Phoenix Natural Gas Ltd.
Transmission Network Code Modification Proposal Number 1

1. Subject of Proposed Modification:

(a) This modification proposes that the governing law for the Transmission Code should be changed from the law of Northern Ireland to the law of England and Wales.

(b) The other changes proposed are minor typographical corrections to drafting.

2. Modification proposed by:

Phoenix Transmission

3. Proposed Modification submitted:

23rd March 2005

4. Consultation Period:

25 Business Days

5. Responses received from Users or Affected Parties:

None

6. Operator’s justification for implementation of Proposal:

(a) Governing law for the Transmission Code to be changed from the law of Northern Ireland to the law of England and Wales:

The Transmission Code is closely linked to the provisions of the Premier Transmission’s Network Code, which is under the jurisdiction of the courts of England. It is therefore anticipated that it would be more efficient if the Transmission Code adopts the laws of England and Wales, as this will ensure a consistency of legal precedent and interpretation across these two linked Codes.

Sections of the Transportation Code that require amendment

- Section I, paragraph 3.1 and 3.11
- Section J, paragraph 15 and 16

Proposed text changes within the Network Code are detailed in full below.
(b) Typographical corrections to drafting.

The Relevant Objective (see condition 2A.7 of the Phoenix combined licence) is facilitated by the Licensee’s Network Code. Therefore, correction of errors in the Network Code drafting also facilitate the relevant objective.

Sections of the Transportation Code that require amendment

- Section E, paragraph 1.2
- Section F, paragraph 8.3(a)
- Section I, paragraph 3.1 and 3.11
- Section J, paragraph 2.1 and 6.3

Proposed text changes within the Network Code are detailed in full below.

6. Proposed Implementation Date: 1st August 2005
Proposed Text Amendments in the Transportation Code

SECTION E: ENTRY AND EXIT REQUIREMENTS

Amend paragraph 1.2 to read as follows:

"There is no Measurement Equipment…." 

SECTION F: CHARGES, PAYMENT AND TAX

Amend paragraph 8.3(a) to read as follows:

"…. 
Account name: Postalisation Trustee Account 
Bank: Ulster Bank Dublin Trust Company 
Sort Code: 98-00-60 
Account number: 48543060"

SECTION I: DISPUTES

Amend paragraph 3.1 to read as follows:

"3.1 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 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 the 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 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 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 15 business days of being requested to do so;
(d) upon the Expert being agreed upon or appointed in accordance with this paragraph 3 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 this paragraph 3, the Dispute shall be finally settled by the courts of England and Wales in accordance with paragraph 5.

Amend paragraph 3.11 to read as follows:

"... (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."

SECTION J: GENERAL

Amend paragraph 2.1 to read as follows:

"This paragraph 2 applies until such time as it is no longer required to apply by reason of the legal separation of the transmission, the distribution and the supply businesses carried on by Phoenix in accordance with the Phoenix Licence at the date of the Code."

Amend paragraph 6.3 to read as follows:

"...

(a) as respects the liability of Phoenix to any one Shipper or of any one Shipper to Phoenix, an amount equal to 2% of the total postalised revenue of Phoenix as stated in the most recently available annual audited accounts for Phoenix; and

(b) as respects the liability in aggregate of Phoenix to Shipper collectively or of Shippers collectively to Phoenix, an amount equal to 2% of the total postalised revenue of Phoenix as stated in the most recently available annual audited accounts for Phoenix."

Amend paragraph 15 to read as follows:

"15.1 Subject and without prejudice to the provisions of Section J as to Expert Determination, all the Parties irrevocably agree that the courts of England and Wales are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Code and the Framework Agreement and that accordingly any suit, action or proceeding (collectively "proceedings") arising out of or in connection with the Code or the Framework Agreement may be brought in such courts.

15.2 Each Party irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any proceedings in any such court as is
referred to in paragraph 15.1 and any claim that any such proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any proceedings brought in England and Wales shall be conclusive and binding upon such Party and may be enforced in the courts of any other jurisdiction."

Amend paragraph 16 to read as follows:

"The Code and the Framework Agreement shall be governed by, and construed in all respects in accordance with, the law of England and Wales."

Amend paragraph 16 to read as follows:

"The Code and the Framework Agreement shall be governed by, and construed in all respects in accordance with, the law of England and Wales."

Amend paragraph 16 to read as follows:

"The Code and the Framework Agreement shall be governed by, and construed in all respects in accordance with, the law of England and Wales."