

Proposed Modification & Initial Modification Report No.10

Implementation of Congestion Management Procedures (CMP)

30th September 2013

Please find attached details of Proposed Modification 10 & Initial Modification Report 10, raised by Belfast Gas Transmission Ltd as required under Section 2 and 3 of the BGTL Transmission Code Modification Rules.

A Description of the nature and purpose of the modification

This proposed code modification is required to ensure compliance with the EC Regulation 715/2009 (the Regulation), amended by the European Commission Decision of 24 August 2012.

CMP is required to address the issue of contractual congestion at Interconnection Points where Shippers cannot gain access to Capacity notwithstanding the physical availability of such Capacity. CMP mechanisms aim to maximise the Capacity which is available to Shippers and bring unused Capacity back to the market to be resold through regular Capacity booking procedures.

The existing concepts in the PTL Transportation Code for Annual Review of Firm Capacity and Reduction of Firm Capacity are to be amended in order to align with the Surrender of Contracted Capacity and the Long Term Use it or Lose It requirements. In addition PTL's Modification 25 will introduce the new mechanisms Oversubscription and Buyback.

This Modification Proposal is to make appropriate changes to the BGTL Transmission Code to ensure that the existing arrangements whereby Shipper's capacity holdings on the BGTL network are determined by reference to their capacity holdings under the PTL Transportation Code are preserved and updated to reflect the new CMP requirements and processes.

B How the modification better facilitates the relevant objective

The Relevant Objective, (condition 2.4 of the BGTL Licence), will be better facilitated by the Licensee's Network Code as a result of this modification.

The introduction of this code modification is required to ensure EU compliance within the required timeframes and should result in Capacity, which would otherwise be unavailable, becoming accessible to the market.

C The clauses of the Transmission Code that require amendment

Please find attached a mark-up of the relevant clauses of the BGTL Transmission Code indicating proposed alterations to the Code text.

D Impact on other Designated Pipeline Operator's Network Codes

BGTL has worked closely with PTL and BGE(NI) in the preparation of this code modification to ensure consistency with the PTL Initial Modification Report for Code Modification 25 and BGE(NI) Initial Modification Report for Code Modification 12.

E The date proposed for implementation

BGTL proposes an implementation date of 8th November 2013.

Please send responses on or before 28th October 2013 to:

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Proposed Legal Text for CMP: BGTL Code Modification Proposal 10

Amend Section F of the Contents list as follows:

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SECTION A: THE SYSTEM – *no changes*

SECTION B: SYSTEM OPERATION AND MAINTENANCE – *no change*

SECTION C: SYSTEM CAPACITY

Amend Section C paragraphs 2 and 3 to read as follows:-

2 PTL Capacity

2.1 Pursuant to the provisions of the PTL Code:

- (a) a Shipper may apply for and hold PTL Firm Capacity;

- (b) a Shipper's PTL Firm Capacity may comprise an amount of PTL Daily Capacity;
- (c) in relation to the PTL Ballylumford Exit Point, the amount of PTL Firm Capacity a Shipper may apply for and hold is determined by reference to the amount of Firm Capacity the Shipper wishes to utilise in offtaking gas from the Belfast Gas System at Belfast Gas Exit Points;
- (d) a Shipper may apply for and hold PTL Firm Capacity at the PTL Ballylumford Exit Point in respect of each PTL Belfast Gas Exit Point at which it wishes to offtake gas from the Belfast Gas System at the corresponding Belfast Gas Exit Point; ~~and~~
- (e) a Shipper may apply to be registered with PTL for the purposes of making Interruptible VRF Nominations at:
 - (i) the PTL Belfast Gas Exit Point which corresponds to the Greater Belfast Exit Point;
 - (ii) the PTL Belfast Gas Exit Point which corresponds with the Carrickfergus Exit Point for onward transportation to the SN Virtual Exit Point from the NI Network; and
 - (iii) PTL Exit Points upstream of the PTL Ballylumford Virtual Entry Point; ~~and~~

(f) a Shipper may, in response to a Buyback Invitation (as that term is defined in the PTL Code) offer to sell PTL Firm Capacity to PTL and PTL may agree to purchase PTL Firm Capacity from the Shipper;

2.2 Pursuant to the PTL Code the amount of PTL Capacity a Shipper is treated as holding in relation to a PTL Belfast Gas Exit Point on any Day may be increased or decreased in certain circumstances.

3 Belfast Gas Capacity

3.1 For the purposes of the Code, in respect of a Day:

- (a) ***not used;***
- (b) a Shipper shall be treated as holding, for the purposes of Section F, an amount of Belfast Gas Firm Capacity at the Greater Belfast Exit Point which is equal to the amount of PTL Firm Capacity which the Shipper holds (pursuant to the PTL Code) in respect of the PTL Belfast Gas Exit Point which corresponds to the Greater Belfast Exit Point and the amount of Belfast Gas Firm Capacity a Shipper is treated as holding may comprise an amount of Belfast Gas Daily Capacity which is equal to the amount of PTL Daily Capacity held pursuant to the PTL Code;
- (c) a Shipper shall be treated as holding, for the purposes of Section F, an amount of Belfast Gas Firm Capacity at the Carrickfergus Exit Point which is equal to the amount of PTL Firm Capacity which the Shipper holds (pursuant to the PTL Code) in respect of the PTL Belfast Gas Exit Points which correspond to the Carrickfergus Exit Point.

- (d) where, pursuant to the PTL Code, a Shipper applies to PTL to be registered for Interruptible VRF Nominations at a PTL Belfast Gas Exit Point which corresponds to the Greater Belfast Exit Point, it shall be treated for the purposes of Section F as applying to utilise Belfast Gas Interruptible VRF Capacity at the Greater Belfast Gas Exit Point; and
- (e) where, pursuant to the PTL Code, a Shipper applies to PTL to be registered for Interruptible VRF Nominations at a PTL Ballylumford Exit Point which corresponds to the Carrickfergus Exit Point, it shall be treated for the purposes of Section F as applying to utilise Belfast Gas Interruptible VRF Capacity at the Carrickfergus Exit Point.
- (f) where, pursuant to the PTL Code, a Shipper applies to PTL to be registered for Interruptible VRF Nominations at PTL Exit Points upstream of the PTL Ballylumford Exit Point, it shall be treated for the purposes of Section F as applying to utilise Belfast Gas Interruptible VRF Capacity at the Belfast Gas Ballylumford Virtual Exit Point.

3.2 Where the amount of PTL Firm Capacity a Shipper holds at the PTL Ballylumford Exit Point in respect of a PTL Belfast Gas Exit Point on a Day increases or decreases pursuant to the PTL Code including by reason of;

- (a) a Capacity Transfer; and/or
- (b) the allocation of PTL Daily Capacity;
- (c) the purchase of PTL Firm Capacity by PTL from the Shipper pursuant to the OS Scheme;
- (d) the reduction of PTL Firm Capacity following the application of the Long Term Use It or Lose It Mechanism; and/or
- (e) the reduction of PTL Firm Capacity following surrender of such capacity by the Shipper;

_____ the amount of Belfast Gas Firm Capacity the Shipper is treated as holding at the corresponding Belfast Gas Exit Point shall be equal to the amount of PTL Firm Capacity the Shipper holds (pursuant to the PTL Code) in respect of the PTL Belfast Gas Exit Point on a Day following such increase or decrease.

3.3 Where a Shipper ceases to hold PTL Firm Capacity at the PTL Ballylumford Exit Point in respect of a Belfast Gas Exit Point with effect from any Day the Shipper shall be treated as ceasing to hold Belfast Gas Firm Capacity at the corresponding Belfast Gas Exit Point with effect from the same Day.

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Amend section C paragraph 5 to read as follows

5 Notification by PTL

5.1 For the purposes of this Section C Belfast Gas will procure that PTL shall notify Belfast Gas of:

- (a) any application for an Exit Point Registration or extension of an Exit Point Registration in respect of a PTL Belfast Gas Exit Point, the date from which the registration is proposed to be effective, whether or not the Shipper wishes to be registered for the purposes of Interruptible VRF Nominations and the identity of the relevant PTL Shipper within 5 Business Days of receipt of the application by PTL;
- (b) the issue or termination of an Exit Point Registration or extension of an Exit Point Registration in respect of a PTL Belfast Gas Exit Point, the date from which the registration is to be effective or cease to be effective and the identity of the relevant PTL Shipper within 5 Business Days of the issue or cancellation of the registration by PTL;
- (c) any application made to it for PTL Firm Capacity (excluding PTL Daily Capacity) at a PTL Belfast Gas Exit Point, the amount of PTL Capacity in respect of which the application is made and the identity of the relevant PTL Shipper within 5 Business Days of the receipt of the application by PTL;
- (d) any application made to it for PTL Daily Capacity at a PTL Belfast Gas Exit Point, the amount of PTL Daily Capacity in respect of which the application is made and the identity of the relevant PTL Shipper within 1 Business Day of the receipt of the application by PTL;
- (e) the allocation of PTL Firm Capacity to a PTL Shipper at a PTL Belfast Gas Exit Point, the amount of PTL Firm Capacity allocated, the duration of the allocation and the identity of relevant PTL Shipper within 5 Business Days of the making of the allocation by PTL. For the avoidance of doubt, any such notification from PTL shall individually identify the quantities of any Daily Capacity allocated for each Day pursuant to the PTL Code;
- (f) the revision to the amount of PTL Capacity allocated to a PTL Shipper at a PTL Belfast Gas Exit Point, the effective date of such revision for the purposes of the PTL Code and the reasons therefor within 5 Business Days of the making of the revised allocation by PTL;
- (g) any application made to it in respect of a Capacity Transfer at a PTL Belfast Gas Exit Point, the amount of PTL Capacity in respect of which the application is made, the duration of the proposed transfer and the identity of the relevant PTL Shippers within 5 Business Days of the receipt of the application by PTL;
~~and~~
- (h) any sub-letting (or proposed sub-letting) by a PTL Shipper of PTL Capacity at a PTL Belfast Gas Exit Point, the amount of PTL Capacity in respect of which the sub-letting relates, the duration of the proposed sub-letting and the identity of the relevant PTL Shipper and third party within 5 Business Days of the receipt of a notice of sub-letting (or proposed sub-letting);
~~and~~
- (i) the reduction in the amount of PTL Firm Capacity allocated to a PTL Shipper at a PTL Belfast Gas Exit Point following the application of Firm Capacity Buyback rules pursuant to the PTL Code, the amount of the reduction and the identity of the relevant PTL Shipper within 5 Business Days of making the reduction.

5.2 Where, in respect of a Day in relation to which Belfast Gas is required to submit an Invoice to a Shipper in accordance with Section F, PTL has not, 3 Business Days

prior to the date the Invoice is to be submitted, notified Belfast Gas of the amount of PTL Firm Capacity excluding PTL Daily Capacity a Shipper holds at a PTL Belfast Gas Exit Point, the Monthly Postalised Capacity Payments shall be calculated on the basis that the Shipper held on the relevant Day an amount of Belfast Gas Capacity equal to the amount of PTL Firm Capacity excluding PTL Daily Capacity for the most recent preceding Day in relation to which PTL has given Belfast Gas proper notification in accordance with paragraph 5.1.

- 5.3 Where in respect of a Day in relation to which Belfast Gas is required to submit a STG/VRF/STC/VRF/BB Invoice to a Shipper in accordance with Section F, PTL has not, 3 Business Days prior to the date the Invoice is to be submitted, notified Belfast Gas of the amount of PTL Daily Capacity a Shipper holds at a PTL Belfast Gas Exit Point, the STG/VRF/STC/VRF/BB Charges shall be calculated on the basis that the Shipper held on the relevant Day an amount of Belfast Gas Capacity equal to the amount of PTL Daily Capacity for the most recent preceding Day in relation to which PTL has given Belfast Gas proper notification in accordance with paragraph 5.1.

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Amend section C paragraph 6 to read as follows

6 Charges

- 6.1 For the purposes of Section F, a Shipper's liability to pay Monthly Postalised Capacity Payments shall be determined by reference to the amount of Belfast Gas Firm Capacity excluding Belfast Gas Daily Capacity the Shipper is treated as holding at a Belfast Gas Exit Point on each Day in the relevant Month in accordance with this Section C.
- 6.2 For the purposes of Section F, a Shipper's liability to pay Monthly Postalised Commodity Payments shall be determined in accordance with Section D3.4.
- 6.3 The rate of Monthly Postalised Capacity Payments and Monthly Postalised Commodity Payments payable at any time by a Shipper shall be as determined in accordance with the Belfast Gas Licence and set out in the Conveyance Charge Statement.
- 6.4 For the purposes of section F, a Shipper's liability to pay or receive STG/VRF/STC/VRF/BB Charges, shall be determined by reference to:
- (a) the amount of Belfast Gas Daily Capacity the Shipper is treated as holding at a Belfast Gas Exit Point on each Day in the relevant Month in accordance with this section C; ~~and~~
 - (b) the Exit Points Registrations which a Shipper has been issued by PTL for the purposes of Interruptible VRF Nominations at PTL Belfast Gas Exit Point which corresponds to the Greater Belfast Exit Point; and
 - (c) the Buyback Payments and Incentive Scheme Payments calculated in accordance with the OS Scheme and the Postalised Network Incentive Scheme Payments Procedure.
- 6.5 For the purposes of Section F, Belfast Gas shall only invoice Shippers for STG/VRF/STC/VRF/BB Charges in relation to the Greater Belfast Exit Point. PTL shall invoice Shippers for STG/VRF/STC/VRF/BB Charges in relation to PTL Exit Points in

accordance with the PTL Code and BGE (NI) shall invoice Shippers for ~~STC/VRF/STC/VRF/BB~~ Charges in relation to the SN Exit Point from the NI Network.

- 6.6 Monthly Postalised Capacity Payments, Monthly Postalised Commodity Payments and ~~STC/VRF/STC/VRF/BB~~ Payments shall be invoiced and payable in accordance with Section F.

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SECTION D: ALLOCATION –no changes

SECTION E: ENTRY AND EXIT REQUIREMENTS – no changes

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Amend Section F to read as follows:

SECTION F : CHARGES, PAYMENT AND TAX

1 Introduction

- 1.1 Belfast Gas shall, in accordance with the Belfast Gas Licence, invoice monthly each Gas Supplier in respect of the PS Transmission Amounts that that Shipper owes it and/or the PS Transmission Amounts that it owes that Gas Supplier in accordance with this Section F.
- 1.2 Belfast Gas shall, subject to C6.5, invoice each Shipper monthly in respect of Code Charges, ~~STC/VRF/STC/VRF/BB~~ Charges and any other relevant charges which the Shipper owes to it and/or it owes to the Shipper in accordance with this Section F.
- 1.3 All monies due under the Belfast Gas Licence and the Code shall be invoiced and payable in accordance with this Section F.
- 1.4 A Shipper shall, notwithstanding any failure by Belfast Gas to make available gas for offtake from the Belfast Gas System in accordance with the Code or the Belfast Gas Licence for whatsoever reason, be obliged to pay charges and amounts which it has agreed to pay in accordance with paragraph 2.

2 Shipper payment obligations

- 2.1 Subject to paragraph 2.2, a Shipper which is a Gas Supplier:
- (a) subject to paragraph 9.1, undertakes to pay to Belfast Gas those elements of the PS Transmission Amounts which Belfast Gas is entitled to recover from that Gas Supplier in accordance with the Belfast Gas Licence; and
 - (b) undertakes to pay to Belfast Gas the Code Charges which Belfast Gas is entitled to recover from that Gas Supplier in accordance with the Code; and
 - (c) undertakes to pay to Belfast Gas the ~~STC/VRF/STC/VRF/BB~~ Charges which Belfast Gas is entitled to recover from that Gas Supplier in accordance with this Code.
- 2.2 A Transit Shipper:

- (a) shall not, subject to paragraph (b) below, be liable to pay Belfast Gas PS Transmission Amounts;
- (b) subject to paragraph 9.1, undertakes to pay to Belfast Gas Monthly Postalised Capacity Payments in respect of Belfast Gas Firm Capacity (excluding Belfast Gas Daily Capacity) held by that Transit Shipper to the extent that that Transit Shipper holds an amount of Belfast Gas Firm Capacity (excluding Belfast Gas Daily Capacity) in excess of the amount of capacity it holds in the pipe-line system of any Downstream System Operator;
- (c) undertakes to pay to Belfast Gas the Code Charges which Belfast Gas is entitled to recover from that Transit Shipper in accordance with the Code; and
- (d) undertakes to pay to Belfast Gas the STCA/RFSTC/RF/BB Charges which Belfast Gas is entitled to recover from that Transit Shipper in accordance with this Code.

2.3 A Shipper which is not a Gas Supplier undertakes to pay Belfast Gas:

- (a) those charges which Belfast Gas is entitled to recover from that Shipper in accordance with the Belfast Gas Licence; and
- (b) the Code Charges which Belfast Gas is entitled to recover from that Shipper in accordance with the Code; and
- (c) the STCA/RFSTC/RF/BB Charges which Belfast Gas is entitled to recover from that Shipper in accordance with this Code.

3 Belfast Gas payment obligations

Belfast Gas 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 Belfast Gas Licence; and
- (b) pay to a Gas Shipper the Code Charges which the Gas Shipper is entitled to receive from Belfast Gas in accordance with the Code; and-
- (c) pay to a Gas Shipper any payments which the Gas Shipper is entitled to receive from Belfast Gas in accordance with this Code.

4 Content of PS Invoice

4.1 Each invoice which Belfast Gas issues to a Gas Supplier in accordance with this Section F 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 paragraphs 4.2, 4.3 and 4.4; and

(d) a unique number by which the PS Invoice may be identified.

4.2 Each PS Invoice shall itemise the amounts due in respect of PS Transmission Amounts payable by that Gas Supplier to Belfast Gas, or by Belfast Gas to that Gas Supplier, and in either case, in accordance with the Belfast Gas 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 Belfast Gas;
 - (vii) Reconciliation Payment payable by Belfast Gas to the Gas Supplier;
and
 - (viii) Debt Repayment;
- (known collectively as "**PS Transmission Amounts**");

(b) the amount payable in accordance with paragraphs 4.3(c) and 4.4(c); and

(c) the amount of tax payable in accordance with paragraphs 4.3 and 4.4

provided that if any payment of PS Transmission Amounts due to Belfast Gas under the Code remains unpaid after the Due Date a PS Invoice shall be accompanied by a statement setting out the amount so overdue and an invoice of the amount of interest due on such overdue amount calculated to the date of the invoice.

4.3 Notwithstanding paragraph 2 but subject to paragraph 4.4, 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 paragraph 4.3 as:

- (a) the sum of the amounts detailed in paragraph 4.2(a)(i), (ii), (iii), (iv), (v) and (vi); less
- (b) the sum of the amounts detailed in paragraph 4.2(a)(vii) and (viii); plus
- (c) the applicable VAT; plus
- (d) any tax payable on the sum of (a) less (b) in accordance with paragraph 12 (apart from that payable under (c)).

4.4 Notwithstanding paragraph 2 but subject to paragraph 12.1, where the sum of the figures referred to in paragraph 4.3(a) less those figures referred to in paragraph 4.3(b) is a negative value, this paragraph 4.4 shall apply instead of paragraph 4.3 so that the total amount payable by Belfast Gas in respect of PS Transmission Amounts shall be stated in the PS Invoice and shall be calculated in accordance with this paragraph 4.4 as:

- (a) the sum of the amounts detailed in paragraph 4.2(a)(vii) and (viii); less
- (b) the sum of the amounts detailed in paragraph 4.2(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 paragraph 12 (apart from that payable under (c)).

4.5 The provisions of this paragraph 4 shall apply, mutatis mutandis, to any Shipper who is not a Gas Supplier as adjusted to reflect those charges which such Shipper has agreed to pay in accordance with paragraph 2.3.

5 Content of CC Invoice

5.1 Each invoice which Belfast Gas issues to a Shipper in accordance with this Section F in respect of 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 paragraphs 5.2, 5.3 and 5.4; and
- (d) a unique number by which the CC Invoice may be identified.

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

- (a) (i) outstanding Code Charges and
(ii) any other sum payable under the Code, other than ~~STC/VRF~~STC/VRF/BB Charges by or to the Shipper; and
- (b) the amount payable in accordance with paragraph 5.3(c).

5.3 Subject to paragraph 5.4, the total amount payable by the Shipper in respect of Code Charges, shall be stated in the CC Invoice and shall be calculated as follows:

- (a) the sum of the amounts detailed in paragraph 5.2 (a) which are due to Belfast Gas; less
- (b) the sum of the amounts detailed in paragraph 5.2 (a) which are due to the Shipper; plus
- (c) the applicable VAT.

5.4 Where the sum of paragraph 5.3 (a) less paragraph 5.3 (b) is a negative value, this paragraph 5.4 shall, subject to paragraph 12, apply instead of paragraph 5.3 so that the total amount payable by Belfast Gas to the Shipper in respect of Code Charges shall be stated in the CC Invoice and shall be calculated as follows:

- (a) the sum of the amounts detailed in paragraph 5.2 which are payable to the Shipper; less
- (b) the sum of the amounts detailed in paragraph 5.2 which are payable to Belfast Gas; plus
- (c) the applicable VAT.

6 Content of STC/VRFSTC/VRF/BB Invoice

6.1 Each invoice which Belfast Gas issues to a Shipper in accordance with this paragraph 6 in respect of STC/VRFSTC/VRF/BB Charges, together with any attachments thereto (a "STC/VRFSTC/VRF/BB Invoice"), shall set out the following:

- (a) the identity of the Shipper;
- (b) the period to which the STC/VRFSTC/VRF/BB Invoice relates;
- (c) the information required to be stated in paragraphs 6.2 and 6.3 and
- (d) a unique number by which the STC/VRFSTC/VRF/BB Invoice may be identified

6.2 Each STC/VRFSTC/VRF/BB Invoice shall itemise the amounts due in respect of STC/VRFSTC/VRF/BB Charges payable by that Shipper to Belfast Gas in accordance with this Code, by detailing, on a separate line, any sums due for each of the following:

- (a)
 - (i) Daily Capacity Charges as defined in paragraph 14.1 (a);
 - (ii) Interruptible VRF Charges as defined in paragraph 14.1 (b);
 - (iii) Buyback Payments payable to the Shipper by Belfast Gas as defined in paragraph 14 .1 (c); and
 - (iv) Incentive Scheme Payments payable to the Shipper by Belfast Gas as defined in paragraph 14 .1 (d).

(known collectively as "STC/VRFSTC/VRF/BB Charge Amounts");
and

- (b) the amount payable in accordance with paragraph 6.3; and
- (c) for the avoidance of doubt, the amounts identified on a STC/VRFSTC/VRF/BB Invoice which are payable from the Shipper to Belfast Gas are to be credited by the Shipper to Belfast Gas.

6.3 The total amount payable by the Shipper in respect of STC/VRFSTC/VRF/BB Charges shall be stated in the STC/VRFSTC/VRF/BB Invoice and shall be calculated as follows:

- (a) the sum of the amounts detailed in paragraph 6.2 (a) (i) and (ii) which are due to Belfast Gas less the sum of the amounts detailed in paragraph 6.2 (a) (iii) and (iv) which are due to the Shipper; plus

- (b) the applicable VAT; plus
- (c) any tax payable on the sum in (a) apart from that payable under (b) in accordance with paragraph 12

provided that if any payment of STC/VRF/STC/VRF/BB Charges due to Belfast Gas under this Code remains unpaid after the Due Date, the next STC/VRF/STC/VRF/BB Invoice to be issued by Belfast Gas to the relevant shipper shall be accompanied by (i) a statement 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.

6.4 Where the sum of 6.2 (a) (iii) and (iv) exceeds the sum of 6.2 (a) (i) and (ii), this paragraph 6.4 shall, subject to paragraph 11.1, apply instead of paragraph 6.3 so that the total amount payable by Belfast Gas to the Shipper in respect of STC/VRF/BB Charges be stated in the STC/VRF/BB Invoice and shall be calculated as follows:

- (a) the sum of the amounts detailed in paragraph 6.3 (a) (iii) and (iv) which are payable to the Shipper; less
- (b) the sum of the amounts detailed in paragraph 6.3 (a) (i) and (ii) which are payable to Belfast Gas; plus
- (c) the applicable VAT.

7 Outstanding Code Charges

- 7.1 Belfast Gas shall be entitled to recover monies in respect of all Code Charges due and owing from a Shipper in accordance with paragraph 7.2 from all other Shippers in accordance with this paragraph 7.
- 7.2 If any payment of Code Charges due to Belfast Gas under the Code, remains unpaid in whole or in part, after:
 - (a) the Due Date; and
 - (b) Belfast Gas has taken any steps available to it under the 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

Belfast Gas shall, subject to paragraph 7.6, be entitled to recover the outstanding payment (an "**Outstanding Code Charge**" which expression shall include any sum which Belfast Gas is entitled to recover in accordance with this paragraph 7) in accordance with paragraphs 7.3, 7.4 and 7.5.

- 7.3 Belfast Gas shall:
 - (a) be entitled to recover from a Shipper a proportion of the aggregate of all Outstanding 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 12 equal instalments not later than 10 business days after the end of each Month; and

- (b) deposit any such Outstanding Code Charges recovered from a Shipper in a separate interest bearing account and apply all sums, including interest, in such account in accordance with paragraph 7.7.
- 7.4 The proportion of such amount that Belfast Gas shall recover from each Shipper shall be the proportion that the aggregate of the relevant Shipper's Belfast Gas Daily Allocated Quantities in respect of each Day in the Month in respect of which the relevant payment was not made bears to the aggregate of each Shipper's Belfast Gas Daily Allocated Quantities in respect each Day in such Month provided that in any Month in which such quantities shall all be zero each Shipper shall be deemed to have an aggregate Belfast Gas Daily Allocated Quantities for all Days in such Month equal to 1MWh in relation to each Belfast Gas Exit Point at which the Shipper was treated as offtaking gas on any Day in such Month.
- 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 Belfast Gas under the Code in respect of Code Charges remaining unpaid after the Due Date shall, upon such event occurring, be an Outstanding Code Charge recoverable in accordance with this paragraph 7.
- 7.6 Belfast Gas shall, to the extent that it recovers any Outstanding 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 Code Charges was recovered pro rata to the proportions in which the Outstanding Code Charges was recovered provided that no Shipper shall be entitled to receive any sum greater than the amount it actually paid to Belfast Gas in respect of such Outstanding Code Charges.
- 7.7 A Shipper acknowledges that Belfast Gas shall, and Belfast Gas agrees to, apply all sums deposited in and interest earned on the account referred to in paragraph 7.3(b) in making an immediate payment of the Outstanding Code Charges due to Belfast Gas.

8 Periods of Invoicing

- 8.1 Each Month Belfast Gas shall, as soon as reasonably practicable and in any event not later than the 10th Business Day after the end of such Month (the "**Invoice Day**"), submit a PS Invoice, a CC Invoice and a [STCA/VRFSTC/VRF/BB](#) Invoice to each Shipper.
- 8.2 The provisions of paragraph 8.1 shall apply, mutatis mutandis, to the invoice to be submitted by Belfast Gas to any Shipper who is not a Gas Supplier in respect of those charges which such Shipper has agreed to pay in accordance with paragraph 2.3(a).

9 Payment

- 9.1 A Shipper shall:
- (a) pay to the PoT Account any balance specified in a PS Invoice in accordance with paragraph 4.3 by the Due Date provided that this obligation shall not be satisfied by any payment by a Shipper to Belfast Gas of any such balance specified in a PS Invoice; and

(b) pay to Belfast Gas any balance specified in a CC Invoice in accordance with paragraph 5.3 to Belfast Gas's account by the Due Date; and

(c) pay to Belfast Gas any balance specified in a STC/VRF/STC/VRF/BB Invoice in accordance with paragraph 6.3 to Belfast Gas's account by the Due Date.

9.2 Belfast Gas shall:

(a) pay to a Gas Supplier any balance specified in a PS Invoice in accordance with paragraph 4.4 by the eighth business day following the Due Date; and

(b) pay to the Shipper any balance specified in a CC Invoice in accordance with paragraph 5.4 by the Due Date.

(c) pay to the Shipper any balance specified in a STC/VRF/BB Invoice in accordance with paragraph 6 by the Due Date.

9.3 All payments made under the 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 Belfast Gas 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) Belfast Gas's account shall be made in Pounds Sterling by direct bank transfer or equivalent instantaneous transfer of funds to such account, as from time to time, notified in writing by Belfast Gas

9.4 Any payment under the 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 Belfast Gas written notice.

9.5 All amounts payable under the 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 the 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.

9.6 The provisions of this paragraph 9 shall be apply, mutatis mutandis, to payments of each invoice to be submitted by Belfast Gas to any Shipper who is not a Gas Supplier in respect of those charges which such Shipper has agreed to pay in accordance with paragraph 2.3(a) save that such invoiced amounts shall be paid to Belfast Gas and to such account (not, for the avoidance of doubt, being the PoT Account) as Belfast Gas Transmission may, from time to time, give the Shipper written notice of.

10 Interest

If a Shipper or Belfast Gas fails to pay any sum due in accordance with this Section F 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 paragraph 11.3), interest on such overdue amount shall accrue, both before and after judgment, at LIBOR plus 3% compounded monthly from the Due Date until the date payment is made and be payable into the PoT Account.

11 Set off and disputed invoices

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

11.2 Where any sum invoiced in a PS Invoice and/or a STC/VRF/STC/VRF/BB Invoice is the subject of a dispute (whether bona fide or not) the Shipper or Belfast Gas shall pay the full amount of the PS Invoice and/or the STC/VRF/STC/VRF/BB Invoice without set off or withholding. Belfast Gas and/or, where applicable, the Shipper shall, after settlement of the dispute, pay any amount agreed or determined to be payable within 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 judgment) at LIBOR plus 3% compounded monthly from such Due Date until the date payment is made.

11.3 Where any sum invoiced in a CC Invoice is the subject of a bona fide dispute and the Shipper provides Belfast Gas with full details of the reasons as to why the disputed portion is disputed within 14 business days of receipt by the Shipper of the CC Invoice to which the dispute relates, the Shipper or Belfast Gas, 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 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 judgment) at LIBOR plus 3% compounded monthly from such Due Date until the date payment is made.

12 Taxes and withholdings

12.1 If, in respect of any payment to be made to the PoT Account or Belfast Gas 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 Belfast Gas, as appropriate, such additional amounts as will ensure that the net aggregate amount received into the PoT Account or by Belfast Gas will be equal to that which would have been received had no deduction or withholding been made.

- 12.2 All amounts expressed as payable by a Shipper under the 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.
- 12.3 A Shipper shall be responsible for the payment of any taxes, duties or other levies imposed on Belfast Gas, whether or not at the time of entering into the Code, in relation to the delivery, transportation, offtake, supply, or other disposition of its gas in connection with the Code other than Belfast Gas's corporation tax.
- 12.4 A Shipper shall indemnify, keep indemnified and hold harmless Belfast Gas 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 12.3 and any fines, penalties, or interest which may be charged to or claimed or demanded from Belfast Gas in connection with the non-payment or delayed payment of such taxes by the Shipper.
- 12.5 A PS Invoice, a CC Invoice and a ~~STC/VRF~~STC/VRF/BB 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 the Code, upon delivery, transportation, offtake, supply, appropriation or other disposition of a Shipper's gas.
- 12.6 If Belfast Gas is required to pay any sum to a Shipper in accordance with the 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.

13 Audit

- 13.1 A Shipper or PS Gas Supplier may, upon reasonable notice and during reasonable hours, subject to Section J4 and any obligations of confidentiality to which Belfast Gas is subject, have an independent auditor of international repute examine the books and records of Belfast Gas to the extent necessary to verify the accuracy of any accounting statement, charge or computation made in accordance with the Code provided that:
- (a) the Shipper or PS Gas Supplier has exercised its right under this paragraph 13 by giving written notice to Belfast Gas whilst it is, or within 24 months of it ceasing to be, a Shipper;
 - (b) such books and records need not be preserved longer than a period of 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 Belfast Gas shall within 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 Belfast Gas or the Shipper or PS Gas Supplier (as appropriate) shall, within 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.
- 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 Belfast Gas 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 months of the CPI published by the Office of National Statistics each month in respect of all items).

14 **STC/VRF/STC/VRF/BB Charges**

14.1. In this Code, **STC/VRF/STC/VRF/BB** Charges comprise:

- (a) "**Daily Capacity Charges**" which shall be payable in respect of Belfast Gas Daily Capacity which a Shipper is treated as holding in the Belfast Gas System and the for the avoidance of doubt, is not otherwise charged for as a PS Transmission Amount; and
- (b) "**Interruptible VRF Charges**" which shall be payable in respect of a Shipper's Registration with PTL to make Interruptible VRF Nominations.
- (c) "Buyback Payments" which shall be payable by Belfast Gas to a Shipper in respect of Firm Capacity which is purchased in accordance with the relevant terms of the PTL Code and for the avoidance of doubt is not otherwise a PS Transmission Amount;and
- (d) "Incentive Scheme Payments" which shall be payable by Belfast Gas to a Shipper in accordance with the OS Scheme.

14.2 **STC/VRF/STC/VRF/BB** Charges shall be calculated in accordance with the Charging Methodology Statement and the OS Scheme as applicable.

15 **Belfast Gas Postalised Network Incentive Scheme Bank Account**

15.1 Belfast Gas shall procure the set up and operation of a separate bank account (the "**Belfast Gas Postalised Network Incentive Scheme Bank Account**") and shall procure the administration of the Belfast Gas Postalised Network Incentive Scheme Bank Account in conjunction with the administration of the BGE(NI) Postalised Network Incentive Scheme Bank Account and the PTL Postalised Network Incentive Scheme Bank Account in accordance with a procedure (the "**Postalised Network Incentive Payments Procedure**") established pursuant to the NINOA. Belfast Gas shall in respect of each Month:

- (a) pay into the Belfast Gas Postalised Network Incentive Scheme Bank Account:
 - (i) all monies received by Belfast Gas in respect of Oversubscription Capacity pursuant to the relevant terms of the PTL Code;

- (ii) all monies received from BGE(UK) and/or PTL in accordance with Postalsised Network Incentive Payments Procedure for the purpose of reconciling the Belfast Gas Postalsised Network Incentive Scheme Bank Account, the PTL Postalsised Network Incentive Scheme Bank Account and the BGE(NI) Postalsised Network Incentive Scheme Bank Account;
 - (iii) any interest received in respect of payments required to be paid into the Belfast Gas Postalsised Network Incentive Scheme Bank Account; and
 - (iv) any other monies which Belfast Gas reasonably determines should be credited thereto.
- (b) pay from the Belfast Postalsised Network Incentive Scheme Bank Account:
- (i) all monies payable to Shippers in respect of Buyback Payments;
 - (ii) all monies payable to Shippers in respect of Incentive Scheme Payments;
 - (iii) all monies payable to BGE(UK) and/or PTL in accordance with Postalsised Network Incentive Payments Procedure for the purpose of reconciling the Belfast Gas Postalsised Network Incentive Scheme Bank Account, the PTL Postalsised Network Incentive Scheme Bank Account and the BGE(NI) Postalsised Network Incentive Scheme Bank Account;
 - (iv) any interest payable in respect of the Belfast Gas Postalsised Network Incentive Scheme Bank Account or in respect of amounts to be discharged therefrom; and
 - (v) any other monies which Belfast Gas reasonably determines should be so debited.
- (c) The Postalsised Network Incentive Payments Procedure shall include provisions whereby:
- (i) the revenues received by Belfast Gas in respect of Oversubscription Capacity (which has been allocated pursuant to the relevant terms of the PTL Code and invoiced as part of Daily Capacity Charges) shall be calculated;
 - (ii) the Incentive Scheme Payments payable to shippers on the Postalsised System (including Shippers) shall be calculated;
 - (iii) the Incentive Scheme Payments payable to Belfast Gas, PTL and BGE(NI) shall be calculated; and
 - (iv) reconciliation amounts between the Belfast Gas Postalsised Network Incentive Scheme Bank Account, the PTL Postalsised Network Incentive Scheme Bank Account and the BGE(NI) Postalsised Network Incentive Scheme Bank Account shall be calculated.
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SECTION G: CREDIT PROCEDURES

Amend section G paragraph 2 to read as follows:

2 Calculation of Required Level of Credit Support

2.1 Subject to paragraph 2.4 the Required Level of Credit Support that a Shipper or Prospective Shipper 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 12 Months on the Belfast Gas System calculated in accordance with paragraph 2.2; plus
- (b) a forecast of the Code Charges that the Prospective Shipper or Shipper will incur during the next 12 Months on the Belfast Gas System calculated in accordance with paragraph 2.3; plus
- (c) a forecast of the ~~STC/VRF~~STC/VRF/BB Charges that the Prospective Shipper or Shipper will incur during the next twelve (12) Months on the Belfast Gas System calculated in accordance with paragraph 2.4.

2.2 Belfast Gas shall forecast the Forecast Postalised Charges that a Shipper or Prospective Shipper is likely to incur in the next 12 Months (the "**Credit Period**") based only upon the following:

- (a) the sum of:
 - (i) the higher of:
 - (1) the Shipper's or Prospective Shipper's estimated forecast in accordance with paragraph 1.2(a); and
 - (2) the Forecast Supplier Quantity which Belfast Gas reasonably estimates that the Shipper or Prospective Shipper will Exit from Belfast Gas's System during the Credit Period; and
 - (ii) the higher of:
 - (1) the Shipper's or Prospective Shipper's forecast in accordance with paragraph 1.2(b); and
 - (2) the Firm Capacity (not including Daily Capacity) which Belfast Gas reasonably estimates that the Shipper or Prospective Shipper will be treated as holding during the Credit Period;
- (b) Belfast Gas'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 (not including Daily Capacity) estimated to be treated as held by the Shipper or the 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 the 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 Belfast Gas Licence.

- 2.3 Belfast Gas shall calculate forecast Code Charges as an amount equal to 80% Code Charges Belfast Gas reasonably estimates the Shipper will incur in accordance with this Code during the Credit Period.
- 2.4 Belfast Gas shall calculate forecast STG/VRF/STC/VRF/BB Charges as an amount equal to the Daily Capacity Charges which will be likely to be incurred in accordance with section F 14.1 by the Shipper or Prospective Shipper in the Credit Period based upon the higher of:
 - (a) the Shipper's or Prospective Shipper's estimate forecast in accordance with paragraph 1.2 (d); and
 - (b) the Daily Capacity which Belfast Gas reasonably estimates that the Shipper or Prospective Shipper will be treated as holding in the Credit Period.
- 2.5 For the avoidance of doubt, a Transit Shipper's Required Level of Credit Support shall be calculated solely in accordance with paragraph 2.3.

Duration of Required Credit Support

- 2.6 A Shipper shall be required to maintain a Provided Level of Credit Support in accordance with the following:
 - (a) The Required Level of Credit Support shall apply in respect of Charges relating to a given Gas Year ("Y") from the date on which Belfast Gas issues its determination of the Required Level of Credit Support in accordance with paragraph 4 and for the avoidance of doubt may be reduced within the Gas Year Y if (following a reassessment in accordance with paragraph 6) a determination is made by Belfast Gas that there has been a reduction in the Required Level of Credit Support for Gas Year Y;
 - (b) If a Shipper has a Required Level of Credit Support for the subsequent Gas Year ("Y+1") which is lower than the Required Level of Credit Support for Gas Year Y, the Shipper shall maintain its Provided Level of Credit Support at the Required Level of Credit Support for Gas Year Y until such time as the Shipper has paid all amounts which fall to be paid by it in respect of Gas Year Y, including amounts which become payable following the calculation of the Year-End Postalised Charges (as defined in the Licence) for Gas Year Y and the invoicing of Reconciliation Payments for Gas Year.

3 Establishing a Provided Level of Credit Support

Amend section G paragraph 3.14 to read as follows:

- 3.14 Belfast Gas shall be entitled to make a demand up to the full amount under a letter of credit referred to in paragraph 3.1(d) or a guarantee referred to in paragraph 3.1(b) or 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 (for the avoidance of doubt including ~~STC/VRF~~~~STC/VRF/BB~~ Charge Amounts but not including 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 paragraph 3.1(b) or 3.1(d) respectively and the Shipper does not comply with its obligations under section 4.2; or
- (d) if:
 - (i) a guarantee referred to paragraph 3.1(b) or 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 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 Month prior to the scheduled date of expiry of such guarantee or letter of credit (or of any replacement or extension thereof), BGTL 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.

.....
Amend section G paragraph 5 to read as follows:

5 Credit Committee

5.1 Without limitation to any party's rights and obligations to call meetings of the Credit Committee under other sections of the Code, Belfast Gas 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 Code Charge or ~~STC/VRF~~~~STC/VRF/BB~~ Charge Amount by any Shipper (an "**NPTP Default**" an "**NPCC Default**" and an "**NP~~STC/VRF~~~~STC/VRF/BB~~ Default**" respectively); and/or
- (b) if the Provided Level of Credit Support fails to meet the Required Level of Credit Support from time to time (an "**LPC Default**").

5.2 If any of Belfast Gas, any other Designated Pipe-line Operator or a PS Gas Supplier reasonably believes that a Shipper or Prospective Shipper should be disallowed from providing or continuing 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 NI Network, it may, at any time, call a Credit Committee meeting to propose that the Credit Committee give a Direction disallowing the 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 (a "**US Default**").

- 5.3 If any of Belfast Gas or a PS Gas Supplier reasonably believes that failure by Belfast Gas or another Designated Pipe-line Operator to reassess 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 NI Network, it may, at any time, call a Credit Committee meeting to propose that the Credit Committee give a Direction requiring such reassessment.
- 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.
- 5.5 Belfast Gas 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.

.....

SECTION H: EMERGENCIES – *no changes*

SECTION I : DISPUTES – *no changes*

.....

SECTION J : GENERAL

7 Termination

Amend Section J paragraph 7.2 to read as follows:

- 7.2 Belfast Gas shall declare a "**Termination Default**", if the Shipper:
 - (a) fails to pay any sum due to Belfast Gas under a CC Invoice which is not the subject of a bona fide dispute in accordance with Section F10:
 - (i) within 15 Business Days of the Due Date (the "**Second Due Date**") provided that Belfast Gas shall have given the Shipper not less than 5 Business Days' written notice that such payment is overdue; or
 - (ii) by the Due Date on three or more occasions in respect of three or more separate CC Invoices;
 - (b) fails to pay any sum due to Belfast Gas under a PS Invoice:

- (i) within 15 Business Days of the Due Date provided that Belfast Gas shall have given the Shipper not less than 5 Business Days' written notice that such payment is overdue; or
 - (ii) by the Due Date on three or more occasions in respect of three or more separate PS Invoices;
- (bb) fails to pay any sum due to Belfast Gas under a ~~STC/VRF~~ STC/BVR/BB Invoice:
- (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 ~~STC/VRF~~ STC/BVR/BB Invoices
- (c) having failed to submit a Nomination to PTL for a period exceeding 12 months, does not hold at the relevant time any Belfast Gas Capacity, provided that Belfast Gas shall have first consulted with the Shipper and obtained its agreement or the agreement of the Authority to such termination;
- (d) ceases to hold an exit point registration at the PTL Ballylumford Exit Point in accordance with the PTL Code;
- (e) 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 Belfast Gas a copy of such consent from the authority;
- (f) without a valid Gas Supply Licence but who 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; or
- (g) is in LPC Default.

Amend Section J paragraph 7.13 to read as follows:

7.13 Where a Shipper ceases to be bound by the Framework Agreement pursuant to paragraphs 7.5, 7.10 and 7.11 the following payments shall immediately fall due and payable by the relevant Shipper (and the "**Due Date**" in relation to such payments shall for the purposes of the Code be the date of termination):

- (a) all of the following which are due, accrued or outstanding to Belfast Gas under the Code in respect of the period up to and including the date of termination:
 - (i) all PS Transmission Amounts; and
 - (ii) all Code Charges;
 - (iii) all STC/VRF-STC/VRF/BB Charges
- (b) the following:
 - (i) the Forecast Postalised Capacity Charge payable in respect of all Belfast Gas 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 Belfast Gas Daily Allocated Quantities if such quantities together were taken to equal 80% of all Belfast Gas Capacity held by the Shipper in the remainder of the Gas Year after the date of termination; and
 - (iii) Belfast Gas's estimate of the PS Transmission Amounts that would be payable in respect of all Belfast Gas 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:
 - (1) Belfast Gas's estimate of the amount (if any) by which it shall be able to mitigate the loss referred to in (iii) above;
 - (2) inflation (which shall be assumed to continue at the rate of RPI at the date of termination);
 - (3) any change in the PS Transmission Amounts to reflect any change in the capacity/commodity split of the tariff; and
 - (4) the net present value of the amount payable at LIBOR,
 - (iv) Belfast Gas's estimate of the STC/VRF-STC/VRF/BB Charges that would be payable in respect of all Daily Capacity held by the Shipper in the remainder of the Month in which the date of termination falls and the immediately succeeding Month;

provided that, for the avoidance of doubt, in relation to a Transit Shipper, only amounts referred to in paragraph 7.14(a)(ii) shall fall due and payable by that Transit Shipper.

SECTION K: INTERPRETATION – no changes

1 Definitions

Add the following new defined terms or amend existing terms as shown:

"BGE(NI) Postalised Network Incentive Scheme Bank Account" has the meaning given to it in the BGE(NI) Code;

"BGE(NI) Code" means the network code prepared by BGE(UK)L pursuant to the terms of the BGE(UK)L Licence, as from time to time modified;

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

"Long Term Use It or Lose It Mechanism" has the meaning given to it in the PTL Code;

"OS Scheme" means the Scheme which sets out the joint arrangements with PTL and BGE(UK)L for the sale of Oversubscription Capacity and the purchase of Firm Capacity in accordance with the Licence;

"PTL Postalised Network Incentive Scheme Bank Account" has the meaning given to it in the PTL Code;

APPENDIX 3

CREDIT COMMITTEE TERMS OF REFERENCE

Amend Appendix 3 Paragraph 1 to read as follows:

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 or Shipper of any PS Transmission Payment (an "**NPTP Default**") a Code Charge (an "**NPCC Default**") and/or STG/VRFSTC/VRF/BB Charge Amounts (an "**NPSTGVRFNPSTGVRFBB Default**");
- (b) a "**Termination Default**" which shall occur in any of the following circumstances in accordance with section J of the Code:
 - (i) if the Provided Level of Credit Support fails to meet the Required Level of Credit Support from time to time (an "**LPC Default**");
 - (ii) the non-payment of all or part of a PS Invoice by a PS Gas Supplier by the Second Due Date;

- (iii) the non-payment of all or part of any three or more PS Invoices by a PS Gas Supplier by their respective Due Dates;
- (iv) the non-payment of all or part of a CC Invoice by a PS Gas Supplier by the Second Due Date;
- (v) the non-payment of all or part of any three or more CC Invoices by a PS Gas Supplier by their respective Due Dates;
- (vi) 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;
- (vii) if a PS Gas Supplier, 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.
- (viii) 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:
 - (1) hold firm capacity; or
 - (2) has entitlement to Exit gas from the NI Network as if it had a Gas Supply Licenceprovided that the Shipper submits to the relevant Designated Pipe-line Operator a copy of such consent from the Authority
- (ix) 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:
 - (1) hold firm capacity; or
 - (2) has entitlement to Exit gas from the NI Network as if it had a Gas Supply Licenceand such Shipper ceases to hold the relevant consent from the Authority.
- (x) if there is a breach as referred to in Section J7.6 of the Code and such breach is referred to the Credit Committee in accordance with Section J7.6 of the Code
- (xi) the non-payment of all or part of a STG/VRF/STC/VRF/BB Invoice by a Shipper by the Second Due Date;
- (x) the non-payment of all or part of any three or more STG/VRF/STC/VRF/BB Invoices by a Shipper by their respective Due Dates

provided that, in respect of (iv) or (v), none of the CC Invoices to which they relate, is subject to a bona fide dispute in accordance with Section G10.3 of the 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 G5.2 of the 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 or Shipper 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 The Terms shall come into effect on 1 October 2004.

2 Interpretation

Amend Appendix 2 paragraph 2 to read as follows:

- 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 09:00 and 17:00 hours on a Business Day;
- "**Code Charges**" means any amounts payable by a PS Gas Supplier under a CC Invoice in accordance with a Designated Pipe-line Operator's Network Code;
- "**Defaulting Shipper**" has the meaning given to it in paragraph 1.3;
- "**Direction**" 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 6.1 of these Terms;

"Licence"	means the licence to convey gas held by the relevant Designated Pipe-line Operator;
"Meeting Notice"	means a notice of a Credit Committee meeting containing all information listed in paragraph 3.3 of these Terms (if available);
"Members"	means all members of the Credit Committee, being: <ul style="list-style-type: none">(a) all Designated Pipe-line Operators;(b) all PS Gas Suppliers from time to time; and(c) the Authority;
"Network"	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;
"Network Code"	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;
"NI Network"	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;
"Primary DPO"	has the meaning given to it in paragraph 1.4;
"PSA"	has the meaning given to that term in each Designated Pipe-line Operator's Licence;
"PS Gas Supplier"	means any person who is entitled to exit gas from the NI Network; and
"PS Transmission Payments"	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.
"Shipper"	has the meaning given to it in Section K Interpretation of the Code
" <u>STC/VRF/STC/VRF/BB</u> Charges"	means the any amounts payable by a Shipper under a <u>STC/VRF/STC/VRF/BB</u> Invoice in accordance with the Designated Pipe-line Operator's Network Code.

5 Composition and Entitlement to Vote

Amend Appendix 3 paragraph 5.2 to read as follows:

- 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;
 - (d) in relation to any Directions which are put to the vote of the Credit Committee that pertain to an NPCC Default, PS Gas Suppliers not party to the relevant Network Code; and
 - (e) in relation to any Directions which are put to the vote of the Credit Committee that pertain to an ~~NPSTCVRF~~ NPSTCVRFBB Default, Shippers and PS Gas Suppliers not party to the relevant Network Code.