Phoenix Natural Gas Ltd.
Transmission Network Code Modification Proposal Number 3
Final Modification Report
14th December 2005

1. Introduction

Phoenix has prepared this report in accordance with section 8 of its Transmission Code Modification Rules.

2. Subject of Proposed Modification and Proposed Text Amendments to the Code:

This modification is to amend the Phoenix Transmission Network Code to reflect the changes made to the PTL Network code in modification proposal no 8.

The modification has been raised to make minor drafting changes required as a result of the introduction of postalisation.

It also proposes, similar to the PTL mod proposal no 8, to include a new section to cover the instance when a shipper retires from the code.

The Sections of the Transmission Code that require amendment are:

- Section J, Paragraph 3.3 (d)
- Section J, paragraph 3.8
- Section K, Definitions of ‘Due Date’ and ‘Phoenix Licence’
- Section E, Annex E –1 Units of Wobbe Index

Proposed text amendments to the Code are detailed in Appendix 1.

3. Third Party Representations Made:

Phoenix received one comment from BGE (NI) Transmission on the modification proposal. BGE (NI)’s comments are detailed below:

BGE (NI) suggest that two proposed typographical changes to the BGE (NI) code as outlined in BGE (NI) Proposed Modification 1 be included in the Phoenix Proposed Modification 3 in order to maintain consistency between the Codes. These are:

(i) The addition of further wording to Phoenix Transmission Network Code clause J3.8 (b) (iii) as follows:
(iii) ‘has made a full payment for all’

be changed to

(iii) ‘has made a full payment of all amounts invoiced in respect of:’

The addition of this extra wording is recommended in order to tidy up continuing obligations and maintain consistency with clause J 3.8 (e).

(ii) The addition of the units MJ/m³ as the units of Wobbe Index in Annex E-1: Gas Specification.

**Phoenix Transmission’s Opinion:**

Phoenix Transmission accepts the wording change and the addition of the units of measurement proposed by BGE (NI) Transmission and will amend its Network Code accordingly.

**4. Likely Implementation Date:**

As requested by Ofreg, Phoenix Transmission proposes an implementation date for this modification of 17th February 2006 which is in line with the implementation date of similar modification proposals raised by BGE (NI) Transmission (Mod proposal 1) and PTL (Mod proposals 8 and 12)

**5. Impact on the Operation of Other Designated Pipeline Operator’s Network Codes**

Both PTL and BGE (NI) have raised modification proposals to make similar changes to their Transportation Codes.

**6. Phoenix Transmission Opinion:**

Phoenix Transmission supports the proposal as amended in this Final Modification Report. The minor drafting changes proposed do not alter the nature or overall intent of the Code, but aids in clarification. In addition, the inclusion of the retirement clause enhances the scope and comprehensiveness of the Code. The Relevant Objective as set out in condition 2A.7 of the Phoenix combined licence is facilitated by the Licensee’s Network Code. Therefore improvements in drafting and the addition of clauses that enhance the Network Code also facilitate the Relevant Objective.
Accession to the Code: Section J 3.3 (d)

3.3 (d) shall provide to Phoenix its postal address and email address for notices in accordance with paragraph 3.4 of the Terms of Reference.

Retirement from the code: Section J 3.8

3.8 A Shipper (a “Retiring Shipper”) may make an application to retire from the code in accordance with the conditions of this paragraph 3.8.

3.8 (a) A Retiring Shipper may, make an application to terminate its Accession Agreement by giving Phoenix not less than thirty five (35) Business Days written notice at any time.

3.8 (b) Phoenix shall respond to the Retiring Shipper, within twenty five (25) Business Days of receiving the application referred to in paragraph 3.8, 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 limited to) the requirements that the Retiring Shipper:

(i) has ceased to be a party to any agreement between Phoenix and the Shipper which incorporates the Code; and /or

(ii) has ceased to hold any Firm Capacity; and /or

(iii) has made a full payment of all amounts invoiced in respect of:

(1) PS Transmission Amounts
(2) Code Charges
(3) Supplemental Payments
(4) Auxiliary Payments; and
(5) Other amounts due pursuant to the Code.

3.8 (c) Within ten (10) Business Days of the Retired Shipper confirming to Phoenix in writing (together with supporting documentation) that it has complied with the requirements of Phoenix under paragraph 3.8 (b), Phoenix shall confirm to the Retiring Shipper that it either:

(i) agrees that the Retiring Shipper has appropriately complied with each of its requirements under paragraph 3.8 (b), in which case, the Retiring
Shipper shall be entitled to terminate the Accession Agreement forthwith on notice to Phoenix [copied to the Authority]; or

(ii) does not accept that the Retiring Shipper has appropriately complied with all of its requirements under paragraph 3.8 (b), 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 paragraph 3.8.

3.8 (d) Upon the termination of the Retiring Shipper’s Accession Agreement in accordance with this paragraph 3.8, a Retiring Shipper shall cease to be a Shipper for the purposes of the Code and the Retiring Shipper and Phoenix shall no longer be bound in relation to each other by this Code except to the extent set out in paragraphs 3.8 (e) and 3.8 (f)

3.8 (e) Termination of an Accession Agreement in accordance with this paragraph 3.8 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 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:

(i) PS Transmission Amounts;
(ii) Code Charges;
(iii) Supplemental Payments;
(iv) Auxiliary Payments; and/or
(v) Any other payments due pursuant to the Code

3.8 (f) The Retiring Shipper shall pay any sums due in accordance with paragraph 3.8 (e) 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 a Shipper at an Exit Point shall continue to be liable for all accrued payments or other amounts due to Phoenix notwithstanding that the Retired 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 be 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 Phoenix until such time as that Retiring Shipper has met all its obligations under the Code (prior to and arising out of termination) and

(ii) any financial security which the Retiring Shipper was obligated to provide to Phoenix pursuant to the Code shall remain in place until all such payments have been discharged in full.
**Interpretation: Section K**

"Due Date" means the date on which payment of an invoice in respect of any PS Transmission Payment and Code Charges falls due, being the 10th Business Day in the Month next after the Month in which the relevant invoice was issued;

“Phoenix Licence” 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 Phoenix at that time.

**Annex E – 1: Section E**

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<thead>
<tr>
<th>Composition / Specification</th>
<th>Range / Value</th>
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<tbody>
<tr>
<td>Wobbe Index</td>
<td>47.2 – 54.7 MJ/m³</td>
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