;

- (b) subject to section 13.3.2, provision of security given by way of guarantee from a Government or other entity (which entity is empowered to give such guarantee) in each case holding at least a "long term" Baa investment grade as defined by Moody's, an Equivalent Rating from an Equivalent Agency, or, if the Securer does not hold a credit rating by way of an Equivalent Rating based on the Accounting Ratios specified in section 13.3.4, which guarantee must, in any event, be given substantially in the form of the guarantee set out in Appendix 4, or by way of the relevant Government or other entity, being a party to the relevant Accession Agreement with payment obligations in respect of the entire consideration and other liabilities there under and under the Code;
- (c) establishment of an escrow or other appropriate deposit which shall be with a UK branch of a financial institution with a "long term" A3 investment grade as defined by Moody's or an Equivalent Rating from an Equivalent Agency and which shall:
  - (i) be held in the name of Premier Transmission and the Shipper;
  - (ii) require the signatures of a duly authorised representative of Premier Transmission in order to authorise any withdrawals;
  - (iii) revert in title to Premier Transmission in the event of Shipper default to the extent of amounts accrued and due to Premier Transmission from the Shipper whether or not invoiced; and
  - (iv) include a penalty free notice period for payments out of the account of not more than thirty (30) days;
- (d) guarantee or irrevocable standby letter of credit issued by a UK branch of a financial institution with a long term credit rating of not less than A3 as defined by Moody's or an Equivalent Rating from an Equivalent Agency, issued in favour of Premier Transmission in the form set out in appendix 4 parts I and II respectively or such other form as Premier Transmission may agree; and
- (e) depositing with Premier Transmission bonds with a maximum remaining term of 12 Months issued by a UK financial institution with a long term rating of A or above, or depositing with Premier Transmission treasury bills with a maximum remaining term of no more than twelve (12) Months,

where "**Equivalent Agency**" means Fitch, IBCA, or Standard and Poors and "**Equivalent Rating**" shall be construed accordingly. Security given by way of any of the methods described in (a) or (b) is "**Unsecured Credit Support**", and security given by way of any of the methods described in (c), (d) or (e) is "**Secured Credit Support**".

**Maximum Allowed Unsecured Credit**

13.3.2 The maximum amount of credit which Premier Transmission may grant to a Shipper or Prospective Shipper based on Unsecured Credit Support ("**Maximum Allowed Unsecured Credit**") shall be limited to a value equal to the lower of:

- (a) 10% of the Securer's Net Assets; and
- (b) either:

- (i) the amount listed in the table set out in section 13.3.3 under the column heading "Maximum Allowed Unsecured Credit" on the row corresponding to that Securer's credit rating; or
- (ii) the amount listed in the table set out in section 13.3.3 under the column heading "Maximum Allowed Unsecured Credit" on the row corresponding to that Securer's Notional S&P Credit Rating as determined by Premier Transmission in accordance with section 13.3.5,

where the "Securer" is the Shipper or Prospective Shipper (whichever is applicable) if the Unsecured Credit Support is provided under section 13.3.1(a), or the guarantor if the Unsecured Credit Support is provided under section 13.3.1(b).

13.3.3 Maximum Allowed Unsecured Credit shall be determined in accordance with the following table:

Moody's Credit Rating	Standard & Poor Credit Rating	Maximum Allowed Unsecured Credit (£)
Aaa	AAA	30,000,000
Aa	AA	22,000,000
A	A	16,000,000
Baa	BBB	10,000,000

13.3.4 Unsecured Credit Support provided by a Securer under sections 13.3.1(a) and/or (b) by way of Accounting Ratio shall be assigned a Notional S&P Credit Rating in accordance with the following tables and section 13.3.5:

(a) Ratio ranges for Transmission Utilities

Ratio ranges for Transmission Utilities			
Accounting Ratio	Notional S&P Credit Rating		
	AA	A	BBB
FFO Interest Coverage	above 3.3	above 2.0 to 3.3	1.5 to 2.0
FFO to Total Debt (%)	above 15	above 10 to 15	5 to 10

(b) Ratio ranges for Distribution Utilities

Ratio ranges for Distribution Utilities			
Accounting Ratio	Notional S&P Credit Rating		
	AA	A	BBB
FFO Interest Coverage	above 5.0	above 3.0 to 5.0	2.0 to 3.0
FFO to Total Debt (%)	above 28	above 15 to 28	8 to 15

(c) Ratio ranges for Integrated Utilities

Ratio ranges for Integrated Utilities			
Accounting Ratio	Notional S&P Credit Rating		
	AA	A	BBB
FFO Interest Coverage	above 3.8	above 2.7 to 3.8	1.7 to 2.7
FFO to Total Debt (%)	above 20	above 15 to 20	7 to 15

(d) Ratio ranges for Generation Utilities

Ratio ranges for Generation Utilities			
Accounting Ratio	Notional S&P Credit Rating		
	AA	A	BBB
FFO Interest Coverage	above 5.5	above 3.9 to 5.5	2.5 to 3.9
FFO to Total Debt (%)	above 35	above 20 to 35	10 to 20

13.3.5 Premier Transmission, acting reasonably, and taking into account a Securer's submissions under section 13.3.6(c), shall decide which Utility Categorisation applies to the Securer, shall reference the applicable table in 13.3.4(a), (b), (c) or (d) accordingly and:

- (a) in the event that both the FFO Interest Coverage ratio and the FFO to Total Debt ratio for that Securer yield values that fall within the ranges listed under the same Notional S&P Credit Rating column value, shall ascribe to the Securer that Notional S&P Credit Rating; or
- (b) in the event that the FFO Interest Coverage ratio and the FFO to Total Debt ratio for that Securer yield values that do not fall within the ranges listed under the same Notional S&P Credit Rating, shall ascribe to the Securer that Notional S&P Credit Rating that will yield the lower Maximum Allowed Unsecured Credit value.

13.3.6 A Securer providing, or intending to provide Unsecured Credit Support by way of an Accounting Ratio, shall provide Premier Transmission with the following information at the same time as, and each time that, it provides Premier Transmission with a Credit Application:

- (a) its most recently published set of annual audited accounts;
- (b) calculations of the Accounting Ratios specified in 13.3.4 cross referenced to such accounts;
- (c) a submission requesting one of the Utility Categorisations in 13.3.4 to be applied to it, based on the information set out in its annual audited accounts; and
- (d) any other information that Premier Transmission might reasonably request.

13.3.7 Premier Transmission shall provide to each Shipper and PS Gas Supplier and to the Authority annually on the first Business Day of October and on the demand of any Shipper or PS Gas Supplier within ten (10) Business Days, a list of all Shippers that meet some or all of their Required Level of Credit Support through the provision of Unsecured Credit Support detailing the form of that Unsecured Credit Support, the extent to which it is provided and any information provided along with the Credit Application by each such Shipper.

13.3.8 Premier Transmission, a Designated Pipe-line Operator or a Shipper may, at any time, call a Credit Committee meeting in accordance with 13.5.2, to request that a Shipper or Prospective Shipper be disallowed from satisfying all or any part of its Required Level of Credit Support through the provision of all or any form of Unsecured Credit Support.

13.3.9 The Maximum Allowed Unsecured Credit values in this section 13.3 will be adjusted on 1 October in each Gas Year by calculating the percentage difference between:

- (a) the CPI for the latest month for which the CPI is then available; and
- (b) the CPI for same month in the preceding Gas Year;

and increasing the Maximum Allowed Unsecured Credit figures listed in section 13.3.3, as amended for any previous Gas Years in accordance with this section 13.3.9, by that percentage difference.

- 13.3.10 Where a Shipper provides any form of Unsecured Credit Support as security it shall notify Premier Transmission immediately of any downgrading of the Securer's credit rating or material adverse change in the Securer's Accounting Ratios or any event of which it becomes aware which is likely to result in such downgrading or change from time to time.
- 13.3.11 If the Maximum Allowed Unsecured Credit permitted under section 13.3.2 (as adjusted from time to time under section 13.3.9) is less than the Required Level of Credit Support notified to the Shipper in accordance with section 13.4, the Shipper shall provide an amount of Secured Credit Support equal to at least the difference between those two figures.

**Maximum allowed secured credit**

- 13.3.12 The maximum amount of credit which Premier Transmission may grant to a Shipper or Prospective Shipper based on Secured Credit Support shall be limited to the value of the Secured Credit Support.

**Drawing on credit support**

- 13.3.13 If there is a downgrading in credit rating as described in section 13.6.2, the relevant Shipper shall (if Premier Transmission determines that the Shipper's Provided Level of Credit Support is less than the Required Level of Credit Support) comply with its obligations under section 13.4.2.
- 13.3.14 Premier Transmission shall be entitled to make a demand up to the full amount under a letter of credit referred to in section 13.3.1(d) or a guarantee referred to in section 13.3.1(b) or 13.3.1(d) in any of the following circumstances:
- (a) a non-payment of any amount due by the relevant Shipper under the Code or its Accession Agreement in respect of PS Transmission Amounts; or
  - (b) a non-payment of any amount (other than in respect of PS Transmission Amounts) due by the relevant Shipper under the Code or its Accession Agreement; or
  - (c) the issuer of the guarantee or letter of credit ceases to hold the minimum credit rating specified in section 13.3.1(b) or 13.3.1 (d) respectively and the Shipper does not comply with its obligations under section 13.4.2; or
  - (d) if:
    - (i) a guarantee referred to in section 13.3.1(b) or 13.3.1(d) or a letter of credit has been delivered for a Shipper pursuant to the Code; and
    - (ii) such guarantee or letter of credit (or replacement or extension thereof) has a scheduled expiry date earlier than the date which falls fifty (50) days after the end of the period for which Firm Capacity has been booked by the Shipper; and
    - (iii) the Shipper fails to procure that, not later than one (1) Month prior to the scheduled date of expiry of such guarantee or letter of credit (or of any replacement or extension), PTL is the beneficiary of such level of Secured Credit Support as is (when aggregated with the part of the relevant Shipper's Required Level of Credit Support which at that time is met through the provision of Unsecured Credit Support) equal to the Shipper's Required Level of Credit Support,

always provided that if a demand is made under (a) or (b) above, such demand may not exceed the amount of the relevant non-payment.

13.3.15 Premier Transmission shall procure that the amount paid under a guarantee or letter of credit following any demand thereunder shall be paid into the PoT Account, unless such amount exceeds (the amount of any such excess, being the "**Excess Amount**") the PS Transmission Amounts overdue for payment by the Shipper at the time of such payment, in which case an amount equal to the overdue PS Transmission Amounts shall be paid into the PoT Account.

13.3.16 Such part of the Excess Amount as is equal to the overdue amounts referred to in Section 13.3.14 (b) shall be paid into such bank account of Premier Transmission as is determined by Premier Transmission.

13.3.17

- (a) Premier Transmission shall procure that any balance of an Excess Amount (following payment of the sums specified in section 13.3.16, above) which remains after the making of the payment described in Section 13.3.16 shall be credited to an interest bearing account of Premier Transmission in the United Kingdom with a clearing bank and shall at all times be segregated from all other monies of Premier Transmission and shall be free from any encumbrance arising or subsisting in favour of any person other than Premier Transmission. Such amounts (and all interest thereon) shall be held on trust by Premier Transmission for the benefit of the Shipper and Premier Transmission in accordance with the provisions of this section and the bank with which such monies are held shall be notified of such trust and of the beneficial interest of the Shipper in such monies.
- (b) Premier Transmission shall be entitled to withdraw amounts from such account and apply the same in each of the circumstances where Premier Transmission would otherwise have been entitled to make a demand under a letter of credit or guarantee pursuant to section 13.3.14 (a) or (b) had such an instrument been issued in its favour at such time but in no other circumstances. If notwithstanding this section (b) Premier Transmission withdraws any amount from the escrow account other than in such circumstances, Premier Transmission shall reimburse the same to the Shipper on demand, with interest at LIBOR plus 1% from the date of withdrawal to the date of such reimbursement.
- (c) If at any time at which monies are so held by Premier Transmission on trust for the Shipper the Shipper provides to Premier Transmission a letter of credit or a guarantee for the amount then held on such trust which conforms with the provisions of Section 13.3.1(b) or 13.3.1(d), then Premier Transmission shall return to the Shipper all monies then so held by Premier Transmission on such trust. If at any time following the termination of the Shipper's accession to the Code there are no amounts due and payable by the Shipper which are unpaid and no party to the Code remains under any obligation actual or contingent the observance or performance of which would give rise to an obligation on the Shipper to make a payment under the Code the trust created pursuant to this section shall be wound up and any monies then held by Premier Transmission on such trust shall be returned to the Shipper.
- (d) The perpetuity period under the rule against perpetuities, if applicable to any trust arising pursuant to this section, shall be the period of eighty (80) years from the date of such trust arising.

### 13.4 Determination of whether Required Level of Credit Support has been established

- 13.4.1 Within ten (10) Business Days of receipt of a Credit Application (or from time to time pursuant to section 13.6) Premier Transmission shall determine and inform the Shipper or Prospective Shipper of that determination by issuing to it a notice in accordance with section 20.5 specifying:
- (a) the Required Level of Credit Support that that Shipper or Prospective Shipper shall be required to establish; and
  - (b) to what extent the Required Level of Credit Support has been met through the provision of Unsecured Credit Support and the amount, if any, of Secured Credit Support required to make up any deficiency.
- 13.4.2 A Shipper or Prospective Shipper whose Provided Level of Credit Support is less than its Required Level of Credit Support from time to time (including where Premier Transmission makes a determination to that effect following a re-assessment under section 13.6.2) shall, within ten (10) Business Days from the issue of such notice by Premier Transmission, provide such additional security as is required to meet the Required Level of Credit Support, failing which (an "**LPC Default**") Premier Transmission may exercise any rights which are or become available to it under section 13.3.14 and, in the case of:
- (a) a Prospective Shipper, its Credit Application shall be rejected; and
  - (b) a Shipper, Premier Transmission shall convene a meeting of the Credit Committee in accordance with section 13.5.1(b).

### 13.5 Credit Committee

- 13.5.1 Without limitation to any party's rights and obligations to call meetings of the Credit Committee under other sections of this Code, Premier Transmission shall convene a Credit Committee meeting if any Shipper defaults in any of the following ways (each a "**Default**"):
- (a) the non-payment by the Due Date of any PS Transmission Amount or PS Code Charge by any Shipper (an "**NPTP Default**" and an "**NPCCDefault**" respectively); and/or
  - (b) if an LPC Default occurs in relation to that Shipper.
- 13.5.2 If any of Premier Transmission, any other Designated Pipe-line Operator or a PS Gas Supplier reasonably believes that a Shipper or Prospective Shipper should not be allowed to provide or to continue to provide any or all of its Provided Level of Credit Support by way of Unsecured Credit Support on the basis that allowing such support by such means would result in an unacceptable material increase in risk to the economic security of the Postalised System, it may, at any time, call a Credit Committee meeting to propose that the Credit Committee give a Direction disallowing that Shipper or Prospective Shipper from being able to provide all or any of its Provided Level of Credit Support by way of Unsecured Credit Support (an "**US Default**").
- 13.5.3 If any of Premier Transmission or a PS Gas Supplier reasonably believes that failure by Premier Transmission or another Designated Pipe-line Operator to re-assess a PS Gas Supplier's Required Level of Credit Support and/or PS Gas Supplier's Provided Level of Credit Support would result in an unacceptable material increase in risk to the security of the postalised system, it may, at any

time, call a Credit Committee meeting to propose that the Credit Committee give a Direction requiring such re-assessment.

13.5.4 A Shipper shall use reasonable endeavours to ensure that the Credit Committee shall operate and shall conduct itself in accordance with the Terms of Reference.

13.5.5 Premier Transmission and each Shipper shall promptly and fully comply with all Directions of the Credit Committee (including but not limited to the execution of any documents and performance of any actions required for the enforcement of any security provided by the Shipper, if instructed in the relevant Direction) provided that, where such Directions require the approval of the Authority, such approval has been given expressly in writing.

### 13.6 Reassessment of Required Level of Credit Support and Provided Level of Credit Support

13.6.1 Premier Transmission will re-assess a Shipper's Required Level of Credit Support in any of the following circumstances:

- (a) twelve (12) Months after the Shipper's Required Level of Credit Support was last determined, assessed or reassessed;
- (b) a Shipper gaining an additional Exit Point Registration;
- (c) a Shipper seeking to acquire additional Firm Capacity whether by an application or transfer;
- (d) a Shipper's Forecast Supplier Quantity exceeding the level it estimated in accordance with section 13.1.2 (a);
- (e) the Credit Committee directing Premier Transmission to make a re-assessment; or
- (f) on request from that Shipper at any time.

13.6.2 Premier Transmission will re-assess a Shipper's Provided Level of Credit Support in any of the following circumstances:

- (a) twelve (12) Months after the Shipper Provided Level of Credit Support was last determined, assessed or re-assessed;
- (b) in the event of any form of Unsecured Credit Support being disallowed by the Credit Committee;
- (c) a period of one (1) Month before the expiry of a guarantee or any form of Secured Credit Support provided by or for such Shipper unless, before the start of such period, that guarantee or Secured Credit Support is renewed to the satisfaction of Premier Transmission on substantially the same terms for an extended term;
- (d) a downgrading in the Shipper's, its guarantor's or any issuer of a letter of credit's credit rating or there being a material adverse change in the Shipper's its guarantor's or any issuer of a letter of credit's Accounting Ratios from time to time;
- (e) the Credit Committee directs Premier Transmission to make a re-assessment; or
- (f) on request from that Shipper at any time.

13.6.3 Such re-assessments of a Shipper's Required Level of Credit Support and Provided Level of Credit Support shall be conducted in accordance with the preceding provisions of this section 13 as if a

**Comment [SKE 23]:** As described this should cover application for Daily Capacity so no change needed  
However operational procedures are needed (and being developed) to actually implement the credit check in conjunction with the daily capacity application process.



new Credit Application were submitted on the date of occurrence of any of the events specified in section 13.6.

### **13.7 Duty to provide forecasts and information relating to the calculation of the Postalised Charges**

#### **13.7.1 Forecasts and information relating to following Gas Years**

- (a) A Shipper shall, each Gas Year, provide the following forecasts and information to Premier Transmission, in each case no later than the tenth (10<sup>th</sup>) Business Day in June in respect of the next Gas Year (GY) and each of the following four (4) Gas Years (GY+1 to GY+4):
  - (i) its Forecast Supplier Quantity together with:
    - (aa) an explanation of the reasons why any Forecast Supplier Quantity in respect of any of the Gas Years GY+1 to GY+4 are expected to be greater or less than its Forecast Supplier Quantity in respect of GY;
    - (bb) a breakdown showing the proportions of its Forecast Supplier Quantity in respect of each Exit Point attributable to each Quarter of GY; and
  - (ii) the assumptions on which the figures provided pursuant to section 13.7.1(a) are based. In respect of power stations this shall include but not be limited to load factors, generation output and efficiency. In respect of a Shipper supplying gas to distribution networks this shall include but not be limited to numbers of consumers and average forecast volumes per consumer.
- (b) A Shipper shall use its reasonable endeavours to ensure that all forecasts and information supplied in accordance with section 13.7.1(a) are as accurate as possible having regard to the information and forecasts available to that Shipper and shall provide with such forecasts a full breakdown and reasoning as to how it has calculated those forecasts.
- (c) A Shipper shall promptly submit to Premier Transmission any further information, explanation and access to relevant documents and records, in each case as Premier Transmission reasonably requires in respect of the Forecast Supplier Quantity in order to satisfy its obligation to present similar information under Condition 2A.3.1 of its Licence.

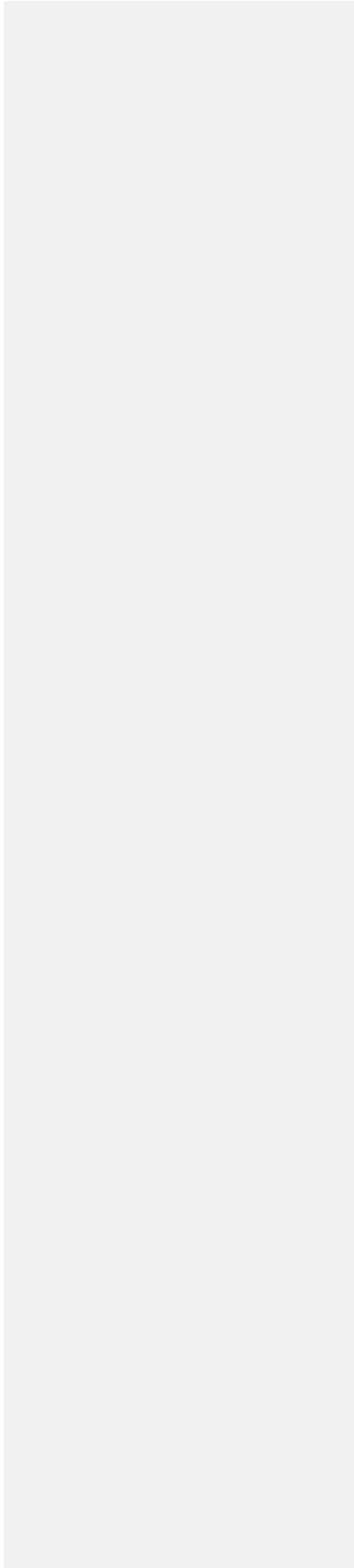
**Comment [SKE 24]:** This will include quantities delivered against Daily Capacity so no change needed

#### **13.7.2 Provision of Quarterly Information**

- (a) In respect of each Gas Year commencing on or after the Designation Date, Premier Transmission shall provide each Shipper and PS Gas Supplier with a breakdown of the Quarterly Exit Quantities by Exit Point for the relevant Quarter and any other information required to be provided by Premier Transmission on a Quarterly basis under its Licence, no later than 10 Business Days after the end of each Quarter in a Gas Year.
- (b) At the same time as Premier Transmission provides the figures required under section 13.7.2(a), Premier Transmission shall confirm to each Shipper and PS Gas Supplier, whether it is aware of or has reason to believe that the forecast figures provided in accordance with Condition 2A.2.3.1(a) of its Licence for the remainder of the current or any future Gas Years will or may be materially inaccurate. If Premier Transmission suspects such material inaccuracy, it shall provide details of the extent of such inaccuracy, and its reasons for such belief.
- (c) Premier Transmission may fulfil its obligations under this section 13.7.2, by submitting, together with one or more other Designated Pipe-line Operators, a joint report which shall comply with this section 13.7.2.

**13.8 Shippers which are not Gas Suppliers**

The provisions of this section 13 shall be applied, *mutatis mutandis*, to any Shipper which is not a Gas Supplier and adjusted to reflect those charges which such Shipper has agreed to pay in accordance with section 12.2.



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14. LIABILITIES AND INDEMNITIES

14.1 Failure to deliver Firm Nominated Quantity

14.1.1 If a Shipper's Firm Allocated Quantity at an Exit Point is greater or less than its Firm Nominated Quantity in respect of that Exit Point on any Day (a "Mismatched Firm Delivery") the Shipper may, subject to this section 14.1, if the Mismatched Firm Delivery occurs solely as a result of:

- (a) the negligence of Premier Transmission in connection with the provision of, or failure to provide, the service to which this Code relates claim from Premier Transmission an amount calculated as follows:

$$R = (U - 2\%) \times \frac{(A \times 0.8)}{365} \times \frac{B}{C}$$

- (b) the Wilful Misconduct of Premier Transmission claim from Premier Transmission in connection with the provision of, or failure to provide, the service to which this Code relates an amount calculated as follows:

$$R = (U - 2\%) \times \frac{(A \times 0.8)}{365} \times \frac{B}{C} \times 1.5$$

where in (a) and (b):

- R = the amount due to the Shipper in pounds;
- U = the percentage by which the Shipper's Firm Allocated Quantity on any Day is more or less than its Firm Nominated Quantity in respect of such Day;
- A = is the total revenue of Premier Transmission as stated in its most recent annual report and audited accounts published at the time of the act of the Mismatched Firm Delivery;
- B = the aggregate MDQ of the Shipper (reserved prior to the date on which the Mismatched Firm Delivery occurred and reserved, in respect of the period on which and after the Mismatched Firm Delivery occurred, at the time it occurred) in the Gas Year in which the Mismatched Firm Delivery occurred divided by 365;
- C = the aggregate of the MDQs of all Shippers holding Firm Capacity (reserved prior to the date on which the Mismatched Firm Delivery occurred and reserved, in respect of the period on which and after the Mismatched Firm Delivery occurred, at the time it occurred in the Gas Year in which the Mismatched Firm Delivery occurred divided by 365

provided that in no event shall a Shipper be entitled to claim an amount under (a) and (b) and provided further that such claim shall be subject always to Section 14.7, and provided always that where there are no Shippers holding Firm Capacity (C is zero), then this section 14.1 shall not apply.

14.1.2 A Shipper's Firm Nominated Quantity in respect of an Exit Point shall, for the purposes of section 14.1, be the Firm Nominated Quantity prevailing:

- (a) before any reduction to the Firm Nominated Quantity prescribed by a Flow Order where the reduction was necessary as a result of the negligence or Wilful Misconduct of Premier Transmission;
- (b) after any reduction to the Firm Nominated Quantity prescribed by a Flow Order where the reduction was not necessary as a result of the negligence or Wilful Misconduct of Premier Transmission;
- (c) before any adjustment to a Firm Nominated Quantity made in accordance with section 2.7.4 or 2.7.5.

14.1.3 A Shipper's Firm Allocated Quantity in respect of an Exit Point shall, for the purposes of section 14.1, be the Firm Allocated Quantity derived from a Final Allocation.

14.1.4 A Shipper agrees and acknowledges, for the avoidance of doubt, that a Mismatched Firm Delivery shall not have occurred, for the purposes of section 14.1.1 in the following, amongst other, circumstances:

- (a) if such a Mismatched Firm Delivery shall have occurred in any circumstance where Premier Transmission is relieved (in accordance with section 8.3.2) of its obligation to provide pressure, during Scheduled Maintenance, or where Premier Transmission is relieved (in accordance with section 15 (*Force Majeure*)) of its obligations under this Code; or
- (b) when a D-1 Predicted Capacity Shortfall or Day D Capacity Shortfall has been declared if Premier Transmission declared such Day for any reason other than as a result of its negligence or Wilful Misconduct.

## 14.2 Failure to deliver Interruptible Nominated Quantity

14.2.1 If a Shipper's Interruptible Allocated Quantity at an Exit Point is greater or less than its Interruptible Nominated Quantity in respect of that Exit Point on any Day on which Premier Transmission shall have failed to give the requisite notice of interruption (a "**Mismatched Interruptible Delivery**") the Shipper may, subject to this section 14.2, if the Mismatched Interruptible Delivery occurs solely as a result of:

- (a) the negligence of Premier Transmission in connection with the provision of, or failure to provide, the service to which this Code relates claim from Premier Transmission an amount calculated as follows:

$$R = (U - 2\%) \times \frac{(A \times 0.8) \times B}{365 \times C}$$

- (b) the Wilful Misconduct of Premier Transmission in connection with the provision of, or failure to provide, the service to which this Code relates claim from Premier Transmission an amount calculated as follows:

$$R = (U - 2\%) \times \frac{(A \times 0.8) \times B}{365 \times C} \times 1.5$$

where in (a) and (b):

- R = the amount due to the Shipper in pounds;
- U = the percentage by which the Shipper's Interruptible Allocated Quantity on any Day is more or less than its Interruptible Nominated Quantity in respect of such Day;
- A = is the total revenue of Premier Transmission as stated in its most recent annual report and audited accounts published at the time of the act of the Mismatched Interruptible Delivery;
- B = the aggregate of the Shipper's Interruptible Allocated Quantities in the Gas Year in which the Mismatched Interruptible Delivery occurred up to the date of the shortfall divided by the number of Days in respect of which the Shipper received Interruptible Allocated Quantities;
- C = the aggregate of the MDQs of all Shippers holding Interruptible Capacity (reserved prior to the date on which the Mismatched Interruptible Delivery occurred and reserved, in respect of the period on which and after the Mismatched Interruptible Delivery occurred, at the time it occurred) in the Gas Year in which the Mismatched Interruptible Delivery occurred divided by 365

provided that in no event shall a Shipper be entitled to claim an amount under (a) and (b) above

14.2.2 A Shipper's Interruptible Nominated Quantity in respect of an Exit Point shall, for the purposes of section 14.1, be the Interruptible Nominated Quantity prevailing:

- (a) before any reduction to the Interruptible Nominated Quantity prescribed by a Flow Order where the reduction was necessary as a result of the negligence or Wilful Misconduct of Premier Transmission;
- (b) after any reduction to the Interruptible Nominated Quantity prescribed by a Flow Order where the reduction was not necessary as a result of the negligence or Wilful Misconduct of Premier Transmission;
- (c) before any adjustment to a Firm Interruptible Quantity made in accordance with section 2.11.4.

14.2.3 A Shipper's Interruptible Allocated Quantity in respect of an Exit Point shall, for the purposes of section 14.1, be the Interruptible Allocated Quantity derived from a Final Allocation.

14.2.4 A Shipper agrees and acknowledges, for the avoidance of doubt, that a Mismatched Interruptible Delivery shall not have occurred for the purposes of section 14.2.1 in the following amongst other, circumstances:

- (a) if such Mismatched Interruptible Delivery shall have arisen in any circumstance where Premier Transmission is relieved (in accordance with section 8.3.2) of its obligation to provide pressure, during Scheduled Maintenance, or where Premier Transmission is relieved (in accordance with section 15 (*Force Majeure*)) of its obligations under this Code;
- (b) when Premier Transmission has declared a D-1 Predicted Capacity Shortfall Day or D Capacity Shortfall if Premier Transmission declared such Day for any reason other than as a result of its negligence or Wilful Misconduct.

### 14.3 Shrinkage Gas

If there is Shrinkage Gas which results solely from the negligence or Wilful Misconduct of Premier Transmission the Shipper's sole remedy against Premier Transmission at common law, in equity or otherwise shall be to claim the lesser of:

- (a) the proportion of a Shippers Balancing Charges and Balancing Gas costs that are attributable to Shrinkage Gas; or
- (b)  $\frac{\text{£20,000}}{\text{RPI}_o} \times \frac{\text{RPI}_n}{\text{RPI}_o}$

### 14.4 Other breach by Premier Transmission

Any claim which a Shipper may make against Premier Transmission in respect of any breach by Premier Transmission of a provision of or other act or omission of Premier Transmission in relation to this Code, which is not made in accordance with section 14.1.1 or 14.2.1, shall not exceed in any Gas Year the following:

$$\text{RPI}_o \quad \text{£20,000} \times \frac{\text{RPI}_n}{\text{RPI}_o}$$

### 14.5 Sole liability and remedy

Premier Transmission's sole liability to the Shipper and the Shipper's sole remedy against Premier Transmission at common law, in equity or otherwise in relation to or in connection with the provision of or failure to provide transportation services pursuant to this Code whether as a result of a failure by Premier Transmission to act as a Reasonable and Prudent Operator, a breach of this Code or the negligence or Wilful Misconduct of Premier Transmission or otherwise shall be as stated in section 14.1 and 14.2.

### 14.6 Aggregate liability to all Shippers

14.6.1 The Shipper agrees and acknowledges that the aggregate liability of Premier Transmission to all of the Shippers in respect of all losses and/or damages incurred by all of them in respect of each Gas Year (including such loss or damage as is specifically referenced in this Code and for which compensation is specifically provided therein) and which (with the exception of a liability of Premier Transmission to a Shipper in accordance with section 14.8) arises as a result of:

- (a) any failure by Premier Transmission to act as a Reasonable and Prudent Operator in connection with this Code;
- (b) any breach by Premier Transmission of any of its obligations under this Code;
- (c) the negligence or Wilful Misconduct of Premier Transmission in connection with this Code

or otherwise in connection with this Code, shall in no circumstances exceed, in aggregate, a maximum annual cap equal to 2% of the total Licence revenue of Premier Transmission, as stated in its last annual audited accounts.

14.6.2 If Premier Transmission agrees in writing, or if the court determines, that Premier Transmission has incurred a liability to a Shipper in respect of a matter referred to in section 14.6.1 in a Gas Year,

Premier Transmission and each Shipper agrees that such liability shall be treated in accordance with section 14.6.3.

14.6.3 Premier Transmission shall, subject to section 14.6.4, pay any such sums due to Shippers in respect of any liability referred to in section 14.6.2 in the first invoice issued in the next Gas Year together with interest on such payment from the date that the liability was incurred until the date of payment at LIBOR plus 1%.

14.6.4 Premier Transmission shall, to the extent that any sums due to Shippers in accordance with section 14.6.3 exceed two percent of the total revenue of Premier Transmission as stated in its last published annual report and accounts, reduce any payments to Shippers pro rata to the sums due to the Shippers.

#### **14.7 Exclusive remedies**

The liabilities of Premier Transmission set out in this section 14 shall constitute the entire liability of Premier Transmission to the Shipper in respect of the matters to which this section 14 relates and Premier Transmission's obligations under this Code (whether arising under contract, tort or howsoever else arising) and shall be in lieu of any and all other rights, claims or remedies which a Shipper may possess howsoever arising. In the event of any conflict between the provisions of this section 14 and the other provisions of this Code this section 14 shall prevail.

#### **14.8 Consequential loss**

Premier Transmission and a Shipper agree that the other shall not in any circumstances be liable to it in respect of any breach of, or otherwise in relation to, this Code in respect of:

14.8.1 any loss of profit, loss of revenue, loss of use, loss of contract, loss of goodwill, or increased cost of working;

14.8.2 any indirect or consequential loss; or

14.8.3 loss resulting from the liability of the other party to any other person howsoever and when ever arising.

#### **14.9 Liability for death/injury**

Nothing in this Code shall exclude or limit the liability of a party for death or personal injury resulting from the negligence of a party or any of its officers, employees or agents.

#### **14.10 Pre-estimate of loss**

Where any provision of this Code provides for any amount to be payable by a party upon or in respect of that party's breach of any provision of this Code, each party agrees and acknowledges that the remedy conferred by such provision is exclusive of and is in substitution for any remedy in damages in respect of such breach or the event or circumstances giving rise thereto and has been the subject of discussion and negotiation, and the amount provided to be payable is reasonable and represents no more than a genuine pre-estimate of the loss of the party to which such amount is payable.

#### **14.11 Mitigation of loss**

Each party shall use reasonable endeavours to mitigate the loss and damage (if any) incurred by it as a result of breach by a party of its obligations under this Code as a result of negligence or tortious act or omission by the other party.

#### **14.12 No liability**

Premier Transmission, for the avoidance of doubt, shall not be liable for the consequences of any decision taken by Premier Transmission acting as a Reasonable and Prudent Operator in accordance with this Code to withhold, reduce or limit any quantity of gas made available for off-take by a Shipper as a consequence of Premier Transmission performing its duties and obligations pursuant to this Code, or as a result of a Shipper's acts or omissions, or being misinformed by Shipper.

#### **14.13 Severability**

Each sub-section in this section 14 shall;

- (a) be construed as a separate and severable contract term, and if one or more of such sub-sections is held to be invalid, unlawful or otherwise unenforceable the other or others of such sub-sections shall remain in full force and effect shall continue to bind the parties; and
- (b) survive termination of this Code.

#### **14.14 Premier Transmission to indemnify Shippers**

Premier Transmission shall be liable to each Shipper for and indemnify, defend and hold harmless each Shipper from and against any and all Indemnified Liabilities, in respect of:

- 14.14.1 injury to or sickness, disease or death of any person employed by or engaged on behalf of Premier Transmission; or
- 14.14.2 damage to or loss of property of Premier Transmission, howsoever arising in respect of this Code including out of the Shippers breach of this Code, or the Shipper's breach of statutory duty in respect of this Code or from the negligence of the Shipper save to the extent that any Indemnified Liabilities arise from the Wilful Misconduct of the Shipper.

#### **14.15 Shippers to indemnify Premier Transmission**

Each Shipper shall be liable to Premier Transmission for and indemnify, defend and hold harmless Premier Transmission from and against any and all Indemnified Liabilities, in respect of:

- 14.15.1 injury to or sickness, disease or death of any person employed by or engaged on behalf of the Shipper; or
- 14.15.2 damage to or loss of property of each Shipper howsoever arising in respect of this Code including out of Premier Transmission's breach of this Code or Premier Transmission's breach of statutory duty in respect of this Code or from the negligence of Premier Transmission save to the extent that any Indemnified Liabilities arise from the Wilful



Misconduct of Premier Transmission.

**14.16 Insurance**

- 14.16.1 Premier Transmission shall effect and maintain throughout the life of this Code and each Shipper shall effect and maintain for so long as it is a Shipper insurance policies which shall include:
- (a) general third party insurance with a limit per occurrence or series of occurrences arising from one event of not less £10,000,000 (ten million pounds sterling);
  - (b) insurance of not less than the greater of that required by applicable workmen's compensation or employer's liability legislation from time to time and £5,000,000 (five million pounds sterling) per occurrence or series of occurrences arising from any one event.
- 14.16.2 Premier Transmission and each Shipper shall each ensure that its insurers include in their insurance policies to be obtained under section 14.16.1 (a) contain a waiver of the subrogation rights of its insurer in respect of the matters indemnified in sections 14.14 and 14.15 respectively for the benefit of the other party except in the case of the Wilful Misconduct of Premier Transmission or each Shipper (as appropriate) and provide evidence of this to the other party on request.

## 15. FORCE MAJEURE

### 15.1 Definition

In this Code, "**Force Majeure**" means any event or circumstance, or any combination of events and/or circumstances, the occurrence of which is beyond the reasonable control of, and could not have been avoided by steps which might reasonably be expected to have been taken by a party acting as a Reasonable and Prudent Operator (the "**Affected Party**") and which causes or results in the failure of the Affected Party to perform or its delay in performing any of its obligations owed to any other Party or Parties (each an "**Other Party**") under this Code, including any:

- 15.1.1 war declared or undeclared, threat of war, act of public enemy, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism;
- 15.1.2 act of God;
- 15.1.3 strike, lockout or other industrial disturbance;
- 15.1.4 explosion, fire, fault or failure of plant, equipment or other installation which the Affected Party could not prevent or overcome by the exercise of the degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same kind of undertaking under the same or similar circumstances;
- 15.1.5 governmental restraint or the coming into force of any regulation, licence or Directive of any Competent Authority;
- 15.1.6 suspension, withdrawal or change in the terms of any licence, permit or consent;
- 15.1.7 structural shift or subsidence affecting generally a part or parts of the Transportation System or any area or areas of the route of the Pipeline;
- 15.1.8 the occurrence of an event of force majeure under the BGE (UK) Transportation Agreement or the Moffat Administration Agreement in respect of which a party has sought relief from its obligations.

### 15.2 Relief from obligations

Subject to section 15.3 and without prejudice to any other provisions of this Code limiting or restricting the liability of the Affected Party, if by reason of an event of Force Majeure, the Affected Party is rendered unable wholly or in part to carry out its obligations under this Code then its obligations shall be suspended to the extent the Affected Party's ability to perform is hindered by the Force Majeure event.

### 15.3 No relief

A Force Majeure event shall not relieve a party from any liability or obligation to:

- 15.3.1 make payments due under this Code save to the extent that the failure to pay money is caused by a Force Majeure event affecting all reasonable means of payment, in which case, upon the cessation of the Force Majeure event, the Affected Party shall pay these

unpaid monies together with interest on them at the rate of LIBOR calculated from the due date for payment to the actual date of payment; or

15.3.2 give any notice due under this Code.

#### **15.4 Report of Force Majeure event**

Following any occurrence of a Force Majeure event the Affected Party shall as soon as reasonably practicable notify the Other Party of the occurrence and nature of the Force Majeure event, the expected duration thereof, (insofar as the same can reasonably be assessed), and the obligations of the Affected Party performance of which is affected by it and from time to time thereafter provide to the Other Party reasonable details of:

15.4.1 developments in the matters so notified, and

15.4.2 the steps being taken by the Affected Party to overcome the Force Majeure event or its effects and to resume performance of its relevant obligations.

#### **15.5 Resumption of obligations**

Any party whose failure to perform obligations has been relieved under the provisions of this section 15, shall resume the performance of such obligations as soon as reasonably practicable after the removal of the cause of the failure and shall notify the Other Party prior to its resumption.

## 16. TERMINATION

### 16.1 Introduction

A Shipper agrees that its Accession Agreement may be terminated in accordance with this section 16 or section 17.8. Upon the termination of a Shipper's Accession Agreement it shall no longer be a Shipper and the Shipper and Premier Transmission shall no longer be bound in relation to each other by this Code except to the extent set out in section 16.5.

### 16.2 Termination by Premier Transmission

16.2.1 Premier Transmission shall declare a "**Termination Default**", if the Shipper:

- (a) fails to pay any sum due to Premier Transmission under a CC Invoice which is not the subject of a bona fide dispute in accordance with section 12.11:
  - (i) within fifteen (15) Business Days of the Due Date (the "**Second Due Date**") provided that Premier Transmission shall have given the Shipper not less than five (5) Business Days' written notice that such payment is overdue; or
  - (ii) by the Due Date on three (3) or more occasions in respect of three (3) or more separate CC Invoices;
- (b) fails to pay any sum due to Premier Transmission under a PS Invoice:
  - (i) within fifteen (15) Business Days of the Due Date provided that Premier Transmission shall have given the Shipper not less than five (5) Business Days' written notice that such payment is overdue; or
  - (ii) by the Due Date on three (3) or more occasions in respect of three (3) or more separate PS Invoices;
- (c) having failed to submit a Nomination to Premier Transmission for a period exceeding twelve (12) months, does not hold at the relevant time any Firm Capacity, provided that Premier Transmission shall have first consulted with the Shipper and obtained its agreement or the agreement of the Authority to such termination;
- (d) having an Exit Point Registration in respect of an Exit Point in Northern Ireland, ceases to hold a valid Gas Supply Licence unless that Shipper has prior written consent from the Authority to either:
  - (i) hold Firm Capacity; or
  - (ii) have entitlement to Exit gas from the NI Network as if it had a Gas Supply Licence,provided that the Shipper submits to Premier Transmission a copy of such consent from the Authority;
- (e) having an Exit Point Registration in respect of an Exit Point in Northern Ireland, without a valid Gas Supply Licence and on the basis that the Shipper has prior written consent from the Authority to either:
  - (i) hold Firm Capacity; or

(ii) have entitlement to Exit gas from the NI Network as if it had a Gas Supply Licence,

ceases to hold the relevant consent from the Authority.

(f) is in LPC Default.

16.2.2 Within two (2) Business Days of a Termination Default occurring, Premier Transmission shall send a Meeting Notice in accordance with paragraph 3 of the Terms of Reference convening a meeting of the Credit Committee and asking for Directions regarding the Termination Default.

16.2.3 Notwithstanding the foregoing, where, within fifteen (15) Business Days of the date on which the Meeting Notice was sent by Premier Transmission under section 16.2.2, the Credit Committee has failed to decide Directions in respect of that Termination Default, Premier Transmission shall be entitled, with the Authority's consent, to terminate the relevant Accession Agreement by written notice.

16.2.4 Without limiting any other rights to terminate an Accession Agreement which Premier Transmission has under this Code, Premier Transmission shall be entitled to terminate any Accession Agreement with effect from:

- (a) the date specified in a relevant Direction of the Credit Committee;
- (b) where a relevant Direction has been given but no date for termination is specified, forthwith;
- (c) where the Termination Default occurs under section 16.2.1(c) with the relevant Shipper's consent, forthwith; and
- (d) if Premier Transmission's Licence is terminated, forthwith.

### 16.3 Termination by either party for breach

16.3.1 If Premier Transmission or a Shipper is in breach of section 16.3.2 (the "**Defaulting Party**") the party which is not in breach (the "**Non-Defaulting Party**") may request, by sending a Meeting Notice in accordance with paragraph 3 of the Terms of Reference, the Credit Committee to agree to allow termination of the relevant Accession Agreement, provided that such referral to the Credit Committee may only be made where the relevant breach itself (and not any resulting termination) gives rise to a material increase in credit risk for PS Gas Suppliers. Where the relevant breach is not to be referred to the Credit Committee as provided in this section, either party may terminate the relevant Accession Agreement in accordance with this section 16.3.

16.3.2 Premier Transmission or a Shipper is in breach of this section 16.3.2 if it is in breach of any of its obligations under this Code and that breach has a material adverse effect on the Non-Defaulting Party.

16.3.3 Subject to sections 16.3.1 and 16.3.4, at a meeting convened pursuant to section 16.3.1 the Credit Committee may direct the Non-Defaulting Party to send the Defaulting Party a notice (a "**Termination Notice**") specifying the date on which the Accession Agreement is to be terminated.

16.3.4 If the breach, the subject of the Meeting Notice sent in accordance with section 16.3.1, is in the opinion of the Credit Committee capable of being remedied as determined in a Direction, the Termination Notice shall set out in reasonable detail:

- (a) the alleged breach;
- (b) the remedy required to be taken and the period within which the breach is required to be remedied, which period shall be of such length as a Reasonable and Prudent Operator would require in order to remedy the breach taking into account (where appropriate) the availability of Maintenance Days and shall not, in any event, be less than thirty (30) Business Days; and
- (c) the date on which the Accession Agreement shall terminate if the relevant breach has not been remedied within the period specified in such Direction or in the Termination Notice in accordance with (b), above.

16.3.5 If the breach, the subject of the Meeting Notice sent in accordance with section 16.3.1, is not, in the opinion of the Credit Committee, capable of being remedied as determined in a Direction, the Termination Notice may, with the Authority's consent, specify that the relevant Accession Agreement shall terminate forthwith or on any date thereafter.

16.3.6 Notwithstanding the foregoing, where, within fifteen (15) Business Days of the date on which the Meeting Notice was sent by Premier Transmission under section 16.3.1, the Credit Committee has failed to decide Directions in respect of that Termination Default, Premier Transmission shall be entitled, with the Authority's consent, to terminate the relevant Accession Agreement by written notice.

#### **16.4 Termination by either party on liquidation**

16.4.1 Either party shall be entitled by written notice to the other to terminate the Accession Agreement forthwith in the event that:

- (a) an encumbrancer takes possession of, or a liquidator, receiver or an administrator or examiner is appointed over any part of the assets of the other party or any security granted by the other party becomes enforceable;
- (b) the other party is unable to pay its debts as they fall due or suspends making payments (including without limitation payments of principal or interest with respect to all or any class of its debts);
- (c) the other party suffering a distress, execution, sequestration or other process being levied or enforced upon or sued or against all or any substantial part of its assets, rights or revenues which is not discharged, stayed, or dismissed within thirty(30) Business Days;
- (d) the other party ceasing to carry on its business or a substantial part of its business (unless, such cessation is intended to be, and is, temporary and occasioned as a consequence of a Force Majeure event); or
- (e) any event similar, equivalent or analogous to any of the events specified in this section 16.4 occurs in relation to the other party in any jurisdiction

provided that in the event that an administrator has been appointed over any part of the assets of the other party a Direction of the Credit Committee shall have first been sought and fully complied with.

#### **16.5 Consequences of termination**

16.5.1 Termination of an Accession Agreement in accordance with this section 16, shall not extinguish or relieve either party to that agreement from the performance of any obligation accrued under this Code as at the time of termination.

**Comment [SKE 25]:** This clause 16 requires the ongoing maintenance of credit support in the event of termination, although the most likely cause of termination will be credit default. Further review needed to confirm the appropriate operation of these terms, consistent with 13.2.5

16.5.2 Upon termination by Premier Transmission under sections 16.2, 16.3 or 16.4 the following payments shall immediately fall due and payable by the Shipper (and the “**Due Date**” in relation to such payments shall for the purposes of this Code be the date of termination):

- (a) all of the following which are due, accrued or outstanding to Premier Transmission under this Code in respect of the period up to and including [the date of termination]:
  - (i) all PS Transmission Amounts; and
  - (ii) all PS Code Charges: and
  
- (b) the following:
  - (i) the Forecast Postalised Capacity Charge payable in respect of all Firm Capacity held by the Shipper in the remainder of the Gas Year after the date of termination; and
  - (ii) the Forecast Postalised Commodity Charge that would be payable in respect of the Shipper’s aggregated Firm Allocated Quantities and Interruptible Allocated Quantities if such quantities together were taken to equal 80% of all Firm Capacity held by the Shipper in the remainder of the Gas Year after the date of termination; and
  - (iii) Premier Transmission’s estimate of the PS Transmission Amounts that would be payable in respect of all Firm Capacity held by the Shipper in all future Gas Years (had no such termination occurred) provided that such sums shall be adjusted to take account of:
    - (aa) Premier Transmission’s estimate of the amount (if any) by which it shall be able to mitigate the loss referred to in (iii) above;
    - (bb) inflation (which shall be assumed to continue at the rate of RPI at the date of termination);
    - (cc) any change in the PS Transmission Amounts to reflect any change in the capacity/commodity split of the tariff; and
    - (dd) the net present value of the amount payable at LIBOR,

provided that, for the avoidance of doubt, in relation to a Transit Shipper, only amounts referred to in section 16.5.2(a)(ii) shall fall due and payable by that Transit Shipper.

16.5.3 Upon termination under sections 16.2, 16.3 or 16.4, Premier Transmission shall, as soon as reasonably practicable, and in any event not later than the fifth (5<sup>th</sup>) Business Day following termination, issue the Shipper with an invoice (a “**Termination Invoice**”) which shall set out the following:

- (a) the identity of the Shipper;
- (b) the period to which the Termination Invoice relates;
- (c) a detailed breakdown of each of the sums payable under section 16.5.2.

16.5.4 The Shipper shall, no later than thirty (30) business days following receipt of the Termination Invoice pay to the PoT Account all sums payable under section 16.5.2, with the exception of payments due under section 16.5.2(a)(ii), which shall be payable to Premier Transmission in accordance with the provisions of this Code.

16.5.5 If the Shipper fails to pay any sum due as detailed in the Termination Invoice by the date specified in section 16.5.4, interest on such overdue amount shall accrue at LIBOR plus 3% compounded monthly from the date specified in section 16.5.4 until the date payment is made.



**17. ACCESSION TO THE CODE,  
EXIT POINT REGISTRATION,  
DOWNSTREAM LOAD STATEMENTS  
AND RETIREMENT FROM THE CODE**

**Accession to the Code**

**17.1 Application to accede**

Any person wishing to become a Shipper shall give Premier Transmission twenty (20) Business Days notice of its wish (a “**Prospective Shipper**”).

**17.2 Provision of information**

17.2.1 Within five (5) Business Days of receipt of such an application Premier Transmission will provide any Prospective Shipper with:

- (a) an Indicative Application for Firm Capacity which it may complete;
- (b) an Exit Point Registration to complete;
- (c) a Credit Application to complete;
- (d) an Accession Agreement for execution;
- (e) this Code;
- (f) the Modification Rules;
- (g) the Five Year Statement;
- (h) a copy of the Moffat Administration Agreement and Belfast Metering Agreement; and
- (i) the Prescribed Form of Nomination, Renomination, Capacity Transfer Application, Firm Capacity Notice, Firm Capacity Application, Indicative Application for Firm Capacity, Exit Point Registration Application, Credit Application, Downstream Load Statement and Shipper's Allocation Arrangement.

17.2.2 A Prospective Shipper wishing to become a Shipper:

- (a) shall provide to Premier Transmission an Exit Point Registration and a Credit Application;
- (b) shall provide to Premier Transmission a Downstream Load Statement if required in accordance with section 17.7.1 or 17.7.3;
- (c) may provide to Premier Transmission an Indicative Application for Firm Capacity Reservation; and
- (d) shall provide to Premier Transmission its postal address and email address for notices in accordance with paragraph 3.4 of the Terms of Reference.

### 17.3 Accession to the Code

17.3.1 After a Prospective Shipper has executed an Accession Agreement and the Effective Date (as defined in the Accession Agreement) has occurred the Prospective Shipper shall become a Shipper and may ~~reserve apply for~~ and utilise Firm Capacity and/or utilise Interruptible Capacity in respect of an Exit Point in relation to which it has an Exit Point Registration.

**Comment [SKE 26]:** Amend to say 'apply for' so it is consistent with the language in section 1 and clearly includes Daily Capacity

### Exit Point Registration

#### 17.4 Application for Exit Point Registration

17.4.1 A Shipper shall be required to be registered in respect of an Exit Point (an “**Exit Point Registration**”) before it may apply for Firm Capacity ~~(for the avoidance of doubt including Daily Capacity)~~, or utilise Interruptible Capacity in respect of that Exit Point.

**Comment [SKE 27]:** We are assuming here that at the point of implementation of this Mod, we would amend all Shippers existing registrations to allow them to apply for Daily Capacity - it will then be up to them to make sure they have sufficient credit in place before they apply for any Daily Capacity, and for PTL to make sure the credit procedures are in place to check that  
There is then no need for a separate Registration for Daily Capacity, Shippers just register for the Exit Point and may apply for either Firm or Daily in relation to that Exit Point

17.4.2 A Shipper may, from time to time, and a Prospective Shipper shall apply to be registered in respect of an Exit Point.

17.4.3 A Shipper, or Prospective Shipper, wishing to obtain an Exit Point Registration in respect of an Exit Point shall provide Premier Transmission with the following in relation to the Exit Point:

- (a) the Exit Point in respect of which it requires an Exit Point Registration;
- (b) the date from which it wishes to offtake gas taking into account the period of time referred to in section 17.5;
- (c) the information set out in section 6.7.1 relating to emergency contacts;
- (d) any of the following:
  - (i) evidence satisfactory to Premier Transmission that the Shipper will, itself, utilise the gas to be offtaken from the Exit Point;
  - (ii) written confirmation from a gas consumer that the Shipper has entered into an agreement with the gas consumer to supply the gas consumer the gas that the Shipper will offtake from the Exit Point which may be conditional upon the Shipper obtaining an Exit Point Registration in relation to the relevant Exit Point and/or the Shipper acquiring Firm Capacity in relation to the relevant Exit Point; or
  - (iii) written confirmation from a transporter of gas on a Connected System immediately downstream of the System that the Shipper has entered into an agreement with it to ship gas on the Connected System offtaken from the Exit Point; and
- (e) a Moffat Agent Default Registration Form, in accordance with section 18.2;

in the Prescribed Form (an “**Exit Point Registration Application**”).

17.4.4 A Shipper, or Prospective Shipper, wishing to obtain an Exit Point Registration in respect of an Exit Point shall or may, as required by section 17.7, provide Premier Transmission with, in addition to an Exit Point Registration, a Downstream Load Statement in relation to the Exit Point.

17.4.5 A Shipper, or Prospective Shipper, wishing to obtain an Exit Point Registration in respect of an Exit Point in Northern Ireland shall, as a condition to becoming registered, be required to provide to Premier Transmission a copy of its Gas Supply Licence.

17.4.6 Section 17.4.5 shall not apply in respect of any Shipper, or Prospective Shipper, that does not have a Gas Supply Licence, but does have the Authority's prior written consent to either:

(i) hold Firm Capacity; or

(ii) have entitlement to Exit gas from the NI Network as if it had a Gas Supply Licence,

provided that the Shipper submits to Premier Transmission a copy of such consent from the Authority.

17.4.7 At the discretion of Premier Transmission, sections 17.4.3, (b) or (e) shall not apply in respect of any Shipper, or Prospective Shipper, that does not have a Gas Supply Licence, but does with the Authority's prior written consent to either:

(i) hold Firm Capacity; or

(ii) have entitlement to Exit gas from the NI Network as if it had a Gas Supply Licence,

provided that the Shipper submits to Premier Transmission a copy of such consent from the Authority.

## 17.5 Exit Point Registration

17.5.1 Subject to section 17.5.2, Premier Transmission shall, within twenty (20) Business Days of receiving from a Shipper an Exit Point Registration Application and any Downstream Load Statement in relation to the Exit Point in accordance with section 17.7 issue to the Shipper an Exit Point Registration and notify the Shipper of the Exit Point Tolerance in respect of the Exit Point.

17.5.2 Premier Transmission shall reject an Exit Point Registration Application if it receives a Direction from the Credit Committee, in accordance with paragraph 6.1 (K) of the Terms of Reference, that it should do so.

## 17.6 Exit Point De-registration

17.6.1 A Shipper may terminate its Exit Point Registration in respect of the Exit Point by giving Premier Transmission ten (10) Business Days written notice that it wishes to so terminate its registration such registration not to be terminated before the end of the last Day on which the Shipper holds Firm Capacity at the Exit Point.

17.6.2 If a Shipper terminating its Exit Point Registration would result in no Shipper holding an Exit Point Registration in respect of an Exit Point, Premier Transmission will be entitled to require the Shipper to maintain its Exit Point Registration until such time that Premier Transmission has isolated the Exit Point. Premier Transmission shall so isolate the Exit Point as soon as reasonably practicable after the date on which the Shippers wish the termination of its Exit Point Registration to take effect.

17.6.3 If a Shipper fails to provide Premier Transmission with any of the information listed in section 17.4.3 (d) within twenty (20) Business Days of being requested to do so Premier Transmission shall, subject to section 17.6.2, terminate the Shippers Exit Point Registration in respect of that Exit Point.

17.6.4 For the avoidance of doubt, termination of an Exit Point Registration does not relieve a Shipper of its obligations in relation to Credit Support in accordance with section 13[.2.5].

**Comment [SKE 28]:** The effect of this is that new Shippers must register 20 days before the Daily Capacity Application Window – which is appropriate

**Comment [SKE 29]:** This is intended to ensure it is clear that Shippers must maintain their Credit Support till the year end reconciliation and relates to the suggested insertion of same in section 13.

## **Downstream Load Statements**

### **17.7 Downstream Load Statement**

- 17.7.1 A Shipper shall be required to provide Premier Transmission with a statement in the Prescribed Form (a “**Downstream Load Statement**”) in respect of an Exit Point before it may obtain an Exit Point Registration in respect of that Exit Point.
- 17.7.2 A Shipper at Belfast Gas Exit Point 1, Belfast Gas Exit Point 2 or Stranraer Exit Point shall provide PTL with a revised Downstream Load Statement fifteen (15) Business Days before each Mid Year date and fifteen (15) Business Days before the end of the Gas Year. PTL shall inform any new Shipper whether or not they are required to submit a revised Downstream Load Statement in accordance with this clause 17.7.2 immediately preceding the date of their initial Downstream Load Statement submission.
- 17.7.3 A Shipper or a Prospective Shipper wishing to become a Shipper shall, if it becomes aware that any information in a Downstream Load Statement is incorrect, provide Premier Transmission on ten (10) Business Days notice with a revised Downstream Load Statement which is accurate. References in this Code to a Downstream Load Statement are to the latest revised Downstream Load Statement from time to time.
- 17.7.4 A Downstream Load Statement, shall contain the End User's statement of the maximum quantity in MWh/day which may reasonably be required to supply the relevant Downstream Load Category.
- 17.7.5 A Shipper shall, if requested by PTL, provide to PTL any information relating to their actual Downstream Load, over a given period of time.
- 17.7.6 At the discretion of Premier Transmission, section 17.7 shall not apply in respect of any Shipper, or Prospective Shipper, that does not have a Gas Supply Licence, but does with the Authority's prior written consent to either:
- (i) hold Firm Capacity; or
  - (ii) have entitlement to Exit gas from the NI Network as if it had a Gas Supply Licence,
- provided that the Shipper submits to Premier Transmission a copy of such consent from the Authority.

### **17.8 Retirement from the Code**

- 17.8.1 A Shipper (a “Retiring Shipper”) may, make an application to , terminate its Accession Agreement by giving Premier Transmission not less than thirty-five (35) Business Days written notice at any time.
- 17.8.2 Premier Transmission shall respond to the Retiring Shipper, within twenty-five (25) Business Days of receiving the application referred to in Clause 17.8.1, indicating the requirements with which the Shipper must comply before the termination of its Accession Agreement may take effect and these requirements shall include (but not be limited to) the requirements that the Retiring Shipper:

- (a) has ceased to be a party to any agreement between Premier Transmission and the Shipper which incorporates the Code; and/or
- (b) has ceased to hold any Exit Point Registration; and/or
- (c) has made a full payment for all amounts invoiced in respect of:
  - (i) PS Transmission. Amounts;
  - (ii) Code Changes;
  - (iii) Supplemental Payments;
  - (iv) Auxiliary Payments; and
  - (v) other amounts due pursuant to the Code.

17.8.3 Within ten (10) Business Days of the Retiring Shipper confirming to Premier Transmission in writing (together with supporting documentation) that it has complied with the requirements of Premier Transmission under Section 17.8.2, Premier Transmission shall confirm to the Retiring Shipper that it either:

- (a) agrees that the Retiring Shipper has **approximately** complied with each of its requirements under Clause 17.8.2, in which case, the Retiring Shipper shall be entitled to terminate the Accession Agreement forthwith on notice to Premier Transmission [copied to the Authority]; or
- (b) does not accept that the Retiring Shipper has appropriately complied with all of its requirements under Clause 17.8.2 and giving reasons for its decision, in which case, the Retiring Shipper shall be required to comply with the outstanding requirements before being entitled to terminate the Accession Agreement in accordance with this Section 17.8.

**Comment [SKE 30]:** This should be 'appropriately'

17.8.4 Upon the termination of the Retiring Shipper's Accession Agreement in accordance with this Section 17.8, a Retiring Shipper shall cease to be a Shipper for the purposes of the Code and the Retiring Shipper and Premier Transmission shall no longer be bound in relation to each other by this Code except to the extent set out in section 17.8.5 and 17.8.6.

17.8.5 Termination of an Accession Agreement in accordance with this Section 17.8 shall not extinguish or relieve the Retiring Shipper from the performance of any obligation accrued under this Code as at the time of termination which it is agreed and acknowledged shall include payment of all or any of the following which are due, accrued or outstanding under this Code in respect of the period up to and including the date on which the Accession Agreement is terminated:

- (a) PS Transmission Amounts;
- (b) PS Code Charges;
- (c) Supplemental Payments;
- (d) Auxiliary Payments; and/or
- (e) Any other payments due pursuant to the Code.

**Comment [SKE 31]:** This needs to work with the obligation in 13.2.5 to maintain credit support till after the year end reconciliation, so needs to cater for the possibility of mid-year retirement. Further review needed.

17.8.6 The Retiring Shipper shall pay any sums due in accordance with Section 17.8.5 at the time by which and in the manner in which such payments would have been due and paid had the Retiring Shipper continued to be a Shipper. A Retiring Shipper that has ceased to be the Shipper at an Exit Point shall continue to be liable for all accrued payments or other amounts due to Premier Transmission notwithstanding that the Retiring Shipper ceases to be the Shipper at that Exit Point and any payments due and owing in respect of any agreement at or in respect of such Exit Point shall become immediately due and payable. For the avoidance of doubt (i) the conditions of the Code continue to apply to a Retiring Shipper whose application for retirement from the Code has been accepted by Premier Transmission until such time as that Retiring Shipper has met all its obligations under the Code (prior to and arising out of termination) and (ii) **and** any financial security which the Retiring Shipper was obligated to provide to Premier Transmission pursuant to the Code shall remain in place until all such payments have been discharged in **full**.

**Comment [SKE 32]:** This clause might also need amendment to ensure consistency with proposed drafting in section 13 concerning the duration of credit support.

## 18. MOFFAT ADMINISTRATION AGREEMENT

### 18.1 Introduction

Premier Transmission shall provide a Shipper with any relevant modifications or amendments to the Moffat Administration Agreement.

### 18.2 Moffat Agent Default Registration Form

18.2.1 A Shipper, or Prospective Shipper, wishing to obtain an Exit Point Registration in respect of an Exit Point shall in accordance with section 17.4.3 (e) complete a Moffat Agent Default Registration Form setting out the Daily Gas Quantity which it wishes the Moffat Agent to record in any Default Nomination Notice or Default Renomination Notice.

| 18.2.2 A Shipper may, from time to time, on giving Premier Transmission twenty (20) Business Days' notice, provide it with a revised or an additional Moffat Default Registration Form. A Shipper may, in particular, wish to revise or provide an additional Moffat Default Registration Form on applying for additional or applying to reduce or transfer Firm Capacity.

| 18.2.3 A Shippershall on each occasion, on giving Premier Transmission twenty (20) Business Days' notice, provide it with a revised or an additional Moffat Agent Default Registration Form when such Shipper requires any new NTS Shipper to be included on the Matching Matrix.

### 18.3 Nominations to the Moffat Agent

18.3.1 Premier Transmission shall nominate to the Moffat Agent a quantity of gas for delivery at the Moffat Entry Point equal to a Shipper's Aggregate Nominated Quantity from time to time.

18.3.2 If a Firm Nominated Quantity, an Interruptible Nominated Quantity, a Nomination or a Renomination (as appropriate) of a Shipper is reduced by a Flow Order, or reduced or increased in accordance with section 2.5, 2.7, 2.10 or 2.11 and the Shipper has:

- (a) more than one NTS Shipper which is a counter party for the purposes of the Moffat Administration Agreement in respect of the relevant nomination, Premier Transmission shall nominate to the Moffat Agent a reduced or increased quantity of an equal amount (as appropriate) and allocate such amount as between such counter party NTS Shippers pro rata to the quantities which the Shipper attributed to the NTS Shipper in accordance with section 2.3.5 or 2.8.5;
- (b) only one NTS Shipper which is a counter party for the purposes of the Moffat Administration Agreement in respect of the relevant nomination, Premier Transmission shall nominate to the Moffat Agent a reduced or increased quantity of an equal amount (as appropriate) and allocate all such amount to the counter party NTS Shipper.

18.3.3 It is agreed for the avoidance of doubt that, as a result of section 18.2.2, a Shipper may wish to revise the allocation of such quantity as between its NTS Shippers in accordance with section 2.3.5 or 2.8.5 by means of a Nomination or a Renomination.

#### **18.4 Voting under the MAA**

18.4.1 Premier Transmission shall exercise any voting rights, give any approval, make any request (other than a request referred to in section 18.5) to the Moffat Agent or propose any modification under the Moffat Administration Agreement (the "**MAA Rights**") in accordance with the requirements of section 18.4.3, in relation to a simple majority of votes cast by Shippers (at the time Premier Transmission exercises the Moffat Administration Agreement Rights).

18.4.2 Premier Transmission shall, wherever practicable, seek each Shipper's requirements as to how it wishes Premier Transmission to exercise the Moffat Administration Agreement Rights in writing.

18.4.3 A Shipper shall be entitled to a number of votes (for the purposes of voting in accordance with section 18.4.1), equal to the aggregate of:

- (a) its MDQ; and
- (b) its average Interruptible Allocated Quantity per Day

in the current Gas Year at the time the vote is called by Premier Transmission.

18.4.4 Notwithstanding the above, Premier Transmission may exercise the Moffat Administration Agreement Rights in the manner it considers appropriate where the issue to which the exercise of the Moffat Administration Agreement Rights relates (i) may not, in Premier Transmission's opinion acting as a Reasonable and Prudent Operator, be operationally feasible or practicable; (ii) may have an adverse effect upon Premier Transmission; or (iii) to Premier Transmission's withdrawal from the Moffat Administration Agreement, provided that Premier Transmission shall, to the extent practicable, consult with a Shipper prior to exercising such MAA Rights.

#### **18.5 Alteration of allocation at Moffat Entry Point**

Premier Transmission shall, if requested by a Shipper instruct the Moffat Agent under section 6.4.2 of the Moffat Administration Agreement to alter an allocation of gas and at the Shippers' cost, exercise its right to appoint an Auditor under section 6.9.1 of the Moffat Administration Agreement.

#### **18.6 Liability**

If Premier Transmission suffers or incurs any costs, claims, losses or damages to or by any third party the Shippers agrees that such costs, claims, losses or damages shall, to the extent that they arise as a result of or in connection with the proper performance by Premier Transmission of its duties under or in respect of its participation in the Moffat Administration Agreement, be Licensee Unpredictable Operating Costs in accordance with the Licence.

#### **18.7 MAA costs as Licensee Unpredictable Operating Costs**

A Shipper agrees that all sums payable by Premier Transmission to the Moffat Agent under the Moffat Administration Agreement including;

- (a) the annual registration fee payable by Premier Transmission to the Moffat Agent under section 11.3.2 of the Moffat Administration Agreement;
- (b) the monthly charge payable by Premier Transmission to the Moffat Agent under section 11 of the Moffat Administration Agreement;

- (c) any sums which Premier Transmission is obliged to pay to the Moffat Agent by way of indemnity under section 10.4 of the Moffat Administration Agreement; and
- (d) VAT or any similar taxes payable by Premier Transmission arising under the Moffat Administration Agreement;

shall be Licensee Unpredictable Operating Costs in accordance with the Licence.



## 19. CONFIDENTIALITY

### 19.1 Definitions

In this Code:

19.1.1 **"Confidential Information"** means:

- (a) in relation to Premier Transmission, any information relating to the affairs of a Shipper;
- (b) in relation to a Shipper, any information relating to Premier Transmission or another Shipper,

obtained in connection with this Code other than its terms;

19.1.2 **"Disclosing Party"** means the party disclosing Confidential Information to a Receiving Party;

19.1.3 **"Permitted Purpose"** means any purpose related to a party's participation in this Code including in relation to the preparation of the NI Pressure / Capacity Report; and

19.1.4 **"Receiving Party"** means the party to which Confidential Information is disclosed by a Disclosing Party.

### 19.2 Confidentiality

A Receiving Party shall not, except as provided in section 19.3 and 19.4, disclose any Confidential Information to any other person, or use any Confidential Information other than for the Permitted Purpose, without the written consent of the Disclosing Party.

### 19.3 Exceptions

Section 19.2 shall not apply to any Confidential Information which:

- 19.3.1 at, or after, the time of disclosure becomes part of the public domain (other than by reason of a breach of this Code by the Receiving Party);
- 19.3.2 is known by the Receiving Party at the time it obtains the Confidential Information (save where the information is known by the Receiving Party as a result of it having previously been disclosed by the Disclosing Party to it); or
- 19.3.3 is lawfully acquired by the Receiving Party from a third party otherwise than in breach of an obligation of confidentiality.
- 19.3.4 any information which is required to be discharged to holders of conveyance licences for the purpose of the operation or management of the Postalised Network Disbursement Procedure or the BGE(NI) Postalised Network Disbursement Bank Account.

### 19.4 Rights of disclosure

19.4.1 A Receiving Party may disclose Confidential Information without the consent of the Disclosing Party:

- (a) to any employees, officers, directors, professional advisors and consultants of the Receiving Party to the extent that the disclosure is necessary in connection with the Permitted Purpose;
- (b) to any of its Affiliates, or any person holding more than twenty five (25)% of the issued share capital of the Receiving Party or any of that persons Affiliates, to the extent that the disclosure is necessary in connection with the Permitted Purpose;
- (c) to any bona fide prospective transferee of more than twenty five (25) % of the issued share capital of the Receiving Party or any of its Affiliates;
- (d) to any bank or financial institution from which the Receiving Party is seeking or obtaining finance to the extent that the disclosure is necessary in connection with such finance;
- (e) to any person appointed as Expert pursuant to this Code to the extent reasonably necessary for the performance of his duties to the extent required by law or by the order of any court having competent jurisdiction over the Receiving Party or the regulations of a recognised stock exchange or requested by any Competent Authority; and
- (f) to the extent required by law or by the order of any court having competent jurisdiction over the Receiving Party or the regulations of a recognised stock exchange or requested by any Competent Authority.

19.4.2 A Receiving Party shall:

- (a) ensure that any person to whom the Receiving Party discloses information under sections 19.4.1 (a) to (e) complies with the obligations of this section 19.1 to 19.5 as if that person were a party to the fullest extent practicable; and
- (b) obtain from any person to whom the Receiving Party discloses information under sections 19.4.1 (c), (d) or (e) an undertaking in favour of the Disclosing Party to do so.

19.4.3 Premier Transmission may disclose Confidential Information without the consent of the Disclosing Party to Belfast Gas to the extent Premier Transmission reasonably considers is necessary in order for it to comply with the [Network Code Interface] Agreement entered into by Premier Transmission and Belfast Gas [during December 2004] [and published by Premier Transmission on its website].

19.4.4 Premier Transmission shall require that Belfast Gas complies with its obligations in respect of confidentiality set out in such [Network Code Interface] Agreement in relation to the information which Premier Transmission discloses to Belfast Gas in accordance with section 19.4.3.

Comment [SKE 33]: Update document reference

19.4.5 [Premier Transmission may disclose Confidential Information without the consent of the Disclosing Party to any other TSO holding a valid licence to convey gas to the extent Premier Transmission reasonably considers is necessary for the purposes of [capacity allocation].]

Comment [SKE 34]: This is likely to be extended to cover VRF and any thing else arising in relation to IME2 compliance where disclosure between TSOs is required

## 19.5 Survival

Whether a party ceases or continues to be bound by this Code its obligations of confidentiality shall remain in force in relation to any Confidential Information until such information is in the public domain or acquired, known or developed by the relevant Receiving Party in accordance with section 19.3.

**19.6 Data Ownership**

- 19.6.1 Any data which is processed, recorded or maintained in respect of the Transportation System shall belong to Premier Transmission, and subject to the provisions of this Code, Premier Transmission may use such data in such manner as Premier Transmission sees fit.
- 19.6.2 If a Shipper provides Premier Transmission with data the Shipper hereby grants to Premier Transmission a perpetual non-exclusive, royalty free licence in respect of such data and all intellectual rights in it to use, copy and adopt and deal with such data for purposes of the performance and implementation of this Code and other purposes contemplated by this Code but not otherwise. Section 19.6.1 applies to any data derived from such data and all compilations created by or on behalf of Premier Transmission of such data.
- 19.6.3 If Premier Transmission provides or makes available data to a Shipper, the Shipper shall be entitled to use such data without charge for the purposes of the performance and the implementation of this Code and for other purposes contemplated by this Code, but not otherwise.

## 20. GENERAL

### Communications

#### 20.1 Gas Transportation Management and Billing System

20.1.1 Premier Transmission proposes to establish an information exchange system for the purposes of supporting the implementation of this Code or any operational procedures established in respect of this Code or the operation of the PTL System (a "GTMB System").

20.1.2 Premier Transmission proposes to establish an Ancillary System (the "Ancillary System") [for the purposes of supporting the implementation of Daily Capacity Applications and the provision of Firm Capacity Notices in relation to Daily Capacity]. The Ancillary System shall, for the purposes of the Code, form part of the GTMB System.

20.1.32 Premier Transmission may, from time to time, prescribe which communications shall be made by the parties in respect of this Code or the operation of the PTL System using the GTMB System (a "GTMBS Communication") and the form of any GTMBS Communication. For the avoidance of doubt, communications using the Ancillary System shall, for the purposes of the Code, be GTMBS Communications.

20.1.43 Subject to section 20.2, If Premier Transmission does so prescribe that a communication shall be a GTMBS Communication and the form of the GTMBS Communication, the communication may only be given by a Shipper by that means and in that form and any communication given by a Shipper by any other means or in any other form shall be deemed to have not been given for the purposes of this Code the operation of the PTL System.

20.1.54 Premier Transmission and each Shipper agrees that any GTMBS Communication shall have legal effect for the purposes of this Code.

20.1.65 The GTMB System may, upon giving a Shipper reasonable notice, be reasonably modified from time to time by Premier Transmission.

#### 20.2 Failure of GTMB System

20.2.1 Premier Transmission may, acting as a Reasonable and Prudent Operator, by firstly consulting with and then notifying any Shipper which would be affected, suspend the giving of any communication by the GTMB System for so long as Premier Transmission shall prescribe. In this event any communication in relation to the Code shall be given by fax in accordance with section 20.5.

20.2.2 A Shipper may request Premier Transmission to suspend the giving of any communication by the GTMB System where it considers access to it is prevented or restricted. Premier Transmission shall suspend the giving of any communication by the GTMB System if, acting as a Reasonable and Prudent Operator, it believes the request of the Shipper to be reasonable.

**Comment [SKE 35]:** Capacity Applications should have the same status as GTMBS Comms and should have legal effect as set out in 20.1.4/5, and the contingency arrangements for faxes flow through from 20.2. It will also be important to ensure that the intended website carries appropriate information (terms and conditions etc) - these also need to be developed

20.2.3 The Shipper shall at the request of Premier Transmission provide any information reasonably requested by Premier Transmission in order to investigate, diagnose, test the GTMB System or repair any faults.

20.2.4 Premier Transmission may plan outages for maintenance of the GTMB System at any time, but will endeavour to minimise the business impact of such outages to all parties. Premier Transmission will endeavour to give Shippers at least 10 Business days prior notice of any such planned outage together with, where possible, an estimate of the expected duration of such outage.

### **20.3 Licence to use GTMB System**

20.3.1 Subject to this section 20.1 Premier Transmission licences a Shipper, for the purposes contemplated by this Code, but not otherwise:

- (a) to have access to and use the GTMB System;
- (b) to use the software installed in respect of the GTMB System; and
- (c) make use of any manual or other materials provided by Premier Transmission in respect of the GTMB System

(collectively the "**Licensed Software and Materials**") provided that a Shipper shall only use the Licensed Software and Materials for its own internal purposes and for its business operations.

20.3.2 The licence granted in section 20.3.2 to a Shipper is royalty free, non-exclusive and non-transferable and shall terminate automatically upon that Shipper ceasing to be a Shipper for any reason.

20.3.3 The Licensed Software and Materials and all copyright and other intellectual property rights of whatever nature in the Licensed Software and Materials are and shall at all times remain, as between Premier Transmission and a Shipper, the property of Premier Transmission.

20.3.4 A Shipper shall not:

- (a) use the Licensed Software and Materials other than as permitted in accordance with section 20.3.1;
- (b) copy the Licensed Software and Materials;
- (c) sub-license the use of the Licensed Software and Materials;
- (d) except as may be permitted by law, decompile, disassemble or modify the whole or any part of the software comprised in the Licensed Software and Materials;
- (e) without the prior written consent of Premier Transmission permit any unauthorised party to use the Licensed Software and Materials.

20.3.5 If through the GTMB System a Shipper obtains or receives unauthorised access to information concerning another Shipper, or receives a communication sent to another Shipper, the receiving Shipper will promptly so inform Premier Transmission and will close the screen on which such information or communication appears or delete the same from its equipment without making any copy of it (and destroying any copy accidentally made) and make no further use of it.

## **20.4 Provision and return of Licensed Software and Materials**

- 20.4.1 Premier Transmission shall provide one copy of the Licensed Software and Materials to a Shipper promptly after it becoming a Shipper.
- 20.4.2 Premier Transmission may make a reasonable charge for any additional copies of the Licensed Software and Materials or training requested by a Shipper.
- 20.4.3 Premier Transmission shall have no obligation to provide a Shipper with computer hardware, telephone lines or equipment to secure access to the GTMB System.
- 20.4.4 If a Shipper ceases to be entitled to use the GTMB System for any reason it shall return any Licensed Software and Materials with which it has been provided and ensure that its employees and other representatives discontinue access to and use of GTMB System. If a Shipper has damaged or lost any Licensed Software and Materials it shall reimburse Premier Transmission any reasonable costs and expenses incurred by Premier Transmission in respect of such loss.
- 20.4.5 A Shipper shall on the written request of Premier Transmission return or destroy any version of the Licensed Software and Materials for which a revised version has been issued.

## **20.5 Notices**

- 20.5.1 Any notice or other communication (other than a communication given in accordance with any procedure established under section 20.1.2) given or made by a party under this Code shall be:
  - (a) in writing and may be delivered by hand to the addressee, or sent by first class prepaid letter, to the address of the addressee or sent by fax to the addressee's fax transmission number specified in writing by the addressee or such other address or number as may be notified by a party to the other from time to time in writing for this purpose; and
  - (b) deemed to have been given or made and delivered, if by hand, when left at the relevant address, if by letter, on the second day after posting, and if by fax transmission between the hours of 09:00 and 17:00 on Monday to Thursday and between the hours of 09:00 and 16:00 on Friday, at the time of receipt by the sender of confirmation of transmission and otherwise at 09:00 on the next business day after transmission;
  - (c) marked clearly and conspicuously for the attention of Premier Transmission or the Shipper (as appropriate).
- 20.5.2 If a communication by fax is received in an incomplete or illegible form:
  - (a) if the addressee so requests (by telephone or otherwise), the sender shall promptly retransmit the communication to the addressee; and
  - (b) provided that the request for re-transmission was made within twenty four (24) hours after time of receipt (in accordance with section 20.5.1) of the first fax, the communication shall not be deemed to have been received until the time (whether or not between 09:00 and 17:00 hours) of receipt by the sender of confirmation of such retransmission.
- 20.5.3 The Parties shall agree procedures for giving operational communications.

## **Other general sections**

### **20.6 Waiver**

- 20.6.1 No delay by or omission of any party in exercising any right, power, privilege or remedy under this Code shall operate to impair such right, power, privilege or remedy or be construed as a waiver of it.
- 20.6.2 Any single or partial exercise of any such right, privilege or remedy shall not preclude any other or future exercise thereof or the exercise of any other right, power, privilege or remedy.

### **20.7 Severance**

If any provision of this Code is or becomes invalid, unenforceable or illegal, or is declared to be invalid, unenforceable or illegal by any court of competent jurisdiction or by order of any other Competent Authority, such invalidity, unenforceable or illegality shall not prejudice or affect the remaining provisions of this Code, which shall continue in full force and effect notwithstanding the same.

### **20.8 Entire Agreement**

- 20.8.1 Subject to section 20.8.3 this Code and an Accession Agreement (as respects the Parties to it) contain or expressly refer to the entire agreement between the Parties with respect to their subject matter, and supersede all previous agreements or understandings between the Parties with respect thereto; and any warranty, condition or other term implied at law or by custom is (to the fullest extent permitted by law) expressly excluded from them.
- 20.8.2 Premier Transmission and a Shipper acknowledge that in entering into any Accession Agreement it does not rely on any representation, warranty or other understanding not expressly contained in this Code or such Accession Agreement.
- 20.8.3 Nothing contained in a document (other than an Accession Agreement) referred to in this Code, beyond what is expressly contemplated by this Code as being contained in such document or is necessary for the purposes of giving effect to a provision of this Code, shall modify or have any effect for the purposes of this Code or be construed as relevant to the interpretation of this Code unless the Authority approves such document in writing.

### **20.9 Gas users or shippers**

Nothing in this Code or the Accession Agreement shall be construed as imposing upon Premier Transmission any obligation or duty to or enforceable by a user or a shipper of gas downstream of the Transportation System, except if such user or shipper is a party to this Code and no Shipper shall make any commitment to any such user or shipper binding on or purporting to bind Premier Transmission.

### **20.10 Third party rights**

A person who is not a party to this Code shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Code or any Accession Agreement or agreement expressed to be supplemental hereto notwithstanding that any such term may purport to confer or may be construed as conferring a benefit on such third party. The provisions of this section 20.10

shall not affect any right or remedy of such third party which exists or is available apart from the Act.

## **20.11 Assignment**

20.11.1 Subject to section 20.11.4 and 20.11.5 a party may assign its rights under this Code and the Accession Agreement:

- (i) to an Affiliate (the definition of Affiliate shall be amended for these purposes so that a shareholding of  $33\frac{1}{3}\%$  shall be considered to be control) of such party, provided that the assigning party shall continue to be bound by and liable under this Code, and the Accession Agreement;
- (ii) subject to section 20.11.5 with the prior agreement in writing of each relevant other party or parties, which shall not unreasonably be withheld, to any person.

20.11.2 For the purposes of this section 20.11 a relevant other party is:

- (i) where the assigning party is a Shipper, Premier Transmission; and
- (ii) where the assigning party is Premier Transmission, each Shipper.

20.11.3 Except as provided in section 20.11.1, or otherwise expressly provided in this Code, a party shall not assign or transfer and shall not purport to assign or transfer any of its rights or obligations under this Code, and the Accession Agreement.

20.11.4 No assignment shall be made to a person unless:

- (i) where the assigning party is Shipper, that person holds a Gas Supply Licence if the assigning party has an Exit Point Registration in respect of an Exit Point in Northern Ireland;
- (ii) where the assigning party is Premier Transmission, that person holds a Licence to Convey Gas in Northern Ireland.

20.11.5 Where a Shipper assigns its rights under this Code and the Accession Agreement to a person (including a  $33\frac{1}{3}\%$  Affiliate) pursuant to section 20.11.1 it shall be a condition precedent to such assignment that such person shall:

- (a) enter into an agreement with Premier Transmission covenanting to be bound by this Code and the Accession Agreement;
- (b) satisfy the conditions precedent in the Accession Agreement.

20.11.6 Where any party assigns its rights under this Code and the Accession Agreement to a person pursuant to section 20.11.1 the assigning party shall be released from its obligations under this Code and the Accession Agreement arising after the time at which the assignment is effective, but shall remain liable for any obligations accruing up to such time.

20.11.7 A reference in this Code and Accession Agreement to any party shall include a reference to that party's assigns.

## **20.12 Definitions and interpretations**



Unless the context otherwise requires, the definitions and rules of interpretation in appendix 1 shall apply to this Code.

### **Transitional provisions**

#### **20.13 Survival of existing capacity reservations**

Upon a Prospective Shipper, which is a party to an existing transportation agreement with Premier Transmission pursuant to which it is entitled to firm capacity in the Transportation System (an **"Existing Transportation Agreement"**):

- 20.13.1. agreeing with Premier Transmission to the termination of its Existing Transportation Agreement; and
- 20.13.2. having executed a relevant Accession Agreement and acceding to the Code and becoming a Shipper,

Premier Transmission shall, notwithstanding section 1.5, issue to the Shipper, a Firm Capacity Notice allocating to it Firm Capacity for each Gas Year of an amount equal to the firm capacity held under its Existing Transportation Agreement in such years.

#### **20.14 Initial Capacity Reservation**

20.14.1 In this Code

**"Incremental Capacity Period"**

the period commencing on the date declared by Premier Transmission being a date consistent with BGE (UK) having revised Premier Transmission's capacity holding in the BGE (UK) Upstream System and ending on 30th September 2001;

**"Initial Capacity Reservation Period"**

means a period notified by Premier Transmission to Shippers on not less than five (5) Business Days notice commencing on the later of:

- (a) the date which is five (5) Business Days after the date on which the Authority has confirmed in writing to Premier Transmission that the Authority does not object to this Code being put in place; and
- (b) the date declared by Premier Transmission being a date consistent with BGE (UK) having revised Premier Transmission's capacity holding in the BGE (UK) Upstream System;

and ending five (5) Business Days later.

20.14.2 A Shipper may, during the Initial Capacity Reservation Period, submit to Premier Transmission a Firm Capacity Application in respect of the Incremental Capacity Period and for any future Gas Year.

- 20.14.3 Premier Transmission shall apply section 1.3, 1.4 and 1.5, *mutatis mutandis*, to any Firm Capacity Applications which it receives during the Initial Capacity Reservation Period provided that Premier Transmission shall issue a Firm Capacity Notice to each Shipper to which Available Firm Capacity shall be allocated not later than fifteen (15) Business Days after the end of the Initial Capacity Reservation Period.
- 20.14.4 A Shipper which does not submit a Firm Capacity Application during the Initial Capacity Reservation Period may only submit a Firm Capacity Application after the Code coming into effect in accordance with the provisions of the Code.
- 20.14.5 It is agreed, for the avoidance of doubt, that when applying these transitional provisions Available Firm Capacity will exclude firm capacity reserved under all Existing Transportation Agreements.

**20.15 Initial Accession to the Code**

In respect of any Shipper acceding to the Code within the first two (2) months after the date of this Code, Premier Transmission may (notwithstanding any other provision of this Code) in respect of any of the requirements for acceding to this Code (including any requirements set out in section 13) agree to shorten any of the relevant time periods in order to facilitate the accession by Shippers to this Code in a timely manner.

**20.16 Agents**

A Shipper shall be entitled, by notice in writing to Premier Transmission, to require that Premier Transmission receives all notices from and gives all notices to and otherwise communicates with the nominated agent of such Shipper (and not such Shipper) for all purposes under sections 2, 3 and 6 of this Code provided that such Shipper shall remain liable to Premier Transmission in respect of the performance of all of its obligations under this Code.

## 21. GOVERNING LAW AND DISPUTE RESOLUTION

### 21.1 Governing Law

This Code will be governed by and construed in accordance with the laws of England and Wales.

### 21.2 Dispute Resolution

21.2.1 In this Code a "**Dispute**" means any controversy, claim or Dispute arising out of or in connection with this Code or an Accession Agreement.

21.2.2 If a Dispute arises, it shall be referred, upon written notice from a party to the other party or parties (a "**Dispute Notice**"), to mediation in accordance with section 21.3.

21.2.3 A Dispute which is not resolved by mediation within thirty (30) days of the date of the Dispute Notice shall, subject to section 21.2.4 and 21.4, be settled by the courts of England in accordance with section 21.5.

21.2.4 Where this Code provides or the parties have agreed that a Dispute is to be resolved by the determination of an expert and the Dispute is not first resolved by mediation within thirty (30) days of the date of the Dispute Notice, it shall be settled by an Expert (an "**Expert**") in accordance with section 21.4 ("**Expert Determination**").

### 21.3 Mediation

21.3.1 If a Dispute arises the parties shall attempt to settle it in accordance with the Centre for Dispute Resolutions (CEDR) Model Mediation Procedure.

### 21.4 Expert Determination

21.4.1 The procedure for the appointment of an Expert shall be as follows:

- (a) the parties shall attempt to agree on the appointment of a single Expert to settle the Dispute;
- (b) if within fifteen (15) Business Days of the date of the Dispute Notice the parties have been unable to agree on the choice of an Expert, any party may inform the President of Institution of Gas Engineers and Managers (the "**President of the IGEM**") of the nature and complexity of the Dispute and request him to appoint a single Expert for the determination of the Dispute within thirty (30) Business Days of the date of the Dispute Notice, and in doing so the President of the IGEM may take such independent advice as he thinks fit;
- (c) if the President of the IGEM does not exist at the time of such request, refuses to make such an appointment, or fails to do so within thirty (30) Business Days of the Dispute

Notice, any of the parties may then apply to the President of the Law Society of England and Wales who shall appoint an Expert within fifteen (15) Business Days of being requested to do so;

- (d) upon the Expert being agreed upon or appointed in accordance with this section 21.4 the parties shall immediately notify the Expert of his appointment and shall request him to confirm within 5 Business Days whether or not he is willing and able to accept the appointment and, if he accepts the appointment, to confirm his independence. If no Expert can be appointed pursuant to section 21.4, the Dispute shall be finally settled by the courts of England in accordance with section 21.5.

21.4.2 The Expert shall be a person suitably qualified by education, experience and/or training to determine the Dispute.

21.4.3 The Expert shall be entitled to: (a) seek such independent professional and/or technical advice; and (b) obtain secretarial assistance, as he may reasonably consider necessary.

21.4.4 The Expert and his assistants (if any) shall, as a prerequisite to the Expert's appointment, enter into a confidentiality undertaking with the parties in the same terms, *mutatis mutandis*, as required by section 19 (*Confidentiality*) and pursuant to which the Expert and his assistants (if any) shall keep the fact that the Expert Determination is taking place and its outcome confidential.

21.4.5 (a) The Expert shall confirm to the parties before his appointment that he does not hold any interest or duty which would or potentially would conflict with the performance of his duties as an Expert.

(b) If after his appointment the expert becomes aware of any interest or duty which does so conflict or potentially conflicts, the expert shall inform the parties forthwith of such conflict giving full details of it.

(c) Any party may within five (5) Business Days of the disclosure of any such conflict object to the appointment or continued appointment of an expert, in which case the expert shall not be or shall cease to be appointed and a new expert shall be selected and appointed in accordance with this section 21.4 (and the rejected expert shall not be nominated for such selection).

21.4.6 The parties shall keep the fact that the Expert Determination is taking place and its outcome confidential provided that a Shipper may disclose the outcome to any of its customers to the extent that it demonstrates to Premier Transmission that it reasonably requires to do so provided further that any such Shipper shall ensure that any such customer complies with the obligations of section 19.1 to 19.5 as if that customer were a party and following any request by Premier Transmission, obtains from that customer an undertaking in favour of Premier Transmission to do so.

21.4.7 Any and all communications between the parties and the Expert shall be made or confirmed in writing and a copy of such communications shall be provided simultaneously to the other Party or Parties. No meeting between the Expert and any of the Parties shall take place unless all the parties have been given a reasonable opportunity to attend.

21.4.8 The terms of reference of the Expert shall include the following:

21.4.8.1 that the Expert shall, as soon as practicable after the confirmation of his appointment, call the Parties to a meeting (which shall, together with all other meetings, be held in England) at which he shall clarify, and, if necessary, define the Dispute and give directions as to the future conduct of the Dispute;

21.4.8.2 that the Expert may, from time to time give such directions as he sees fit;

- 21.4.8.3 that the Parties shall be entitled to supply data and information and make submissions to the Expert and that the Expert shall make his determination as soon as reasonably practicable and in any event within thirty (30) Business Days of his appointment or such other time as agreed in writing by the parties;
- 21.4.8.4 that the Expert shall give full written reasons for his determination and shall furnish the parties with a draft of his proposed determination;
- 21.4.8.5 the parties shall be entitled to make representations to the Expert within seven (7) Business Days after the receipt of the draft of the Expert's proposed determination.
- 21.4.9 If an Expert becomes unwilling or unable to act, or does not act, in the matter in respect of which he is appointed, then another Expert shall be appointed in accordance with the procedure set out in section 21.4.1.
- 21.4.10 If, within a reasonable period, but in any event not later than ninety (90) Business Days after the acceptance of his appointment, the Expert has not made his determination, then, at the request of any of the parties, another Expert shall be appointed in accordance with section 21.4.1 and, on acceptance of such appointment, the appointment of the previous Expert shall cease unless (prior to the date when the new Expert accepts his appointment) the Expert has made his determination, in which case such determination shall be binding and the instructions of the new Expert shall be withdrawn.
- 21.4.11 Subject to section 21.6, the costs and expenses of the Expert, any independent advisers to the Expert and any costs of his or their appointment (if he is or they are appointed by the President of the IGEM or the President of the Law Society of England and Wales) shall be borne equally by the parties, but each party shall bear its own costs.
- 21.4.12 An Expert appointed under this section 21 shall act as an expert and not as an arbitrator and the provisions of the Arbitration Act 1996 and any amendments or supplements to or re-enactments of them shall not apply to his determination.
- 21.4.13 The Expert's final determination shall be final and binding on the parties except in the event of fraud or where it is so clearly erroneous on its face that it would be unconscionable for it to stand, in which case another expert may be appointed in accordance with the provisions of section 21.4.1.

## **21.5 English Courts**

- 21.5.1 Subject to the provisions of this section 21, Premier Transmission and a Shipper irrevocably agree that the courts of England shall have exclusive jurisdiction to settle any Dispute which may arise out of or in connection with this Code and/or its Accession Agreement.
- 21.5.2 Each party irrevocably waives any objection which it may have to the laying of the venue of any proceedings in the courts of England and any claim that any such proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgement in any proceedings brought in the English courts shall be conclusive and binding upon such party and may be enforced in the courts of any other jurisdiction.

## **21.6 Costs of Dispute**

Premier Transmission's costs arising out of a Dispute shall be treated as an Eligible Pass-Through Cost in accordance with the Licence unless an Expert or court directs that Premier Transmission has failed to act as a Reasonable and Prudent Operator.

## APPENDIX 1

### DEFINITIONS AND INTERPRETATION

Comment [SKE 36]: Definitions need to be updated once drafting is complete

#### Part I - Definitions

In this Code:

"Accession Agreement"	means an agreement between Premier Transmission and a Shipper pursuant to which the Shipper agrees to be bound by this Code and which relates to the transportation of gas from the Moffat Entry Point to a single Exit Point;
"Accounting Ratios"	means FFO Interest Coverage and FFO to Total Debt;
"Actual Monthly Charge"	has the meaning given to it in Condition 2.1.5 of the Licence;
"Adjusted Final Allocation at Entry"	has the meaning given to it in section 9.1.2 (a);
"Adjusted Final Allocation at Exit"	has the meaning given to it in section 9.1.2 (b);
"Adjusted Monthly Charge"	has the meaning given to it in Condition 2.1.5 of the Licence;
"Adjustment Amount"	has the meaning given to it in section 12.13.2;
"Affected Party"	has the meaning given to it in section 15.1;
"Affiliate"	in relation to any party means a company which is either a holding company or a subsidiary of such party or a company or corporation which is a subsidiary of a holding company of which such party is also a subsidiary and the words "holdingcompany" and "subsidiary" shall have the same meaning given to them, regardless of the place of incorporation of the party, in section 736 of the Companies Act 1985 as amended from time to time save that the expression in the section "a majority" shall be deemed to be "one half";
"Aggregate Nominated Quantity"	has the meaning given to it in section 2.1.4 (b) and " <b>Aggregate Nominated Quantities</b> " shall be construed accordingly;
"Allocated"	means that quantity of gas allocated to a Shipper in respect of a Gas Flow Day, after any adjustment to the allocation, in accordance with section 3 and " <b>Allocation</b> " shall be construed accordingly;
"Authority"	means the Northern Ireland Authority for Energy Regulation;
"Auxiliary Payment"	shall have the meaning given to it in the Licence;
"Available Firm"	

<b>Capacity”</b>	has the meaning given to it in section 1.1.2 (a);
<b>”Available Interruptible Capacity”</b>	has the meaning given to it in section 2.1.4 (a);
<b>”Average PS Code Charges”</b>	means the mean average Code Charge cost per unit of gas Exited from the NI Network, calculated in accordance with the procedure developed pursuant to the NINOA.
<b>”Balancing Charge”</b>	has the meaning given to it in section 4.1.1(b);
<b>”Balancing Gas”</b>	has the meaning given to it in section 5.2.1;
<b>”Ballylumford Exit Point”</b>	means the Exit Point located at Ballylumford power station from which gas is offtaken for the supply of gas to the power station;
<b>”Ballylumford Nomination”</b>	has the meaning given to it in section 2.1.4 (d);
<b>”bar”</b>	has the meaning given to it in ISO 1000: 1981 (E);
<b>”Belfast Gas”</b>	means Belfast Gas Transmission Limited;
<b>”Belfast Gas Exit Point No 1”</b>	means a notional point at the point of offtake from the Transportation System at Ballylumford shown in part II of appendix 3 in respect of which, inter alia, capacity is allocated for the purposes of submitting Belfast Gas Exit Point No 1 Nominations;
<b>”Belfast Gas Exit Point No 2”</b>	means a notional point at the point of offtake from the Transportation System at Ballylumford shown in part II of appendix 3 in respect of which, inter alia, capacity is allocated for the purposes of submitting Belfast Gas Exit Point No 2 Nominations;
<b>”Belfast Gas Exit Point No 3”</b>	means a notional point at the point of offtake from the Transportation System at Ballylumford shown in part II of appendix 3 in respect of which, inter alia, capacity is allocated for the purposes of submitting Belfast Gas Exit Point No 3 Nominations;
<b>”Belfast Gas Exit Point No 1 Nomination”</b>	has the meaning given to it in section 2.1.4 (f);
<b>”Belfast Gas Exit Point No 2 Nomination”</b>	has the meaning given to it in section 2.1.4 (g);
<b>”Belfast Gas Exit Point No 3 Nomination”</b>	has the meaning given to it in section 2.1.4 (h);
<b>”Belfast Gas System”</b>	means the gas pipeline owned by Belfast Gas which connects the PTL System at Ballylumford in Northern Ireland to the BGE (UK) Downstream System at the Carrickfergus Connected Systems Point and Phoenix’s distribution network in the Greater Belfast area;

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<b>“Belfast Network Exit Point”</b>	means the points in Belfast at which gas exits the NI Network;
<b>“Belfast Metering Agreement”</b>	means a deed of agreement made between Premier Transmission and Belfast Gas relating to the use of certain meter reading equipment;
<b>“BGE (UK)”</b>	means BGE (UK) Limited;
<b>“BGE (UK) CODE”</b>	means the Code governing the relationship between BGE (UK) Limited and its Shippers in respect of the BGE (UK) Downstream System;
<b>"BGE (UK) Downstream System"</b>	means the pipeline owned and operated by BGE (UK) which connects the Belfast Gas System at the Carrickfergus Connected Systems Point to the north west of Northern Ireland;
<b>“BGE(NI) Postalised Network Disbursement Account”</b>	has the meaning given to it in the BGE (UK) Code;
<b>“BGE (UK) Shipper”</b>	means a person shipping gas on the BGE (UK) Downstream System;
<b>"BGE (UK) Upstream System"</b>	means the pipeline and associated facilities operated by BGE (UK) connecting the national gas transmission system at Moffat to, inter alia, Twynholm in Scotland through which BGE (UK) transports gas for Premier Transmission pursuant to the BGE (UK) Transportation Agreement;
<b>“BGE (UK) Transportation Agreement”</b>	means the agreement dated 21 August 1996 made between BGE (UK) and Premier Transmission pursuant to which BGE (UK) transports gas for Premier Transmission through the BGE (UK) Upstream System;
<b>"Business Day"</b>	means a day (other than a Saturday or Sunday) on which banks are generally open for business in Belfast;
<b>“Calorific Value”</b>	means that number of Megajoules produced by the complete combustion at a constant absolute pressure of 1.01325 bar of 1 Cubic Meter of gas at a temperature of 15° C with excess air at the same temperature and pressure as the gas when the products of combustion are cooled at 15° C and when the water formed by combustion is condensed to the liquid state and the products of combustion contain the same total mass of water vapour as the gas and air before combustion; and for the avoidance of doubt calorific value shall be REAL as defined in ISO 6976-1:1983(E);
<b>"Capacity Shortfall Year"</b>	has the meaning given to it in section 1.5.2;

<b>"Capacity Transfer"</b>	has the meaning given to it in section 1.9.1;
<b>"Capacity Transfer Application"</b>	has the meaning given to it in section 1.9.3;
<b>"Carrickfergus Connected Systems Point"</b>	means the point at Carrickfergus at which the Belfast GasSystem connects with the BGE (UK) Downstream System;
<b>"CC Invoice"</b>	has the meaning given to it in section 12.1;
<b>"Code" or "Transportation Code"</b>	means this code governing the relationship between Premier Transmission and a Shipper in relation to the transportation of gas on the Transportation System;
<b>"Competent Authority"</b>	means the Authority, the Office of Gas and Electricity Markets in Great Britain, or any local, national or supra-national agency, authority, department, inspectorate, official, court, tribunal or public or statutory person (whether autonomous or not) of the European Union (including any Member State thereof) which has jurisdiction over Premier Transmission or a Shipper regarding the subject matter of this Code;
<b>"Confidential Information"</b>	has the meaning given to it in section 19.1.1;
<b>"Connected Facilities"</b>	means the facilities immediately downstream of an Exit Point whether or not owned by a Shipper;
<b>"Connected System"</b>	means any transportation system connected to the Transportation System;
<b>"Connected System Operator"</b>	means the operator of a Connected System;
<b>"CPI"</b>	means the General Index of Consumer Prices – All Items (1996 = 100) as published in the Office of National Statistics "Monthly Digest of Statistics" (Series Identifier CHVJ) or, if such index is no longer published, such comparable alternative as the Authority deems appropriate;
<b>"Credit Application"</b>	has the meaning given to it in section 13.1.2;
<b>"Credit Committee"</b>	shall have the meaning given in the Terms of Reference;
<b>"Credit Period"</b>	shall have the meaning given it in Section 13.2.2;
<b>"D"</b>	has the meaning given to it in section 3.2.1;
<b>"D-1 "</b>	has the meaning given to it in section 2.4.3 (b);
<b>"D-1 Predicted Capacity"</b>	

<b>Shortfall"</b>	has the meaning given to it in section 6.2.1;
<b>"D+1"</b>	has the meaning given to it in section 3.2.1;
<b>"D+5"</b>	has the meaning given to it in section 3.2.2;
<b>Daily Capacity</b>	
<b>Daily Capacity Application Window?</b>	
<b>"DailyGasPrice"</b>	has the meaning given to it in section 4.1.1 (a);
<b>"Daily Gas Quantity"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Daily Profile"</b>	has the meaning given to it in section 2.12.2 and 2.12.3;
<b>"Day"</b>	means a period beginning at 06:00 hours on any day and ending at 06:00 hours on the following day;
<b>"Day D Capacity Shortfall"</b>	has the meaning given to it in section 6.3.1;
<b>"Day of Greatest Allocated Quantity"</b>	has the meaning given to it in section 1.7.1 (b);
<b>"Debt Notice"</b>	shall have the meaning given to it in the Licence;
<b>"Debt Payment"</b>	shall have the meaning given to it in the Licence;
<b>"Debt Repayment"</b>	shall have the meaning given to it in the Licence;
<b>"Default"</b>	has the meaning given to it in section 13.5.1;
<b>"Default Nomination Notice"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Default Renomination Notice"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Defaulting Party"</b>	has the meaning given to it in section 16.3.1;
<b>"Delivery Characteristics"</b>	meansthe characteristics of gas delivered or tendered for delivery to the Transportation Systemin respect of which Gas Specification apply;
<b>"Designated Pipe-line Operator"</b>	means a person licensed to convey gas under Article 8(1)(a) of the Order through the Postalised System;
<b>"Designation Date"</b>	shall have the meaning given to it in the Licence;
<b>"Directions"</b>	means any direction made by the Credit Committee in accordance with the Terms of Reference;
<b>"Directive"</b>	means any present or future directive, regulation, request, requirement, instruction, code of practice, direction or rule of any Competent Authority (but only, if not having the force of law, if it is reasonable in all the circumstances for it to be treated as though it

**Comment [SKE 37]:** Definitions to be developed

	had legal force), and any modification, extension or replacement thereof;
<b>“Disbursement Amount”</b>	shall mean a Shippers share of the excess or deficit in the PTL Postalised Network Disbursement Bank Account and the BGE(NI) Postalised Network Disbursement Account calculated in accordance with the NINOA and the Postalised Network Disbursement Procedure;
<b>"Disclosing Party"</b>	has the meaning given to it in section 19.1.2;
<b>"Dispute"</b>	has the meaning given to it in section 21.2.1;
<b>"Dispute Notice"</b>	has the meaning given to it in section 21.2.2;
<b>"Distribution Utility"</b>	means a utility that operates in a smaller service area than a transmission utility with increased exposure to the local market conditions and that delivers gas to customers at a level that can be used in homes and businesses;
<b>“Downstream Load Category”</b>	has the meaning given to it in section 4.2.1 and <b>"Downstream Load Category No 1"</b> and so on shall be construed accordingly;
<b>“Downstream Load Statement”</b>	has the meaning given to it in section 17.7.1;
<b>“Downstream Supplier”</b>	means a Gas Supplier which is downstream of a Connected System;
<b>“Downstream System Operator”</b>	means the operator of a system which is downstream of a Connected System;
<b>"Due Date"</b>	means the date on which payment of an invoice in respect of any PS Transmission Payment and PS Code Changes falls due, being the tenth Business Day in the month next after the month in which the relevant invoice was issued and for the purpose of Section16 has the meaning therein;
;	
<b>“Eligible Pass-Through Cost”</b>	has the meaning given to it in the Licence;
<b>“Emergency”</b>	has the meaning given to it in section 6.5.2;
<b>"Emergency Steps"</b>	has the meaning given to it in section 6.6.1;
<b>"End User"</b>	means any person listed in part I of appendix 3;
<b>"Enhanced Pressure"</b>	has the meaning given to it in section 8.3.2;
<b>“Entry Point Adjustment Day”</b>	has the meaning given to it in section 9.1.2 (c);
<b>“Entry Quantity”</b>	has the meaning given to it in section 9.2.1;

"Equivalent Agencies"	has the meaning set out in section 13.3.1;
"Equivalent Agency"	shall have the meaning given to it in section 13.3.1;
"Equivalent Rating"	shall have the meaning given to it in section 13.3.1;
"Excess Amount"	has the meaning given to it in section 13.3.15;
"Existing Transportation Agreement"	has the meaning given to it in section 20.13;
"Exit Point"	has the meaning given to it in section 8.1.3;
"Exit Point Adjustment Day"	has the meaning given to it in section 9.6.2;
"Exit Point Adjustment Quantity"	has the meaning given to it in section 9.6.2(a);
"Exit Point Registration"	has the meaning given to it in section 17.4.1;
"Exit Point Registration Application"	has the meaning given to it in section 17.4.3;
"Exit Point Tolerance"	has the meaning given to it in section 4.2.1;
"Exit Quantity"	has the meaning given to it in section 9.5;
"Expert"	means an expert appointed in accordance with section 21.2.4;
"Expert Determination"	has the meaning given to it in section 21.2.4;
"FFO Interest Coverage"	means the ratio of net income from continuing operations plus depreciation, amortisation, deferred income taxes and other non cash items and gross interest, to gross interest;
"FFO to Total Debt"	means the net income from continuing operations plus depreciation, amortisation, deferred income taxes and other non cash items divided by total debt, expressed as a percentage;
"FPCapCt"	has the meaning given to it in section 4.5.1;
"Final Allocation"	has the meaning given to it in section 3.2.2;
"Firm Allocated Quantity"	has the meaning given to it in section 3.3.1 and " <b>FirmAllocated Quantities</b> " shall be construed accordingly;
"Firm Capacity"	has the meaning given to it in section 1.1.2(b);
"Firm Capacity Application"	has the meaning given to it in section 1.3.2;
"Firm Capacity Notice"	has the meaning given to it in section 1.1.2 (c);

<b>"Firm Nominated Quantity"</b>	has the meaning given to it in section 2.2.1 and <b>"FirmNominated Quantities"</b> shall be construed accordingly;
<b>"Five Year Statement"</b>	has the meaning given to it in section 11.1.1;
<b>"Flow Order"</b>	has the meaning given to it in section 6.1.2 (b);
<b>"Flow Rate"</b>	means the instantaneous rate of flow of gas expressed in MW;
<b>"Forecast Postalised Charges"</b>	means, with respect to a Shipper, that Shipper's Forecast Postalised Capacity Charge and Forecast Postalised Commodity Charge;
<b>"Forecast Supplier Quantity"</b>	shall have the meaning given to it in the Licence;
<b>"Force Majeure"</b>	has the meaning given to it in section 15.1.1;
<b>"GB Uniform Network Code"</b>	means the network code prepared by BG Transmission plc pursuant to the public gas transporters licence granted or treated as granted to it pursuant to Section 7 of the Gas Act 1986 (as amended by the Gas Act 1995) as from time to time modified.
<b>"gas"</b>	means any hydrocarbons or mixture of hydrocarbons and all associated gases consisting primarily of methane which at 15 <sup>o</sup> C and at atmospheric pressure is (or are) predominantly in a gaseous state;
<b>"Gas Flow Day"</b>	means, in relation to the application of any provision of this Code, the Day in relation to deliveries, offtakes or flow of gas or other operations on which such provision is to apply;
<b>"Gas Specification"</b>	has the meaning given to it in section 7.3.1;
<b>"Gas Supplier"</b>	shall have the meaning given to it in the Licence, section 2A.1.1 Definitions;
<b>"Gas Supply Licence"</b>	means a licence to supply gas granted under Article 8 (1) (b) of the gas (Northern Ireland) Order 1996;
<b>"Gas Year"</b>	shall mean the period of time beginning at 06:00 hours from 1 October in any calendar year to 06:00 hours on 1 October in the next succeeding calendar year;
<b>"Generation Utility"</b>	means a utility involved in the production of electricity;
<b>"GTMBS Communication"</b>	has the meaning given to it in section 20.1.2;
<b>"GTMB System"</b>	has the meaning given to it in section 20.1.1;

<b>"Incremental Capacity Period"</b>	has the meaning given to it in section 20.14.1;
<b>"Indemnified Liabilities"</b>	means liabilities, actions, proceedings, claims, losses, costs, demands, damages, expenses and fines of every kind and nature, including legal expenses;
<b>"Indicative Application for Firm Capacity"</b>	has the meaning given to it in section 1.2.1;
<b>"Initial Allocation"</b>	has the meaning given to it in section 3.2.1;
<b>"Initial Capacity Reservation Period"</b>	has the meaning given to it in section 20.14.1;
<b>"Integrated Utility"</b>	means a utility which operates both as a Distribution Utility and Transmission Utility;
<b>"Interruptible Allocated Quantity"</b>	has the meaning given to it in section 3.3.2 and <b>"Interruptible Allocated Quantities"</b> shall be construed accordingly;
<b>"Interruptible Nomination for Ballylumford"</b>	has the meaning given to it in section 6.1.2 (c);
<b>"Interruptible Nominated Quantity"</b>	has the meaning given to it in section 2.2.2 and shall be construed accordingly and <b>"Interruptible Nominated Quantities"</b> shall be construed accordingly;
<b>"Invoice Day"</b>	has the meaning given to it in Section 12.8.1;
<b>"Joule"</b>	means the joule as defined in ISO 1000 - 1981 (E);
<b>"Legal Requirement"</b>	means any law, statute or Directive that is in force in the jurisdiction where the Transportation System is situated from time to time;
<b>"LIBOR"</b>	means the rate which is the average of the figure or figures published by the Financial Times representing the mid-point of the rates (bid and ask) applicable to one month Interbank Sterling Interest Rates in the London Interbank Market on each fifteenth day of each month occurring between the date on which the unpaid amount(s) should have been paid to Premier Transmission and the date on which it is settled. If the LIBOR rate is available on any fifteenth day but is not published in the Financial Times in respect of such day for any reason, the LIBOR rate chosen shall be that offered by Barclays Bank plc to other leading banks in the London Interbank Market for one month Sterling deposits. If such fifteenth day is not a day on which LIBOR rates are quoted in the London Interbank Market, the LIBOR rate to be used shall be that quoted on the next following day on which such rates are quoted;

<b>“Licence”</b>	means, at any time, the licence (as amended from time to time) to convey gas or participate in the conveyance of gas granted under Article 8(1)(a) of the Gas (Northern Ireland) Order 1996 (as amended) which is held by Premier Transmission at that time.
<b>"Licence Charges"</b>	means the charges which Premier Transmission is entitled by virtue of its Licence to recover from any Shipper;
<b>“Licensed Software and Materials”</b>	has the meaning given to it in section 20.3.1;
<b>“Licensee Unpredictable Operating Costs”</b>	has the meaning given to it in the Licence;
<b>“Lisburn Exit Point”</b>	is the point at which gas can flow out of the BGE (UK) Downstream System and into a distribution pipe-line owned and operated by Phoenix. The Lisburn Exit Point is owned and operated by BGE (UK)
<b>“LPC Default”</b>	has the meaning given to it in section 13.4.2;
<b>“M+5”</b>	has the meaning given to it in section 4.6.5;
<b>“M+12”</b>	has the meaning given to it in section 12.14.3;
<b>“MAA Rights”</b>	has the meaning given to it in section 18.4.1;
<b>"Maintenance"</b>	has the meaning given to it in section 10.1.2 (a);
<b>"Maintenance Days"</b>	has the meaning given to it in section 10.1.2 (b);
<b>"Maintenance Programme"</b>	has the meaning given to it in section 10.2.2;
<b>"Matched Matrix"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Matching Matrix"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Matching Nominations"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>“Matching Renominations”</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Maximum Allowed Unsecured Credit"</b>	shall have the meaning given to it in section 13.3.2.;
<b>"Maximum Daily Quantity"</b>	and <b>"MDQ"</b> have the meanings given to them in section 1.1.2 (d);
<b>"Maximum Hourly Quantity"</b>	and <b>"MHQ"</b> have the meanings given to them in section 1.1.2 (e), the Maximum Offtake Quantity;
<b>“Maximum Offtake”</b>	



<b>Rate"</b>	means the maximum rate at which gas may be offtaken at an Exit Point as set out in part I of appendix 3;
<b>"Measurement Equipment"</b>	has the meaning given to it in section 9.1.2 (d);
<b>"Meeting Notice"</b>	shall have the meaning given to it in paragraph 3 of the Terms of Reference;
<b>"Megajoule"</b>	means one million Joules;
<b>"Megawatt" and "MW"</b>	means one Megajoule per second;
<b>"Megawatt Hour" and "MWh"</b>	means 3600 Megajoules;
<b>"Mid Year Date"</b>	means 30 April;
<b>"Minimum Pressure"</b>	has the meaning given to it in section 8.3.1;
<b>"Mismatched Firm Delivery"</b>	has the meaning given to it in section 14.1.1;
<b>"Mismatched Interruptible Delivery"</b>	has the meaning given to it in section 14.2.1;
<b>"Moffat Administration Agreement"</b>	means the agreement dated 13 October 1998 under which BGE (UK) is appointed by persons shipping gas to and from the Moffat Entry Point as Moffat Agent for the purposes, inter alia, of matching nominations and allocating quantities of gas at the Moffat Entry Point;
<b>"Moffat Agent"</b>	means the person appointed as an agent pursuant to the Moffat Administration Agreement;
<b>"Moffat Agent Default Registration Form"</b>	means a Moffat Agent Default Registration Form as set out in the Moffat Administration Agreement;
<b>"Moffat Entry Point"</b>	means the flange, weld or other agreed mark at the final outlet from the delivery facilities, owned and operated by National Grid at Moffat in Scotland, connecting with facilities of BGE (UK) at the point at which gas enters the Transportation System;
<b>"Month"</b>	means a period beginning at 06: 00 hours on the first day of any calendar month and ending at 06: 00 hours on the first day of the next succeeding calendar month and the word <b>"Monthly"</b> shall be construed accordingly;
<b>"Monthly Postalised Capacity Payment"</b>	shall have the meaning given to it in the Licence;
<b>"Monthly Postalised Commodity Payment"</b>	shall have the meaning given to it in the Licence;
<b>"MSCMD" and</b>	

"mscmd"	means million(s) Standard Cubic Metre(s) per day;
"MSCMH" and "mscmh"	means million(s) Standard Cubic Metre(s) per hour;
"National Grid"	means National Grid plc which is responsible for the transportation of gas in the NTS;
"Negative Balance"	has the meaning given to it in section 4.1.1(c);
"Net Assets"	means, on any particular date, Total Assets minus Total Liabilities, as of such date;
"Network Code"	means the Network Code prepared by BG Transmission plc pursuant to the public gas transporters licence granted or treated as granted to it pursuant to section 7 of the Gas Act 1986 (as amended by the Gas Act 1995) as from time to time modified;
"NI Network"	means the BGE (UK) Downstream System, the Belfast Gas System and the PTL System;
"NI Network Exit Point"	means an exit point at which gas exits a part of the NI Network other than the PTL System;
"NI Pressure/Capacity Report"	has the meaning given to it in Section 11.4.1;
"NI Network Operating Agreement" or "NINOA"	means the agreement made between BGE (UK), Belfast Gas and Premier Transmission entered into on or around 1 October 2004 relating to certain issues connected with the NI Network;
"Nomination"	has the meaning given to it in section 2.1.4 (c) and " <b>Nominated</b> " shall be construed accordingly;
"Nomination Mismatch"	has the meaning given to it in the Moffat Administration Agreement;
"Nomination Mismatch Notice"	has the meaning given to it in the Moffat Administration Agreement;
"Non-Compliant Gas"	has the meaning given to it in section 7.3.2;
"Non-Defaulting Party"	has the meaning given to it in section 16.3.1;
"Northern Ireland Network Emergency Co-ordinator"	has the meaning given to it in the Gas Safety (Management) Regulations (NI) 1997;
"NPCC Default"	has the meaning given to it in section 13.5.1 (a);
"NPTP Default"	has the meaning given to it in section 13.5.1 (a);

<b>"NTS"</b>	means the national transmission system and has the meaning given to it in the GB Uniform Network Code
<b>"NTS Shipper"</b>	means a holder of a gas shipper's licence granted or treated as granted under the Gas Act 1986 (as amended by the Gas Act 1995);
<b>"Off-Spec Gas"</b>	has the meaning given to it in section 8.4.2;
<b>"Offtake Rate"</b>	means the Flow Rate of gas expressed in MW for offtake of gas at an Exit Point;
<b>"Other Party"</b>	has the meaning given to it in section 15.1;
<b>"Outstanding PS Code Charges"</b>	has the meaning given to it in section 12.7.2;
<b>"party"</b>	means either Premier Transmission or a Shipper and <b>"parties"</b> means Premier Transmission and a Shipper or Shippers;
<b>"Permitted Purpose"</b>	has the meaning given to it in section 19.1.3;
<b>"Permitted Range"</b>	has the meaning given to it in section 9.1.2 (e);
<b>"Phoenix"</b>	means Phoenix Natural Gas Limited;
<b>"Phoenix Distribution System"</b>	means the distribution system owned and operated by Phoenix;
<b>"Positive Balance"</b>	has the meaning given to it in section 4.1.1(d);
<b>"Postalised Network Disbursement Procedure"</b>	has the meaning given to it in section 5.3.1;
<b>"PoT Account"</b>	means the bank account into which all monies paid by Gas Suppliers in respect of PS Transmission Payments should be paid in accordance with section 12.9.1(a);
<b>"Premier Transmission"</b>	means Premier Transmission Limited;
<b>"PTL Postalised Network Disbursement Bank Account"</b>	has the meaning given to it in section 5.3.1;
<b>"Prescribed Form"</b>	means, in relation to any notice or other document referred to in this Code, the form reasonably prescribed by Premier Transmission from time to time;
<b>"President of the IGEM"</b>	has the meaning given to it in section 21.4.1(b);

<b>"Profile Nomination"</b>	means a nomination or renomination to Premier Transmission of an aggregate quantity of gas to be offtaken in each hour over the relevant Day at an Exit Point;
<b>"Prospective Shipper"</b>	has the meaning given to it in section 17.1;
<b>"Provided Level of Credit Support"</b>	means in respect of a Shipper or Prospective Shipper the sum of the Secured Credit Support and Unsecured Credit Support which it has provided to Premier Transmission in accordance with section 13;
<b>"PS Code Charges"</b>	means Balancing Charges, Scheduling Charges, any Enhanced Pressure charge or any other charge the basis of which is set out in this Code (and not the Licence) from time to time;
<b>"PS Gas Supplier"</b>	means any person who is entitled to exit gas from the Postalised System;
<b>"PS Invoice"</b>	shall have the meaning given to it in section 12.5.1;
<b>"PS Transmission Amounts"</b>	shall have the meaning given to it in section 12.5.2(a);
<b>"PTL System"</b>	means the gas pipeline system and associated facilities, owned and operated by Premier Transmission, connecting Twynholm in Scotland, to Ballylumford in Northern Ireland by an on-shore and sub-sea pipeline and Stranraer in Scotland by an on-shore pipeline;
<b>"Quantity"</b>	means a quantity of gas expressed in MWh calculated by multiplying the volume by the applicable calorific value and "quantities" shall be construed accordingly;
<b>"Quarter"</b>	shall mean a period of 3 calendar months, with each successive Quarter commencing at 06:00 hrs on 1 October, 1 January, 1 April and 1 July respectively;
<b>"Quarterly Exit Quantities"</b>	shall have the meaning given to it in the Licence;
<b>"Reallocation"</b>	has the meaning given to it in section 3.6.1;
<b>"Reasonable and Prudent Operator"</b>	means a person acting in good faith with the intention of performing its contractual obligations under this Code and who in so doing and in the general conduct of its undertaking, exercises that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be exercised by a skilled and experienced operator complying with applicable law and engaged in the same type of undertaking and under the same or similar circumstances and conditions;
<b>"Receiving Party"</b>	has the meaning given to it in section 19.1.4;
<b>"Recognised Standard"</b>	means any technical, engineering or other standard, issued or published by any governmental body of professional or other institution, and generally recognised as applying to the gas industry in

	the United Kingdom or the European Union, as from time to time applicable;
<b>"Reconciliation Payment"</b>	shall have the meaning given to it in the Licence;
<b>"Relevant Day"</b>	has the meaning given to it in section 1.7.1 (b);
<b>"Relevant Exit Point"</b>	has the meaning given to it in section 1.7.1 (a);
<b>"Relevant Objective"</b>	has the meaning given to it in section 1.7.3;
<b>"Relevant Shipper"</b>	has the meaning given to it in section 1.7.1;
<b>"Renomination"</b>	has the meaning given to it in section 2.1.4 (d);
<b>"Renomination Mismatch Notice"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Required Level of Credit Support"</b>	means in respect of a Shipper or Prospective Shipper the minimum level of credit which Premier Transmission shall require such Shipper or Prospective Shipper to establish and maintain in accordance with section 13;
<b>"Retiring Shipper"</b>	shall have the meaning given to it in clause 17.8.1;
<b>"Revised Power Station Nominations"</b>	has the meaning given to it in section 6.2.2;
<b>"RPI"</b>	means the Retail Price Index and is the standard classification index numbers of retail prices as published by the Office of National Statistics in the <b>"Monthly Digest of Statistics"</b> or any successor to such Index published by such Office or any Department of HM Government;
<b>"RPI<sub>n</sub>"</b>	shall mean and be calculated annually to be the arithmetic average of the monthly values of RPI for the 12 months up to and including June of each year;
<b>"RPI<sub>o</sub>"</b>	shall mean the arithmetic average of the monthly values of RPI for the 12 months for the preceding end of June covering the period July 1993 to June 1994 (inclusive) and which is agreed to be 142.4;
<b>"Scheduled Maintenance"</b>	has the meaning given to it in section 10.1.2 (c);
<b>"Scheduling Charge"</b>	has the meaning given to it in section 4.4.1;
<b>"Second Due Date"</b>	shall have the meaning given to it in section 16.2.1(a)(i);
<b>"Secured Credit Support"</b>	shall have the meaning given to it in section 13.3.1;
<b>"Securer"</b>	shall have the meaning given to it in section 13.3.2;
<b>"Shared Exit Point"</b>	has the meaning given to it in section 3.5.1;

<b>"Shipper"</b>	means a person other than Premier Transmission who, for the time being, has acceded to and is bound by this Code by an Accession Agreement;
<b>"Shipper's Allocation Arrangement"</b>	has the meaning given to it in section 3.7.1;
<b>"Shortfall in Price"</b>	has the meaning given to it in section 6.11.4 (b);
<b>"Shrinkage Gas"</b>	has the meaning given to it in section 5.1;
<b>"SONI"</b>	means S.O.N.I. Limited the operator of the electricity transmission system in Northern Ireland and a subsidiary of Viridian Group plc;
<b>"Standard Cubic Metre"</b>	when applied to gas shall mean that quantity which is free of water vapour at fifteen degrees Celsius (1 5°) and, at an absolute pressure of one decimal zero one three two five (1.01325) bar, occupies the volume of one (1) cubic metre;
<b>"Stranraer Exit Point"</b>	means the Exit Point located outside Stranraer from which gas is offtaken for the supply of gas to Stranraer;
<b>"Stranraer Nomination "</b>	has the meaning given to it in section 2.1.4 (e);
<b>"Sum DLS"</b>	has the meaning given to it in section 17.7.5;
<b>"Sum MDQ"</b>	has the meaning given to it in section 17.7.5;
<b>"Supplemental Payment"</b>	shall have the meaning given to it in the Licence;
<b>"Termination Default"</b>	has the meaning given to it in Section 16.2.1;
<b>"Termination Invoice"</b>	has the meaning given to it in Section 16.5.3;
<b>"Termination Notice"</b>	has the meaning given to it in section 16.3.1;
<b>"Terms of Reference"</b>	means the Terms of Reference appended to this Code in Appendix 5;
<b>"Total Assets"</b>	means, on any particular date, all assets of the Securer which, in accordance with generally accepted accounting principles in the country in which that Securer is organised and on a basis consistent with prior periods, would be classified as assets upon the balance sheet of that Securer as of such date;
<b>"Total Liabilities"</b>	means, on any particular date, all liabilities of the Securer which, in accordance with generally accepted accounting principles in the country in which that Securer is organised and on a basis consistent with prior periods, would be classified as liabilities upon the balance sheet of that Securer as of such date;
<b>"Transferee"</b>	has the meaning given to it in section 1.9.1;
<b>"Transferor"</b>	has the meaning given to it in section 1.9.1;

<b>"Transit Shipper"</b>	means a Shipper which only ships gas through the Transportation System for exit into another part of the Postalised System (and which does not exit gas from the Transportation System into a pipeline outside of the Postalised System);
<b>"Transmission Utility"</b>	means a utility that operates in large, long life network assets that transport the utility in bulk form, usually at high voltages/pressures /volumes from a source of supply to a distribution system;
<b>"Transportation System"</b>	means the PTL System and the capacity held by Premier Transmission in the BGE (UK) Upstream System;
<b>"UF"</b>	has the meaning given to it in section 4.5.1;
<b>"UFC"</b>	has the meaning given to it in section 4.5.1;
<b>"Unauthorised Flow Charge"</b>	has the meaning given to it in section 4.5.1;
<b>"Uniform Offtake Rate"</b>	means in respect of a Day the Aggregate Nominated Quantity divided by twenty four (24) and in respect of part of a Day the Aggregate Nominated Quantity less the quantity of gas which has been offtaken, if any, divided by the number of hours in the Day remaining;
<b>"Unsecured Credit Support"</b>	shall have the meaning given to it in section 13.3.1; and
<b>"Utility Categorisation"</b>	means the categorisation of a utility as one of the following: a Transmission Utility, a Distribution Utility, an Integrated Utility or a Generation Utility;
<b>"US Default"</b>	has the meaning given to it in section 13.5.2;
<b>"validate"</b>	has the meanings given to them in section 9.1.2 (f) and <b>"validation"</b> and <b>"validated"</b> shall be construed accordingly;
<b>"Value Added Tax"</b>	means the tax applied pursuant to the Value Added Tax Act 1994;
<b>"Verifying Accountant"</b>	has the meaning given to them in section 6.11.4;
<b>"Wilful Misconduct"</b>	means in relation to either party an intentional and conscious disregard of any obligation owed by a party under this Code or any act or failure to act by a party which is in reckless disregard of the consequences such party knew such act or failure to act would have but shall not in either case include an error of judgement or mistake made in good faith.

## Part II - Interpretation

- 2.1 Unless the context otherwise requires, any reference in this Code to:
- 2.1.1 a statute, by-law, regulation, delegated legislation or order is to the same as amended, modified or replaced from time to time and to any by-law, regulation, delegated legislation or order made thereunder;
  - 2.1.2 any agreement or instrument is to the same as amended, novated, modified, supplemented or replaced from time to time;
  - 2.1.3 **"including"** shall mean including but not limited to;
  - 2.1.4 a person shall be construed as a reference to any person, firm, company, corporation, government or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the foregoing;
  - 2.1.5 time shall be construed by reference to whatever time may from time to time be in effect in England; and
  - 2.1.6 the singular shall include the plural and vice versa.
- 2.2 Where a word or expression is defined in this Code, cognate words and expressions shall be construed accordingly.
- 2.3 Headings in this Code are for ease of reference only and shall not affect its construction.
- 2.4 References to **"this Code"** shall mean the sections and Annexes of this Code and shall be read as one document.
- 2.5 References in this Code to sections and appendices are to sections and appendices of this Code.
- 2.6 References to a rate of flow of gas shall be deemed to refer to a rate expressed in Megawatts.
- 2.7 References to a quantity of gas shall be to its energy expressed in Megawatt hours.



**APPENDIX 2**  
**GAS SPECIFICATION**

**Part I**

**Gas combustion characteristics**

WOBBE - Index	47.2 – 54.7 MJ/m <sup>3</sup>
Gross Calorific Value	36.9 to 42.3 MJ/m <sup>3</sup>
Relative Density	0.55 to 0.70

**Part II**

**Upper limits of gas impurities**

Hydrocarbon Dewpoint	<-2° C up to and including 150 bar
Water Dewpoint	<- 10° C up to and including 150 bar
Fog, Dust, Liquids	Technically Pure
Oxygen	0.5%
Non-Combustibles	7%
Total sulphur	50 mg/m <sup>3</sup>
Mercaptan Sulphur	8 mg/m <sup>3</sup>
Hydrogen Sulphide	5 mg/m <sup>3</sup>

The above list of impurities does not include gases which normally are not present in gases e.g. hydrogen, carbon monoxide, and olefins.

**APPENDIX 3  
EXIT POINT INFORMATION**

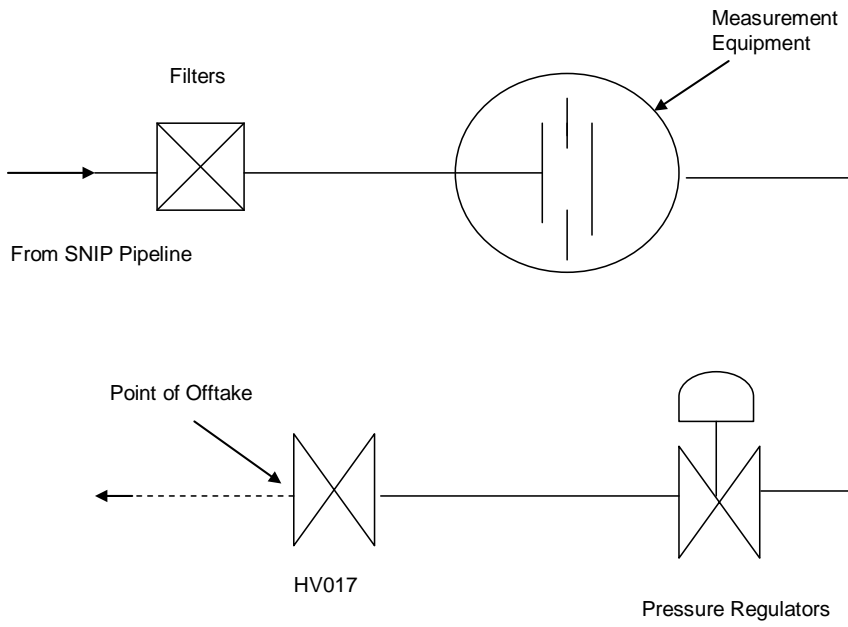
**Part I**

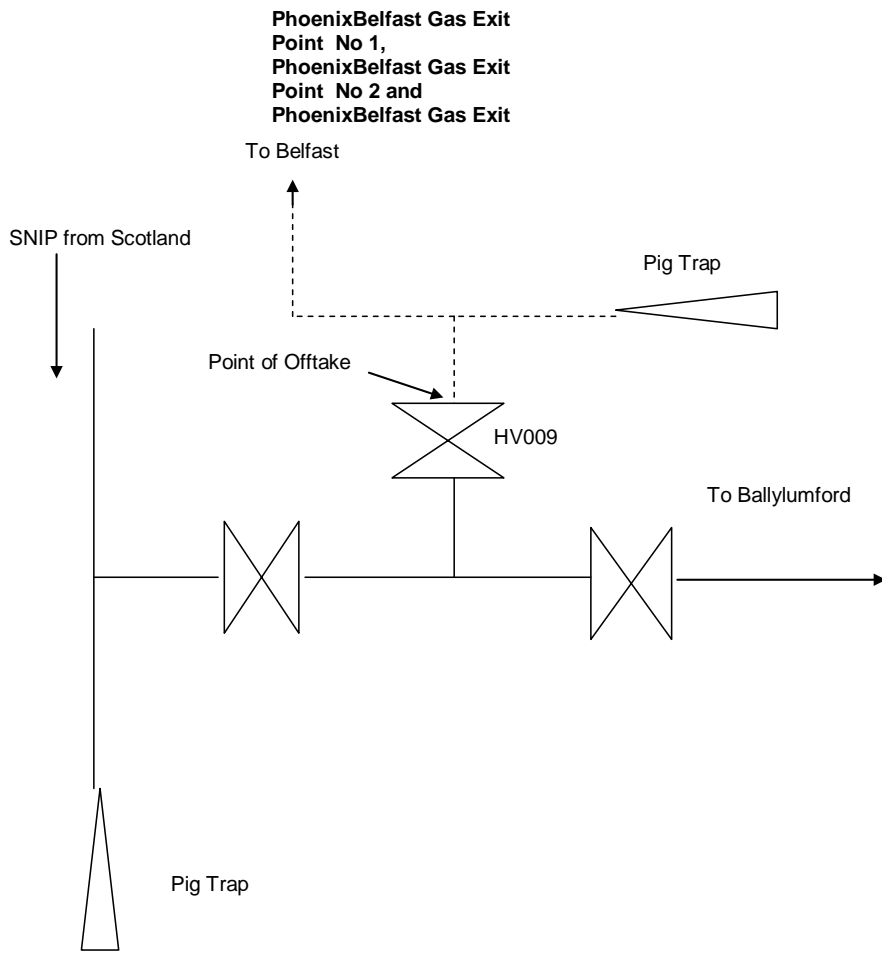
	<b>Minimum Pressure (section 8.3)</b>	<b>Maximum Offtake Rate (section 8.2)</b>	<b>Ramp Rate (section 8.2)</b>	<b>Maximum Maintenance Days (section 10)</b>	<b>End User</b>
Ballylumford Exit Point	12 bar	3,580 MWh	87 MW/min for up to 39 minutes  182 MW/min for up to 2 minutes  3,540 MW/min for up to 10 seconds **	15 *	Premier Power Limited
Stranraer Exit Point	12 bar	150 MWh	8,440 KW/h	zero	Scotia Gas Networks plc
Belfast Gas Exit Point No 1, Belfast Gas Exit Point No 2 and Belfast Gas Exit Point No 3	12 bar	3,580 MWh	8,440 KW/h	zero	Phoenix suppliers

\* To be 20 Maintenance Days in any Gas Year in which Premier Transmission or BGE (UK) install compression on their respective systems. Furthermore, any Maintenance Days shall be consecutive.

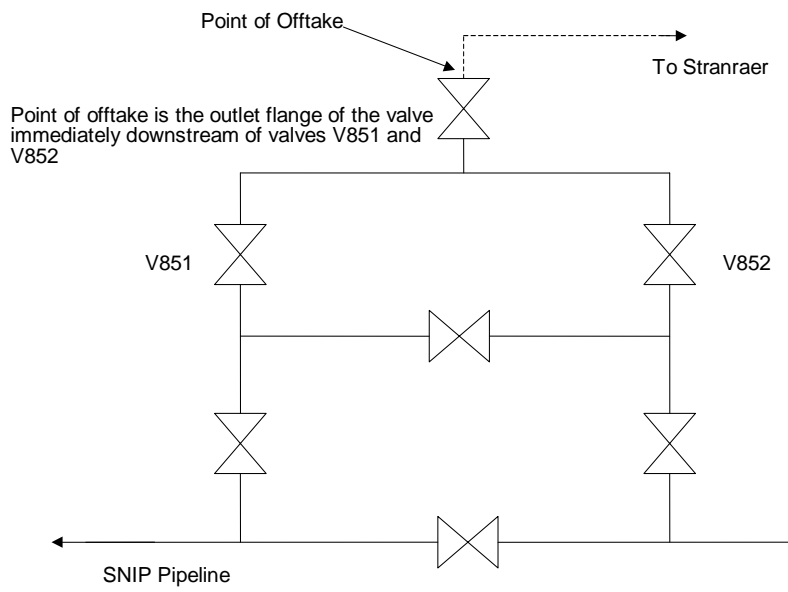
\*\* This equates to a spinning reserve of 21,000 therms at Ballylumford Power Station.

**Part II**  
**Ballylumford Exit Point**





### Stranraer Exit Point



**APPENDIX 4**  
**PROFORMA DOCUMENTS**

**Part I - Form of Guarantee**  
(section 13.3.1 (b))

**THIS GUARANTEE** is made the [ ] day of [ ] 200[ .] by [ ] a company [registered in England and having its registered office] [whose principal place of business is] at [ ] (the "**Guarantor**") in favour of Premier Transmission Limited a company registered in Northern Ireland (Number N.I.26421) having its registered office at Ballylumford, Islandmagee, Larne, County Antrim BT40 3RS ("**Premier Transmission**")

WHEREAS

- (A) [ ] a company [registered in England and having its registered office] [whose principal place of business is] at [ ] (the "**Shipper**") is a party to an Accession Agreement dated [ ] (the "**Accession Agreement**") by which it has agreed to be bound by the terms of the Transportation Code.
- (B) This Guarantee is made pursuant to the Transportation Code for the purposes of providing security for indebtedness of the Shipper in respect of its payment obligations under the Transportation Code.
- (C) The Guarantor has capacity to enter into this Guarantee and has taken all steps necessary to ensure that this Guarantee is valid and binding upon it in accordance with the terms hereof.

**[NOW THIS DEED WITNESSETH and the Guarantor hereby agrees] [IT IS AGREED]** as follows:

2 In this Guarantee:

"**Transportation Code**" has the meaning given to it in the Accession Agreement and the terms "**PS Transmission Amounts**" and "**Due Date**" have the respective meanings given to them under the Transportation Code;

"**Payment Default**" means any failure by the Shipper to pay an amount properly due under an invoice issued in accordance with the Transportation Code by the Due Date;

"**Demanded Sum**" means a Demanded Overdue Sum or a Demanded Security Default Sum;

"**Demanded Overdue Sum**" means the sum specified in a written demand from Premier Transmission pursuant to clause 2 of this Guarantee representing the amount unpaid by the Shipper under an invoice issued in accordance with the Transportation Code by the Due Date;

"**Demanded Security Default Sum**" means the full amount of this Guarantee where the Shipper has failed to procure the provision of security replacing this Guarantee to Premier Transmission by the time and in the manner contemplated in sections 13.3.13 and/or 13.3.14 and/or 13.4.2 of the Transportation Code (and so that the expression "the full amount of this Guarantee" shall mean the amount stated in Clause 5, less the amounts previously paid by the Guarantor to Premier Transmission pursuant to this Guarantee); and

"**Security Default**" means a failure such as is referred to in the definition of Demanded Security Default Sum in this Clause 1.

- 3 Subject to clause 3, below, *[In consideration of the payment of £1 payable on demand by Premier Transmission to the Guarantor]* if and whenever there is a Payment Default the Guarantor shall, as primary obligor and not merely as surety, within [14] days of receipt of a written demand from Premier Transmission pay *[the Demanded Overdue Sum] [.% of the Demanded Overdue Sum]* into the following bank account:- **[Note: This will be the PoT Account.]** .
- 4 Notwithstanding the provisions of clause 2, if the written demand referred to in that clause is accompanied by a certificate signed by or on behalf of Premier Transmission stating that the Demanded Overdue Sum exceeds any PS Transmission Amounts (as defined in the Transportation Code) which are overdue for payment by the Shipper at the time of such written demand, the Guarantor will make payment of the excess to such other account(s) as may be specified by Premier Transmission in such written demand.
- 5 *[In consideration of the payment of £1 payable on demand by Premier Transmission to the Guarantor, if]* If there is a Security Default, the Guarantor shall within [14] days of receipt of a written demand from Premier Transmission pay the Demanded Security Default Sum to such bank account of Premier Transmission as is specified in such written demand.
- 6 The Guarantor's aggregate liability to Premier Transmission hereunder in respect of Demanded Overdue Sums and Demanded Security Default Sums shall not be greater than *[£.]*
- 7 Amounts payable by the Guarantor under this Guarantee shall be paid free of any restriction, reservation or condition and, except to the extent required by law, without deduction or withholding in respect of tax or on account of any amount due or becoming due to the Guarantor whether by way of set-off, counterclaim or otherwise provided that if any such payment is subject to any such deduction or withholding, the Guarantor shall forthwith pay to Premier Transmission such further amounts as may be necessary to ensure that Premier Transmission receives an amount equal to that which would have been received had no deduction or withholding been made.
- 8 This Guarantee is a continuing guarantee and shall remain in effect until *[Date.]* or until terminated by or with the consent of Premier Transmission *[or until the Shipper has arranged the release of the Guarantor in accordance with the provisions of the Transportation Code (which shall apply to this Guarantee as though incorporated herein)]* whichever occurs first but without prejudice to any rights then accrued under this Guarantee.
- 9 The obligations of the Guarantor under this Guarantee are in addition to and not in substitution for any other security which Premier Transmission may now or in the future hold in relation to the payment obligations of the Shipper under the Transportation Code ("**Liabilities**") or any of them and may be enforced without Premier Transmission first having recourse to any such security and without Premier Transmission first taking steps or proceedings against the Shipper.
- 10 Neither the obligations of the Guarantor under this Guarantee nor the rights, powers and remedies conferred upon Premier Transmission by this Guarantee or by law shall be discharged, impaired or otherwise affected, in whole or in part, by:-
- (a) the winding-up, dissolution, administration or reorganisation of the Shipper or any change in its status, functions, control or ownership;
  - (b) any of the Liabilities or any of the obligations of the Shipper under the Accession Agreement or the Transportation Code or any security in respect of the Liabilities being or becoming illegal, invalid or unenforceable in any respect;
  - (c) time or other indulgence being granted or agreed to be granted by Premier Transmission or any other person to, or any composition or other arrangement made with or accepted



from (i) the Shipper in respect of the Liabilities or any of them or (ii) any person in respect of any such security;

- (d) any amendment to, or any variation, waiver or release of any of the Accession Agreement, the Transportation Code, the Liabilities or any such security;
- (e) any failure to enforce, realise or fully to realise the value of, or any release, discharge, exchange of substitution or any such security;
- (f) any failure (whether intentional or not) to take, or fully to take, or perfect any security now or hereafter agreed to be taken in relation to the Liabilities or any of them;
- (g) the release of any other person under the terms of any composition or arrangement with any creditor thereof; or
- (h) any other act, event or omission (whether or not known to the Guarantor or Premier Transmission) which, but for this Clause 9, would or might operate to discharge, impair or otherwise affect any of the obligations of the Guarantor under this Guarantee or any of the rights, powers or remedies conferred upon Premier Transmission by law to the intent that the Guarantor's obligations under this Guarantee shall remain in full force and this Guarantee shall be construed accordingly as if there were no such act, event or omission.

11 Where any settlement or discharge (whether in respect of the obligations of the Shipper or otherwise) is made in whole or in part, or any arrangement is made on the faith of any payment, security or other disposition which is avoided or has to be repaid on bankruptcy, liquidation or otherwise without limitation, the liability of the Guarantor under this Guarantee shall continue and Premier Transmission shall be entitled to recover the value or amount of such obligations subsequently as if such settlement or discharge or arrangement had not occurred. Premier Transmission shall be entitled to concede or compromise any claim that any payment, security or other disposition is liable to avoidance or repayment.

12 Until all amounts which may be or become payable under the Transportation Code or this Guarantee have been irrevocably paid in full:-

- (a) the Guarantor shall not as a result of this Guarantee or any payment or performance under this Guarantee be subrogated to any right or security of Premier Transmission or, in competition with Premier Transmission, claim or prove against the Shipper or any other person or demand or accept repayment of any monies or claim any right of contribution, set-off or indemnity and any sums received by the Guarantor or the amount of any set-off exercised by the Guarantor in breach of this provision shall be held by the Guarantor in trust for and shall be promptly paid to Premier Transmission; and
- (b) the Guarantor shall not hold any security from the Shipper in respect of this Guarantee and any such security which is held in breach of this provision shall be held by the Guarantor in trust for and shall promptly be transferred to Premier Transmission.

13 The Guarantor represents and warrants to Premier Transmission as follows:-

- (a) it has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of, this Guarantee and the transactions contemplated hereby;
- (b) this Guarantee constitutes its legal, valid and binding obligation enforceable against it;

- (c) the entry into and performance by it of, and the transactions contemplated by, this Guarantee do not and will not:-
    - (i) conflict with any existing law or regulation or judicial or official order; or
    - (ii) conflict with its constitutional documents; or
    - (iii) conflict with any document which is binding upon it or any of its assets;
  - (d) all authorisations required to be obtained by it in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, this Guarantee have been obtained or effected (as appropriate) and are in full force and effect;
  - (e) it has not entered into this Guarantee in reliance upon, nor has it been induced to enter into this Guarantee by any representation, warranty or undertaking made by or on behalf of Premier Transmission (whether express or implied) which is not set out in this Guarantee.
- 14 Any notice to or demand on the Guarantor under this Guarantee may be delivered or sent by first class recorded delivery post or facsimile transmission to the Guarantor at its address appearing in this Guarantee or at such other address as it may have notified to Premier Transmission at the address for Premier Transmission stated in this Guarantee (or such other address as is notified by it to the Guarantor from time to time).
- 15 Premier Transmission shall be entitled by notice in writing to the Guarantor to assign the benefit of this Guarantee at any time to any person to whom it assigns or transfers its rights under the Accession Agreement without the consent of the Guarantor being required and any such assignment shall not release the Guarantor from liability under this Guarantee.
- 16 The invalidity, illegality or unenforceability in whole or in part of any of the provisions of this Guarantee shall not affect the validity, legality and enforceability of the remaining part or provisions of this Guarantee.
- 17 This Guarantee shall be governed by and construed in accordance with the laws of England and the Guarantor hereby submits to the exclusive jurisdiction of the Courts of England *[and appoints/insert name and address of person/company registered/resident in UK as its agent for service of notices and other communications under or relating to this Guarantee]*.
- 18 [The Guarantor shall be [jointly and severally liable] together with [insert name of other guarantor(s) of the Shipper] to pay [each and every Demanded Sum] [severally liable to pay to Premier Transmission such percentage as is specified in clause 2 or 3 of this Guarantee of each and every Demanded Sum].]

*[IN WITNESS whereof the Guarantor has caused this Guarantee to be executed as its deed the day and year first before written.]*

The Common Seal of [.] was hereunto affixed in the presence of:

[.] Director

[.] Director/Company Secretary

*[Alternative if consideration included in clause 2:]*

**IN WITNESS** whereof, this Guarantee has been executed for and on behalf of *[Guarantor]* the day and year first before written

Signature.....

Name .....

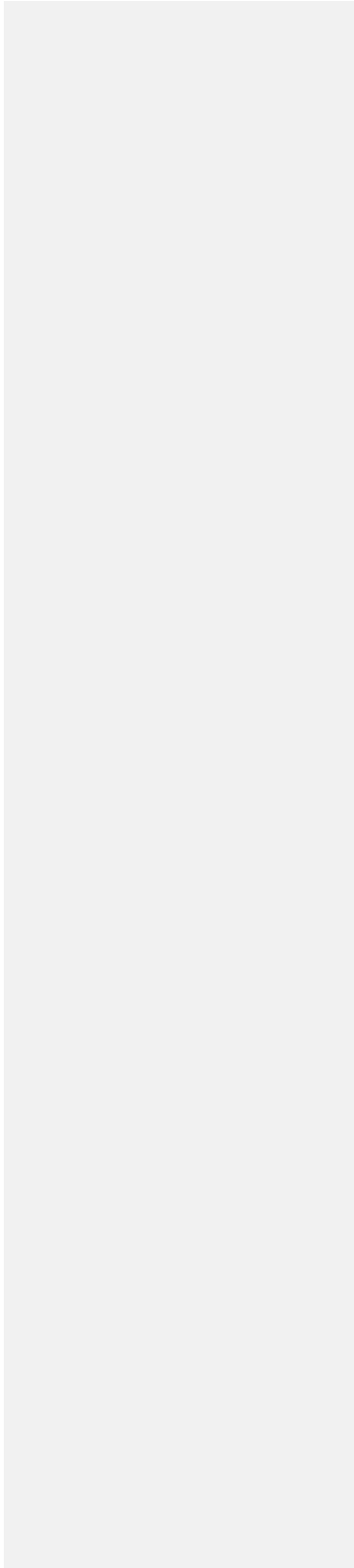
Position .....

In the presence of .....

Signature .....

Name .....

Position .....



**Part II - Form of Letter of Credit**  
(section 13.3.1 (d))

To: Premier Transmission Limited  
100 Thames Valley Park Drive  
READING  
Berkshire RG6 1PT

Date: . 200[. ]

131 We, by this letter, establish in your favour our irrevocable standby letter of credit No [.] ("**this letter of credit**") for the account of [.] (the "**Shipper**") available for drawing in one or more amounts. This letter of credit is issued in connection with the Shipper's payment obligations under the Transportation Code (the "**Code**") and Accession Agreement to which Premier Transmission Limited and the Shipper are [about to become] parties (together the "**Documents**" which term shall include any document, as from time to time modified, which is by virtue of such Code or Accession Agreement made binding on the Shipper).

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192 We understand that amendments or other variations or extensions may from time to time be made to the terms of the Documents and our obligations under this letter of credit, as set out below, will apply notwithstanding any such amendments or other variations or extensions provided that our maximum aggregate liability to you under this letter of credit shall not exceed [£.] and that we shall not be required to pay claims made by you under this letter of credit which are received by us after the expiry date of this letter of credit.

203 Subject to paragraph 4 below, we shall make all payments under this letter of credit into the following bank account:- [**Note: This will be the PoT Account**] on your first written demand for payment when such demand is presented to us at [.] accompanied by your certificate that the Shipper:

- (a) has failed to meet its payment obligations under the Documents; or
- (b) has failed to procure the provision of replacement security to you by the time and in the manner contemplated in Sections 13.3.13 and/or 13.3.14 and/or 13.4.2 of the Code.

The amount of your demand under this letter of credit shall not, where your demand is accompanied by a certificate in the form described in (a) above, be greater than the total amount of sums then due and payable by the Shipper pursuant to the Documents.

214 Notwithstanding the provisions of paragraph 3, if the written demand referred to in that paragraph is accompanied by a certificate signed by or on your behalf stating that the amount demanded exceeds the PS Transmission Amounts (as defined in the Code) which are overdue for payment by the Shipper at the time of such written demand, we will make payment of the excess under this letter of credit to such other account(s) as may be specified by you in such written demand.

225 This letter of credit will expire on [.] and the demand(s) and certificates(s) referred to in paragraph 3 and 4 of this letter of credit must be presented by you to us on or before that date. We undertake that all demands made in accordance with this letter of credit will be met with due honour.

236 This letter of credit is a transaction separate and independent from any other on which it may be based.

247 This letter of credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 revision) International Chamber of Commerce Publication No.500 insofar as the same are applicable (but so that Article 41 thereof shall be deemed excluded and the second sentence of Article 17 thereof shall be deemed excluded for this purpose with effect that, if this letter of credit expires during any interruption of business referred to in the first sentence of such Article, we shall remain liable to make payment under this letter of credit in respect of any demand no later than 15 business days after we have notified you that our business has ceased to be so interrupted), and, to the extent not inconsistent therewith, shall be governed by and construed in accordance with English Law and in the event of any dispute relating thereto we hereby agree to submit to the exclusive jurisdiction of the Courts of England

258 Amounts payable by us under this letter of credit shall be paid free of any restriction, reservation or condition and, except to the extent required by law, without deduction or withholding in respect of tax or on account of any amount due or becoming due to us, whether by way of set-off, counterclaim or otherwise, provided that if any such payment is subject to any such deduction or withholding, we shall forthwith pay to you such further amounts as may be necessary to ensure that you receive an amount equal to that which would have been received had no deduction or withholding been made.

Signed [.] as a duly authorised signatory for and on behalf of [.]

**APPENDIX 5**  
**CREDIT COMMITTEE**  
**Terms of Reference**

**1. Purpose of the Committee**

1.1 The Credit Committee is appointed, on behalf of Designated Pipe-line Operators, PS Gas Suppliers and Shippers to manage the credit risk associated with the following defaults by a PS Gas Supplier or Shipper:

- (A) the non-payment by a PS Gas Supplier of any PS Transmission Payment (an “**NPTP Default**”) or PS Code Charge (an “**NPCC Default**”);
- (B) a “**Termination Default**” which shall occur in any of the following circumstances, in accordance with section 16 of the Network Code:
  - (1) if the Provided Level of Credit Support fails to meet the Required Level of Credit Support from time to time (an “**LPC Default**”);
  - (2) the non-payment of all or part of a PS Invoice by a PS Gas Supplier by the Second Due Date;
  - (3) the non-payment of all or part of any three or more PS Invoices by a PS Gas Supplier by their respective Due Dates;
  - (4) the non-payment of all or part of a CC Invoice by a PS Gas Supplier by the Second Due Date;
  - (5) the non-payment of all or part of any three or more CC Invoices by a PS Gas Supplier by their respective Due Dates;
  - (6) if a PS Gas Supplier shall have failed to submit a Nomination to the relevant Designated Pipe-line Operator for a period exceeding 12 months and having ceased to hold any Firm Capacity provided that that Designated Pipe-line Operator shall have first consulted with the PS Gas Supplier and obtained its agreement or the agreement of the Authority to such termination;
  - (7) if a PS Gas Supplier, if it has an Exit Point Registration in respect of an ExitPoint in Northern Ireland, has ceased to hold a valid Gas Supply Licence;
  - (8) if a Shipper, if it has an Exit Point Registration in respect of an Exit Point in Northern Ireland, has ceased to hold a valid Gas Supply Licence unless that Shipper has prior written consent from the Authority to either:
    - (i) hold Firm Capacity; or
    - (ii) have entitlement to Exit gas from the NI Network as if it had a Gas Supply Licence,

provided that the Shipper submits to the relevant Designated Pipe-line Operator a copy of such consent from the Authority;

(9) if a Shipper has an Exit Point Registration in respect of an Exit Point in Northern Ireland, without a valid Gas Supply Licence and on the basis that the Shipper has prior written consent from the Authority to either:

- (i) hold Firm Capacity; or
- (ii) have entitlement to Exit gas from the NI Network as if it had a Gas Supply Licence,

ceases to hold the relevant consent from the Authority.

(10) if there is a breach of section 16.3.2 of the Network Code and such breach is referred to the Credit Committee in accordance with the provisions of section 16.3.1 of the relevant Network Code,

provided that, in respect of (4) or (5), none of the CC Invoices to which they relate, is subject to a bona fide dispute in accordance with section 12.11.3 of the Network Code; or

(C) if an administrator is appointed over any part of the assets of a Designated Pipe-line Operator or PS Gas Supplier (an "**Administration Default**")

1.2 The Credit Committee shall also be empowered to direct, subject to the Authority's consent, and pursuant to a request made by a Designated Pipe-line Operator or PS Gas Supplier in accordance with section 13.5.2 of the Network Code, whether a PS Gas Supplier should be barred from meeting all or any part of its Provided Level of Credit Support through the provision of any or all forms of Unsecured Credit Support. Any such request shall be deemed a "**US Default**" on the part of the PS Gas Supplier in respect of which the request is made.

1.3 Each of the defaults referred to in paragraphs 1.1 and 1.2 shall be a "Default" for the purposes of these Terms of Reference ("**Terms**") and the relevant PS Gas Supplier shall be the "Defaulting Shipper".

1.4 The Credit Committee shall from time to time, when called upon in accordance with these Terms, instruct a Designated Pipe-line Operator from whose Designated Network a Defaulting Shipper exits gas (a "Primary DPO") and the Defaulting Shipper as to the steps to be taken as a consequence of or in relation to the Default in accordance with the Terms.

1.5 These Terms shall come into effect on 01 October 2004.

## 2. Interpretation

2.1 Except as expressly provided in these Terms or where the context otherwise requires, all terms that are defined in the Network Code to which these Terms are attached, where used in these Terms, shall have the same meaning as is ascribed to them in the Network Code. A reference to a section of a Network Code in these Terms shall, if appropriate, be treated as a reference to the equivalent section in another Network Code.

2.2 The following terms, when used in these Terms, except where expressly stated to the contrary or unless the context otherwise requires, shall have the corresponding meaning set out below:

"**Business Hours**" means any time between the hours of 09:00 and 17:00 Greenwich Mean Time on a Business Day;

<b>“PS Code Charges”</b>	means any amounts payable by a PS Gas Supplier under a CC Invoice in accordance with a Designated Pipe-line Operator’s Network Code;
<b>“DefaultingShipper”</b>	has the meaning given to it in paragraph 1.3;
<b>“Direction”</b>	means a direction of the Credit Committee, in respect of a Default, that is issued to the relevant Primary DPO, any other Designated Pipe-line Operators and/or to a PS Gas Supplier in relation to the relevant Default and which direction is given in accordance with paragraph 6 of these Terms;
<b>“Licence”</b>	means the licence to convey gas held by the relevant Designated Pipe-line Operator;
<b>“Meeting Notice”</b>	means a notice of a Credit Committee meeting containing all information listed in paragraph 3.3 of these Terms (if available);
<b>“Members”</b>	means all members of the Credit Committee, being: (a) all Designated Pipe-line Operators; (b) all PS Gas Suppliers from time to time; and (c) the Authority;
<b>“Network”</b>	means, in relation to gas pipe-lines owned by the relevant Designated Pipe-line Operator, the gas pipe-lines designated by an order made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003;
<b>“Network Code”</b>	means a particular Designated Pipe-line Operator’s code governing the terms on which PS Gas Suppliers which are party to or bound by that code may convey gas through the Designated Pipe-line Operator’s pipe-line network;
<b>“Postalised System”</b>	means the system comprising all gas pipe-lines designated as being subject to a common tariff pursuant to all orders made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003 in force at such time;
<b>“Primary DPO”</b>	has the meaning given to it in paragraph 1.4;
<b>“PSA”</b>	has the meaning given to that term in each Designated Pipe-line Operator’s Licence;
<b>“PS Gas Supplier”</b>	means any person who is entitled to exit gas from the Postalised System; and
<b>“PS Transmission Payments”</b>	means any payment which a Designated Pipe-line Operator is entitled or obliged to charge a PS Gas Supplier in accordance with Condition 2A of such Designated Pipe-line Operator’s Licence.
<b>“Shipper”</b>	has the meaning given to it in Appendix 1 Definitions and Interpretations;

### 3. Convening the Committee

#### 3.1 Meetings of the Credit Committee:



- (A) shall be convened by a Primary DPO on the occurrence of any Default; or
- (B) may be requisitioned by any PS Gas Supplier or Designated Pipe-line Operator if it is permitted to do so in accordance with the provisions of a Network Code,

on the giving of no less than 3 Business Days' written notice (a "Meeting Notice") to all of the Members in accordance with the provisions of this paragraph 0.

3.2 A meeting of the Credit Committee may be called on shorter notice than required under paragraph 3.1 of these Terms if all Members entitled to vote on the particular matter or matters to be considered unanimously agree.

3.3 A Meeting Notice shall include:

- (A) details of the time and place of the meeting;
- (B) any information required to be submitted under 4.4 (A)
- (C) the name(s) of the Member(s) calling or requisitioning the meeting;
- (D) if issued in respect of a Default, the Defaulting Shipper's identity and full details of the Default;
- (E) if requisitioned under paragraph 3.1(B) the reason(s) for such a requisition, including full details of the matters to be discussed at the meeting, and the Directions sought by the requisitioners; and
- (F) the name of the proposed chairman.

3.4 Each Meeting Notice shall be served by the Member calling the meeting on each other Member by post to their respective addresses as specified in Schedule 1 to these Terms, or by fax and post to a Member who supplies a fax number in Schedule 1 or to such other address and/or fax number as may be, from time to time, notified by a Member to each other Member as its address and/or fax number for the receipt of notices.

3.5 The Credit Committee shall convene at the time and date appointed in the Meeting Notice, such time to be within normal Business Hours and, subject to paragraph 3.2, no less than 3 Business Days and no more than 10 Business Days after the issue of such Meeting Notice. Meetings shall take place at the offices of the Authority unless another venue is unanimously agreed by all the Members entitled to attend such meeting.

#### **4. Chairman, Quorum and Adjournment**

4.1 The chairman of a meeting of the Credit Committee (the "Chairman") shall be the relevant Primary DPO, provided that if the Primary DPO which is appointed Chairman is not present at the meeting then, before any business is conducted at such a meeting, the Member(s) present shall appoint a Chairman by agreement and provided further that the Chairman shall be any one of the Designated Pipe-line Operators or the Authority present at the meeting, and if no agreement is reached, shall be the Authority. If there is more than one Primary DPO in relation to the relevant PS Gas Supplier, or if there is no relevant Primary DPO then the Authority shall decide (having regard to the matters to be discussed at the meeting and any relevant financial consequences such matters may have in respect of each Primary DPO or other Designated Pipe-line Operator) which of the Primary DPOs or (where there is no Primary DPO) the Designated Pipe-line Operators shall be the Chairman.

4.2 The quorum for a meeting of the Credit Committee shall be at least two PS Gas Suppliers entitled to vote in accordance with paragraph 5.3 (as subject to paragraph 5.2) on the matters in respect of which the meeting is called unless either:

- (i) only one PS Gas Supplier is eligible to vote on such matters, in which case the quorum shall be that PS Gas Supplier; or
- (ii) no PS Gas Supplier is eligible to vote on such matters, in which case the Chairman shall constitute a quorum.

4.3 If, within 30 minutes of the time appointed for the convening of a Credit Committee meeting, a quorum is not present, the Chairman may adjourn the meeting to any time in Business Hours not less than two Business Days, and not more than ten Business Days, after the day on which the meeting was convened. Notice of an adjourned meeting (an "Adjourned Meeting Notice") shall be sent to all Members by the Chairman on the day of such adjournment. Such Adjourned Meeting Notice shall contain the same details as required to be included in a Meeting Notice in accordance with paragraph 3 of these Terms. If at such adjourned meeting there is no quorum as provided for under paragraph 4.2, one PS Gas Supplier entitled to vote at that adjourned meeting shall comprise a quorum or, if no PS Gas Supplier is entitled to vote at that adjourned meeting, the Chairman shall constitute a quorum.

4.4 Subject to paragraph 4.7, before the meeting, the Chairman shall be responsible for:

- (A) procuring in a timely manner any information required for the proper discussion of issues to be considered at the meeting, including the submission of requests for information from the Primary DPO and Defaulting Shipper prior to the meeting; and
- (B) requesting from the PSA the PS Invoices required to calculate the voting rights of each member in accordance with paragraph 8.1.

4.5 At the meeting, the Chairman shall be responsible for:

- (A) chairing that meeting of the Credit Committee;
- (B) directing a discussion of:
  - (1) the nature of the Default or Defaults, if any, under consideration, with, where appropriate, the aid of any information (including any draft Directions) provided by the Primary DPO prior to the meeting;
  - (2) appropriate steps to be taken by the Primary DPO to remedy the Default, with reference to the Licence and the relevant Network Code; and
  - (3) appropriate sanctions, if any, to be applied by the Primary DPO to the Defaulting Shipper.

4.6 After the meeting, the Chairman shall be responsible for:

- (A) producing minutes of the meeting; and
- (B) distributing written copies of those minutes and any Directions to all Members in accordance with paragraphs 7.9 and 8.4.

## 5. Composition and Entitlement to Vote

- 5.1 On each matter considered by a Credit Committee meeting, Members of the Credit Committee shall be divided into Members entitled to vote ("Voting Members") and Members not entitled to vote ("Non-Voting Members"). For the avoidance of doubt, if a Member is not entitled to vote on a particular matter due to paragraph 5.2 they may, subject always to paragraph 5.2, vote on other matters under consideration at the same meeting.
- 5.2 The following Members shall be Non-Voting Members in respect of a particular matter under consideration at a Meeting:
- (A) the Authority;
  - (B) each Designated Pipe-line Operator;
  - (C) the PS Gas Supplier in respect of which the Default under consideration arose; and
  - (D) in relation to any Directions which are put to the vote of the Credit Committee that pertain to an NPCCDefault, PS Gas Suppliers not party to the relevant Network Code.
- 5.3 Subject to paragraphs 5.2(C) and 0, each PS Gas Supplier shall be a Voting Member in respect of a matter under consideration at a Meeting.
- 5.4 If no Member at the relevant quorate meeting is entitled to vote the Chairman shall have a vote. In no other circumstances shall the Chairman, in that capacity, be entitled to vote at meetings.

## **6. Credit Committee Powers**

- 6.1 Subject to paragraphs 6.2 and 6.3, the Credit Committee shall have the power to make any of the following directions (each a "Direction") in accordance with these Terms and the terms of the Network Code:
- (A) where a Termination Default or an Administration Default has occurred, require a Primary DPO to terminate its Defaulting Shipper's Accession Agreement;
  - (B) where a Termination Default or an Administration Default has occurred, require a Primary DPO not to terminate its Defaulting Shipper's Accession Agreement;
  - (C) where a breach of section 16.3.2 of the Network Code has occurred, to determine whether that breach of the Network Code is capable of remedy;
  - (D) where any Default has occurred, require a Primary DPO to enforce a specified sum of the security it holds in relation to its Defaulting Shipper in favour of the PoT Account in the case of an NPTP Default, or the Primary DPO's Account in respect of an NPCC Default;
  - (E) where any Default has occurred, require a Primary DPO to settle a claim for non-payment against its Defaulting Shipper on such terms as the Credit Committee determines;
  - (F) where an LPC Default has occurred, require the Primary DPO to waive the requirement for a Defaulting Shipper to provide the Provided Level of Credit Support which would otherwise be required of that Defaulting Shipper, for a specified period;
  - (G) in the event of an NPTP Default or an NPCC Default, require the Primary DPO to agree a payment plan on such terms as the Credit Committee directs with a Defaulting Shipper which specifies dates on which future payments will be made;

- (H) where any Default has occurred, require a Primary DPO to engage the services of recognised legal and/or financial professionals in relation to that resolution of the circumstances giving rise to a Default;
- (I) where the Voting Members of the Credit Committee reasonably believe further pursuit of a non-payment is likely to be economically detrimental to the PS Gas Suppliers, they may vote to direct a Primary DPO that no further action need be taken in respect of that non-payment;
- (J) in the event of a US Default, a Direction in accordance with paragraph 1.2;
- (K) where any Default has occurred, require a Primary DPO to disallow the Defaulting Shipper from:
  - (1) acquiring Firm Capacity by a transfer;
  - (2) reserving additional Firm Capacity;
  - (3) submitting a Nomination in respect of an Interruptible Nominated Quantity; or
  - (4) applying for any Exit Point Registration; and
- (L) where a request for a Direction from the Credit Committee has been made under section 13.5.3 of the Network Code, require a Primary DPO to re-assess a PS Gas Supplier's Required Level of Credit Support and/or a PS Gas Supplier's Provided Level of Credit Support,

provided that, the Credit Committee shall not be permitted to make any Direction which may delay or frustrate the application of the procedures for the recovery of Debt Payments from PS Gas Suppliers in accordance with any relevant Licence.

6.2 Any Direction given under the powers conferred at paragraph 6.1(B), paragraph 6.1(F), paragraph 6.1 (J) or paragraph 6.1(A) (but in relation to 6.1(A), only where in relation to a Termination Default, such Termination Default relates to a breach of section 16.3.2 of the Network Code) shall not be capable of exercise unless and until the Authority has given its consent.

6.3 Where the Credit Committee makes a Direction under paragraph 6.1(D) in respect of:

- (A) an NPTP Default, it may only direct the Primary DPO to enforce security up to the value calculated in accordance with section 13.2.2 of the Network Code or, where appropriate, the equivalent sections in another Network Code; and
- (B) an NPCC Default, it may only direct the Primary DPO to enforce security up to the value calculated in accordance with section 13.2.3 of the Network Code or, where appropriate, the equivalent sections in another Network Code.

## 7. Attendance and Proceedings at Meetings

7.1 Each Member may be represented by up to three persons at a Credit Committee meeting.

7.2 On receipt of a Meeting Notice and until the issue of a Direction, all Members shall meet as frequently as is reasonably necessary to carry out their duties.

7.3 A person shall be treated as present in person at a meeting notwithstanding that he is not physically present at the place where the meeting is held if he is in continuous communication with the meeting by conference telephone or other communication equipment permitting each person

physically present at or so in communication with the meeting to hear and be heard by each other person.

- 7.4 If any Member fails or is unable to attend a meeting (an "Absent Member") it may in writing appoint a nominee (a "Nominee") to speak and/or vote for it. A Nominee may be any other Member of the Credit Committee who consents to act as a Nominee on the Absent Member's behalf. Any Member, present at a meeting of the Credit Committee, and acting as Nominee only counts once toward the quorum (on its own behalf) and may not vote on behalf of the Absent Member on any matter in respect of which the Nominee or the Absent Member is a Non-Voting Member.
- 7.5 Members shall keep confidential all information which comes into their possession in carrying out their duties under these Terms and shall not communicate any Credit Committee or personal view regarding any matter discussed at a Credit Committee meeting to any person who is not a Member except with the consent of the Credit Committee, where its respective licence or Network Code requires, where the Authority requires, or as required by law.
- 7.6 Any Voting Member may require that a Defaulting Shipper be excluded from any part of the relevant meeting of the Credit Committee.
- 7.7 Members shall use all reasonable endeavours to make Directions promptly and to the best of their ability, and shall conduct themselves honestly and diligently whilst carrying out their duties under these Terms and shall act without undue discrimination against any PS Gas Supplier.
- 7.8 The proceedings of the Credit Committee shall be conducted in private.
- 7.9 The Chairman shall keep a minute of the meeting of the Credit Committee and shall circulate such minute to all Members present within 3 Business Days of the relevant Meeting except such minute shall not be circulated to, or otherwise provided to the Defaulting Shipper. The Chairman shall send a copy of such minute to the Authority, and any Member who disputes the accuracy of such minute shall make such amendments or additions it sees fit and send those amendments or additions to the Authority within 3 Business Days of receipt of the minute from the Chairman.
- 7.10 A person shall not represent a Member if:
- (A) the Authority has given notice to the person that circumstances exist which in the opinion of the Authority would make it difficult for such person to act in the best interests of the Credit Committee or render such representation detrimental to the fair operation of the Credit Committee;
  - (B) he becomes bankrupt or compounds with his creditors;
  - (C) he, or any body of which he is, or has been, a director, partner or controller be the subject of any complaint or investigation of misconduct or of malpractice in connection with his or its business affairs and the Authority decides that it is undesirable that he represent a Member; or
  - (D) he is dismissed or requested to resign from any office of employment or from any fiduciary office or position of trust, whether or not remunerated, and the Authority resolves that it is undesirable that he represent a Member.

## **8. Directions and Voting**

- 8.1 At a meeting a Voting Member shall hold one vote per £1 worth of PS Transmission Payments invoiced to it during the six Months immediately prior to the Month in which the meeting is convened.

8.2 Directions may be passed by the written consent of all Members who would, if present at a meeting of the Credit Committee called to decide such a matter, be Voting Members and shall be in the form submitted to all Members by the convening Member prior to a meeting, and, if passed, will obviate the need for such meeting.

8.3 Directions shall be passed by the Credit Committee:

- (A) at a quorate meeting by a simple majority of the votes cast by Members present and entitled to vote (abstentions not forming part of the count for these purposes); or
- (B) by the Chairman on receipt of the written consent of all Members entitled to vote to any draft Directions submitted to all Members in writing prior to the meeting.

8.4 Written copies of all Directions passed at a meeting shall be sent to all Members no later than three Business Days after the meeting is concluded by the Chairman.

**9. Fees and Expenses**

9.1 Members of the Credit Committee shall be responsible for their own costs and expenses incurred in fulfilling their duties.

**10. Modification**

10.1 For the avoidance of doubt, these Terms of Reference may be modified in accordance with the Modification Rules.

**Addresses**

***[NOTE: addresses and fax numbers of all Designated Pipe-line Operators and Shippers to be included.]***

**END OF DOCUMENT**

