

Proposed Modification & Initial Modification Report No.13 EU Compliance

28th July 2015

Please find attached details of Proposed Modification 13 and Initial Modification Report 13 raised by Belfast Gas Transmission Ltd (BGTL) as required under Section 2 and 3 of the Belfast Gas Transmission Code Modification Rules.

A Description of the nature and purpose of the modification

This proposal is being made to implement various requirements for the purposes of compliance with EU legislation, in particular the CAM Network Code (EU 984/2013) and to support the introduction of an entry-exit model in the Northern Ireland gas transmission regime. Changes have been made/proposed to the PTL Code and the GNI (UK) Code, and it is necessary to amend the BGTL Code to maintain alignment between the TSOs Codes.

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. This change will contribute to the secure, safe, reliable, efficient and economic development and maintenance of the Network by ensuring that the Code rules within the NI Gas Transmission regime are internally co-ordinated and consistent, which will in turn support the co-ordination of Northern Irish regime with that of its neighbouring transmission systems.

C The clauses of the Transportation Code that require amendment

This proposal amends the text of each section of the Code. More information is provided in G below. In addition, new section T3 is added to bring the changes into effect.

D Impact on other Designated Pipeline Operator's Network Codes:

BGTL has worked with PTL and GNI (UK) to develop a co-ordinated approach to the Codes, and the TSOs are aiming to keep the changes to the GNI (UK) Code and the PTL Code as aligned/identical as possible. GNI (UK) and PTL have published corresponding Modification Proposals which closely mirror the changes contained in this Code Modification Proposal for the BGTL Code.

BGTL's Code has a different drafting structure from the PTL and GNI (UK) Codes, therefore the text of the changes takes a different form.

E The date proposed for implementation

18th September 2015

F How to Respond

Please send responses no later than 25th August 2015 to:

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G Further Details of the Code Modification Proposal

Introduction

A series of changes have recently been made/proposed to the PTL Code and the GNI (UK) Code for the purposes of EU compliance and to support the introduction of an entry-exit transmission regime. These are as follows:

Modification Proposal Number

GNI (UK) Code	PTL Code	Subject
14	28	CAM
n/a	29	Enhancement of the GTMBS
15	30	Gas Day
16	31	Nominations
17	32	Allocations
18	33	Invoicing and Credit
19	34	Balancing and Scheduling
20	35	Section 6 (Exceptional Events and Emergencies)
21	36	Congestion Management Procedures
22	37	Legal and General

The form of the BGTL Code is such that it deals with most of a Shipper's interactions with BGTL by reference to the Shipper's transactions with PTL. This was designed to aid streamlining of the NI regime and facilitate joint administration of the point-to-point arrangements.

The introduction of CAM and an entry-exit regime will mean that for the first time, entry and exit capacity will be sold separately from each other in Northern Ireland. CAM and the Interoperability Network Code also require the introduction of particular rules and procedures relating to cross border Interconnection Points (or 'IPs', i.e. interface points with other balancing zones), for example capacity auctions and nominations matching procedures.

The BGTL transmission pipeline network does not include any IPs. It forms an integral part of the NI network of pipelines and sits within the NI balancing zone.

As a result, it is not necessary to include in the BGTL Code any of the rules specifically pertaining to IPs which have been added to the PTL and GNI (UK) Codes via the CAM, Nominations and Allocations Modifications. BGTL Code Modification 11 was implemented at the start of 2015 to support the transition of the capacity arrangements to the entry-exit model. In particular it provided for Shippers' existing point-to-point capacity rights in the NI Network to be transferred into Initial Entitlements of IP Entry Capacity (on the PTL network) along with equivalent Exit Capacity at the relevant Exit Point.

Although BGTL will not sell IP Capacity, it will sell its' Exit Capacity to Shippers based on their holdings under the PTL Code in the same way as Firm Capacity has been dealt with to date. There are consequential changes to terminology, credit and invoicing processes and other more minor process changes needed to maintain the administrative alignment of the BGTL Code with the PTL Code.

It is also necessary to remove code text which relates to the old arrangements for virtual reverse flow (VRF) in the NI regime. This has been needed in the BGTL Code whilst the NI regime operated a point-to-point model, to identify and distinguish the reverse flow contract paths for gas flows. VRF will still be available at the VRF IP Exit Points under the PTL Code and the GNI (UK) Code but it is no

longer appropriate for the BGTL Code to refer to VRF, other than to the extent that it may affect a Shipper's Allocations, and hence title to gas in the BGTL network.

The changes which are necessary in this Code are summarised below.

Summary of Changes to the BGTL Code

Section A: The System

- Removal of references to virtual points no longer needed due to the removal of VRF
- Updating of terms to align with PTL Code

Section B: System Operation and Maintenance

- Removal of references to transactions relating to VRF
- Updating of terms to align with PTL Code

Section C: System Capacity

- Removal of redundant capacity and nominations concepts
- Updating of terms to align with the PTL Code
- Amendment of terms relating to 'sub-let' of capacity to 'secondary transfer' of capacity
- Removal of references to redundant charging concepts (e.g. STC/VRF/BB Invoices)

Section D: Allocation

- Updating of timescales for PTL Daily Allocated Quantity to reflect PTL Code
- Removal of redundant nominations and allocations concepts
- Updating of terms to align with PTL Code

Section E: Entry and Exit Requirements

- Removal of references to VRF
- Correction of erroneous references to Agreed Pressure Drop
- Updating of 'Title and Risk' terms to reflect the entry-exit regime

Section F: Charges, Payment and Tax

- Alignment of the Code terms with PTL Code Modifications 33 and GNI (UK) Code Modification 18
- Reflecting the new arrangements whereby PTL invoices for all PS Code Charges on behalf of all the TSOs
- Removal of references to STC/VRF/BB invoicing
- Removal of redundant references to BGTL Incentive Bank Account which were required for VRF

Section G: Credit Procedures

- Alignment of the Code terms for credit with PTL Code Modifications 33 and GNI (UK) Code Modification 18
- Reflecting the requirement for Shippers to place credit with BGTL for exit capacity only (not for IP Entry Capacity, VRF IP Exit Capacity or PS Code Charges)
- Updating/inclusion of specific requirements for forecast information provision by Shippers, in line with existing and those introduced in the PTL/GNI (UK) Codes in section 11 as well as in section 13 of those Codes.
- Inclusion of references to the procedures for developing the Ten Year Statement

Section H: Emergencies

- Updating of terms to align with the PTL Code Modification 35 and GNI (UK) Code Modification 20

Section I: Disputes and Section J: General

- Updating of terms to align with PTL Code Modification 37 and GNI (UK) Code Modification 22

Section K: Interpretation

- Updating of terms to align with Appendix 1 in the PTL Code and the GNI (UK) Codes. (NB: the BGTL Code takes a different approach, whereby it only lists terms which are not otherwise defined in the main body of the text)

Transition Section T3

- Terms to bring the changes in this Modification Proposal into effect

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- Updates to address details and terminology alignment

Proposed Legal Text

Please find below the full text of the BGTL Code, marked up to show the proposed changes.

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SECTION A: THE SYSTEM

1 Definition

- 1.1 The "**Belfast Gas System**" means the Belfast Gas Owned System and, in the context of; the flow of gas into the distribution pipe-line owned and operated by Phoenix, the Lisburn Exit Point.
- 1.2 The "**Belfast Gas Owned System**" means the transmission pipe-lines between:
- (a) Ballylumford and Torytown;
 - (b) Ballylumford and Larne;
 - (c) Torytown and Knocknagoney
- owned and operated by Belfast Gas, the conveyance of gas through which is authorised by the Belfast Gas Licence.
- 1.3 The Belfast Gas System does not include any exit points at which gas may be offtaken from the Belfast Gas System for the purposes of supply directly to particular premises.
- 1.4 The Belfast Gas System does not include any compression or pressure enhancement capabilities.

2 System Points

- 2.1 For the purposes of the Code and in relation to the Belfast Gas System:
- (a) the "**Greater Belfast Exit Point**" comprises each of the Individual Belfast Exit Points;
 - (b) the "**Carrickfergus Exit Point**" is the point at Carrickfergus at which gas can flow out of the Belfast Gas System and into the BGE (NI) System;
 - (c) an "**Individual Belfast Exit Point**" is one of the four points (which for the avoidance of doubt shall include the Lisburn Exit Point) at which gas can flow out of the Belfast Gas System and into a distribution pipe-line owned and operated by Phoenix, the conveyance of gas through which is authorised by the Phoenix Licence;
 - (d) "**Individual Exit Point**" means a point at which gas can flow out of the Belfast Gas System (which for the avoidance of doubt shall include the Lisburn Exit Point);
 - (e) the "**Belfast Gas Entry Point**" is the point at Ballylumford at which gas can flow into the Belfast Gas System and out of the PTL System;
 - (f) a "**Belfast Gas Exit Point**" is the Greater Belfast Exit Point and the Carrickfergus Exit Point; and
 - (g) the "**Lisburn Exit Point**" is the point at which gas can flow out of the BGE (NI) System and into a distribution pipe-line owned and operated by Phoenix, the conveyance of gas through which is authorised by the Phoenix Licence.

- ~~(h) — the “Carrickfergus Virtual Entry Point” is the point at Carrickfergus at which gas may be deemed to virtually flow out of the BGE(NI) System and into the Belfast Gas System;~~
- ~~(i) — the “Belfast Gas Ballylumford Virtual Exit Point” is the point at Ballylumford at which gas may be deemed to virtually flow out of the Belfast Gas System and into the PTL System.~~

3 Measurement Equipment

3.1 "Measurement Equipment" is metering, sampling, analysis and other equipment required to:

- (a) measure, sample and analyse gas flows; and
- (b) determine the volume, calorific values, quantity and characteristics of gas flows.

3.2 There is no Measurement Equipment installed at the Belfast Gas Entry Point (or the PTL Ballylumford Exit Point).

3.3 Measurement Equipment is installed and is operational at:

- (a) each Individual Belfast Exit Point; and
- (b) the Carrickfergus Exit Point.

4 PTL System Points

4.1 For the purposes of the Code:

- (a) the "PTL Ballylumford Exit Point" is the exit point from the PTL System at Ballylumford at which gas flows out of the PTL System and into the Belfast Gas System (which point is immediately upstream of the Belfast Gas Entry Point);
- (b) a "PTL Belfast Gas Exit Point" is a notional exit point from the PTL System comprised in the PTL Ballylumford Exit Point which, for the purposes of the PTL Code, corresponds to a Belfast Gas Exit Point, and in respect of which a Shipper may pursuant to the PTL Code:

- (i) hold PTL Exit Capacity;
- (ii) make a PTL Nomination; and
- (iii) be treated as offtaking a quantity of gas from the PTL System; and

~~(c) — the “PTL Ballylumford Virtual Entry Point” is the point at which gas may be deemed to virtually flow out of the Belfast Gas System and into the PTL System (which point is immediately upstream of the Belfast Gas Ballylumford Virtual Exit Point); and~~

~~(d)~~ a “PTL Exit Point” is a point on the PTL System (upstream of the PTL Ballylumford Virtual Entry Point ~~PTL Ballylumford Exit Point~~) at which, for the purposes of the PTL Code, gas may flow, ~~or be deemed to virtually flow~~, out of the PTL System.

- 4.2 For the purposes of the Code, a PTL Belfast Gas Exit Point "**corresponds**" to the Belfast Gas Exit Point which, for the purposes of the PTL Code, the PTL Belfast Gas Exit Point is defined as corresponding to.
- 4.3 The points on the PTL System which constitute PTL Exit Points for the purposes of the Code are Stranraer Exit Point, Ballylumford Exit Point and ~~Moffat Virtual Exit Point~~ Moffat VRF IP Exit Point (each of such ~~Exit-exit p~~Points having the meaning given in the PTL Code).

SECTION B: SYSTEM OPERATION AND MAINTENANCE

1 Capacity, nominations and allocations

1.1 Pursuant to the PTL Code and ~~:-~~

- ~~(i) — in relation to a PTL Belfast Gas Exit Point a Shipper:~~
 - (a) may apply for and hold PTL Exit Capacity for a Day which corresponds to the capacity which the Shipper wishes to utilise in the Belfast Gas System by offtaking gas at the corresponding Belfast Gas Exit Point on such Day;
 - (b) may make a nomination in respect of the offtake of gas on a Day from the PTL System which corresponds to the quantity of gas the Shipper intends or expects to offtake from the Belfast Gas System on such Day at the corresponding Belfast Gas Exit Point on such Day; and
 - (c) may be treated as offtaking a quantity of gas on a Day from the PTL System which corresponds to the quantity of gas offtaken from the Belfast Gas System at the corresponding Belfast Gas Exit Point on such Day; ~~and.~~
- ~~(ii) — in relation to the PTL Belfast Gas Exit Point which corresponds to the Greater Belfast Exit Point a Shipper:~~
 - (a) ~~may make an Interruptible VRF Nomination in respect of the offtake of gas on a Day from the PTL System which corresponds to the quantity of gas the Shipper intends or expects to offtake pursuant to the Interruptible VRF Nomination at the PTL Belfast Gas Exit Point which corresponds to the Greater Belfast Exit Point; and~~
 - (b) ~~may be treated as offtaking a quantity of gas on a Day from the Belfast Gas System which corresponds to the quantity of gas offtaken pursuant to the Interruptible VRF Nomination from the PTL System at the PTL Belfast Gas Exit Point which corresponds to the Greater Belfast Exit Point on such Day; and~~
- ~~(iii) — in relation to the PTL Belfast Gas Exit Point which corresponds to the Carrickfergus Exit Point for onwards transportation to the SN Virtual Exit Point a Shipper:~~
 - (a) ~~may make an Interruptible VRF Nomination in respect of the offtake of gas on a Day from the PTL System which corresponds to the quantity of gas the Shipper intends or expects to offtake at the PTL Belfast Gas Exit Point which corresponds to the Carrickfergus Exit Point for onwards transportation to the SN Virtual Exit Point; and~~
 - (b) ~~may be treated as offtaking a quantity of gas on a Day from the Belfast Gas System which corresponds to the quantity of gas offtaken pursuant to the Interruptible VRF Nomination from the PTL System at the PTL Belfast Gas Exit Point which corresponds to the Carrickfergus Exit Point for onwards transportation to the SN Virtual Exit Point on such Day; and~~
- (iv) — in relation to a PTL Exit Point:
 - (a) ~~may make an Interruptible VRF Nomination in respect of the offtake of gas on a Day from the PTL System which corresponds to the quantity of gas the~~

~~Shipper intends or expects to virtually offtake from the Belfast Gas System at the Belfast Gas Ballylumford Virtual Exit Point; and~~

~~(b) may be treated as offtaking a quantity of gas on a Day from the Belfast Gas System at the Belfast Gas Ballylumford Virtual Exit Point which corresponds to the quantity of gas offtaken pursuant to the Interruptible VRF Nomination from the PTL System at the corresponding PTL Exit Point.~~

1.2 By reason of the technical and operational characteristics of the Belfast Gas System and the provisions of the PTL Code referred to in paragraph 1.1, for the purposes of the Code, Shippers:

(a) shall not be required to apply for Belfast Gas Capacity but shall be treated, in accordance with Section C, as holding Belfast Gas Capacity at a Belfast Gas Exit Point on a Day by reason of holding PTL Exit Capacity on such Day at the relevant PTL Belfast Gas Exit Point;

(b) shall not be required to submit nominations ~~(or Interruptible VRF Nominations)~~ to Belfast Gas in respect of the delivery or offtake of gas from the Belfast Gas System;

(c) shall be treated as offtaking ~~and/or virtually offtaking~~ a quantity of gas from the Belfast Gas System on a Day which, in accordance with Section D, is the same quantity which the Shipper is treated as offtaking from the PTL System at the PTL Ballylumford Exit Point ~~and/or virtually delivering at the Carriekfergus Virtual Entry Point~~ (and therefore delivering to the Belfast Gas System) on such Day; and

(d) and for the avoidance of doubt, Shippers shall not be required to apply for (or be treated as holding) entry capacity under this Code.-

1.3 Accordingly, Belfast Gas will not be required for the purposes of the Code to:

(a) invite applications for Belfast Gas Capacity;

(b) accept or reject nominations from Shippers in respect of quantities of gas to be delivered or offtaken from the Belfast Gas System on a Day; or

(c) allocate the total quantity of gas offtaken from the Belfast Gas System at a Belfast Gas Exit Point amongst those Shippers treated pursuant to the PTL Code as offtaking gas at the Belfast Gas Exit Point on a Day.

2 Balancing, scheduling and unauthorised flow

2.1 Shippers are required to pay PTL certain charges pursuant to the PTL Code where:

(a) the quantity of gas which the Shipper is treated as offtaking from the PTL System at a PTL Belfast Gas Exit Point and/or a PTL Exit Point on a Day differs from the quantity which the Shipper nominated for offtake at the PTL Belfast Gas Exit point and/or PTL Exit Point on such Day;

(b) the quantity of gas which the Shipper is treated as delivering to the PTL System on a Day for offtake from the PTL System at a PTL Belfast Gas Exit Point and/or a PTL Exit Point differs from the quantity of gas which the Shipper is treated as offtaking from the PTL System at the PTL Belfast Gas Exit Point and/or a PTL Exit Point on such Day; and

- (c) the quantity of gas, ~~which for the purposes of PTL Code is treated as an interruptible allocated quantity of gas~~, the Shipper is treated as offtaking from the PTL System at a PTL Belfast Gas Exit Point on a Day exceeds, by more than the permitted tolerance, the ~~interruptible quantity which the~~ Available Exit Capacity held by the DNO Shipper nominated for offtake at the PTL Belfast Gas Exit point on such Day.
- 2.2 By reason of the absence of Measurement Equipment at the PTL Ballylumford Exit Point (or Belfast Gas Entry Point):
 - (a) PTL is unable to measure the quantity of gas offtaken from the PTL System at the PTL Ballylumford Exit Point; and
 - (b) PTL treats, for the purposes of the PTL Code, the quantity of gas offtaken from the PTL System at the PTL Ballylumford Exit Point on a Day as being equal to the aggregate quantity of gas offtaken from the Belfast Gas System on such Day as calculated by reference to meter readings obtained from the Measurement Equipment at each Belfast Gas Exit Point.
- 2.3 A Shippers' liability to pay the charges referred to in paragraph 2.1 is, by reason of paragraph 2.2, determined:
 - (a) not by reference to the physical flow of gas across the PTL System; but
 - (b) by reference to the physical flow of gas across the PTL System and the Belfast Gas System.
- 2.4 Accordingly, Belfast Gas does not carry out any operational balancing or operational scheduling activities (pursuant to the Code or otherwise) in respect of the Belfast Gas System and Shippers are not required under the Code to pay Belfast Gas any charges in respect of:
 - (a) the differences between the quantity of gas offtaken from the Belfast Gas System on a Day and the quantity of gas the Shipper is deemed to have nominated for offtake on such Day;
 - (b) the differences between the quantity of gas the Shipper is treated as having delivered to and offtaken from the Belfast Gas System on a Day; and
 - (c) the quantity of ~~interruptible~~ gas offtaken from the Belfast Gas System on a Day exceeding the ~~quantity of interruptible gas the Shipper is deemed to have nominated for offtake on such Day~~ Available Exit Capacity held by the DNO.

3 Belfast Gas obligations

- 3.1 Subject to paragraph 7 and Section H, Belfast Gas shall accept gas delivered to the Belfast Gas Entry Point by Shippers and make available gas for offtake from the Belfast Gas System at Belfast Gas Exit Points in accordance with the Code.
- 3.2 Belfast Gas shall make available, and Shippers shall be treated as holding, Belfast Gas Capacity in accordance with the Code.
- 3.3 Following the delivery of gas to the Belfast Gas System by Shippers on a Day, Belfast Gas shall not take any step or do anything, the intention, or result, of which is:
 - (a) to create an imbalance between the quantities of gas delivered to and offtaken from the Belfast Gas System on such Day; or

- (b) to change the specification following the delivery of gas to, and prior to the gas being made available for offtake from, the Belfast Gas System on such Day.
- 3.4 Subject to paragraph 7, Belfast Gas shall not undertake Maintenance on a Day the result of which is to restrict the offtake of gas from the Belfast Gas System at a Belfast Gas Exit Point.
- 3.5 Where Belfast Gas is under an obligation in relation to the offtake of gas at the Lisburn Exit Point, performance of which is dependent on the proper performance by BGE(UK)L of its contractual obligations owed to Belfast Gas in respect of the delivery of gas to the Lisburn Exit Point, Belfast Gas will not be in breach of its obligations under the Code where it is unable to perform its obligations in full or in part by reason of the failure of BGE(UK)L.

4 Shrinkage

All gas which is lost or otherwise unaccounted for in the Belfast Gas System is accounted for, together with gas lost or unaccounted for in PTL System, pursuant to the provisions of the PTL Code and accordingly there is no requirement in the Code to recognise or account for such gas.

5 Meter Readings

- 5.1 For the purposes of the PTL Code meter readings are obtained from the Measurement Equipment located at each Individual Exit Point in accordance with the terms of the Belfast Metering Agreement and the Northern Ireland Network Operators Agreement.
- 5.2 Accordingly there is no requirement in the Code for Belfast Gas or Shippers to obtain or provide meter readings from the Measurement Equipment located at each Individual Exit Point.

6 Co-ordination with PTL

PTL and Belfast Gas shall be party to an agreement in respect of:

- (a) the operational balancing and operational scheduling by PTL of the Belfast Gas System pursuant to which PTL carries out such activities in accordance with the terms of the PTL Code by reference to the physical flow of gas across the PTL System and the Belfast Gas System; and
- (b) the provision of certain information by PTL to Belfast Gas and by Belfast Gas to PTL for the purposes of the Code.

7 Maintenance of the Belfast Gas System

- 7.1 Belfast Gas shall maintain the Belfast Gas Owned System:
 - (a) in accordance with the provisions of the Code;
 - (b) to the standard of a Reasonable and Prudent Operator; and
 - (c) in accordance with all Legal Requirements.
- 7.2 For the purposes of the Code:
 - (a) "**Maintenance**" includes any inspection, repair, replacement, reinstatement, reinforcement, re-commissioning, upgrade or extension of any part of the Belfast Gas Owned System and includes any works preparatory to such maintenance or required

for the return to service of a part of the Belfast Gas Owned System after such maintenance;

- (b) **"Maintenance Day"** means a Day, whether consecutive to another Maintenance Day or not, determined by Belfast Gas, in accordance with this paragraph 7, as a Day during which acceptance of gas for delivery to or making gas available for offtake from that part of the Belfast Gas Owned System as may be subject to maintenance may be reduced (if necessary down to zero) due to Maintenance on the Belfast Gas Owned System; and
- (c) **"Scheduled Maintenance"** means Maintenance carried out during a Maintenance Day.

7.3 A Shipper shall provide Belfast Gas, as soon as reasonably practicable, with such information Belfast Gas may reasonably require to:

- (a) plan the Maintenance of the Belfast Gas Owned System;
- (b) comply with its obligations set out in paragraph 7.1; and
- (c) prepare a Maintenance Programme.

7.4 For the purposes of this paragraph 7:

- (a) Belfast Gas shall prepare a maintenance programme for each calendar year (the **"Maintenance Programme"**) in respect of Individual Exit Points at which Scheduled Maintenance will be carried out;
- (b) the Maintenance Programme shall specify which Days in the relevant calendar year shall be Maintenance Days at the affected Individual Exit Point and the extent to which such Individual Exit Point shall be affected; and
- (c) Scheduled Maintenance shall only be carried out between April and September in any calendar year unless there is a Legal Requirement or a requirement of any Competent Authority that such maintenance be carried out at any alternative time.

7.5 Belfast Gas shall plan any Scheduled Maintenance to:

- (a) minimise disruption to the Belfast Gas Owned 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 PTL System, the BGE (NI) System, the Firmus Distribution System and the Phoenix Distribution System.

7.6 A Shipper offtaking gas at an Individual Exit Point at which Scheduled Maintenance is proposed shall meet with Belfast Gas at a mutually convenient time to discuss the Maintenance Programme for the following year with a view to concluding such consultations before 30 September prior to the relevant year and the Shipper shall notify Belfast Gas of the maintenance programmes in relation to any facilities downstream of an Individual Exit Point.

7.7 Belfast Gas shall send the Maintenance Programme for a calendar year to each Shipper which it reasonably expects to offtake gas during the relevant year at any affected Individual Exit Point by 30 December prior to the relevant year.

7.8 Belfast Gas shall be entitled to carry out Scheduled Maintenance on:

- (a) 15 Maintenance Days at each Individual Exit Point, other than the Lisburn Exit Point, comprised in the Greater Belfast Exit Point;
- (b) 3 Maintenance Days at the Carrickfergus Exit Point.

7.9 Belfast Gas may 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.

8 Failure to make gas available

8.1 Where by the sole reason of the negligence or Wilful Misconduct of Belfast Gas, Belfast Gas fail to make gas available for offtake from the Belfast Gas Owned System at an Individual Exit Point other than the Lisburn Exit Point, Belfast Gas shall pay the relevant Shipper an amount calculated in accordance with paragraph 8.2.

8.2 The amount payable by Belfast Gas to a Shipper in accordance with paragraph 8.1 shall be an amount equal to the lesser of:

- (a) £20,000 * RPI_n / RPI_o ; and
- (b) the direct costs suffered by the Shipper as a result of the failure by Belfast Gas to make gas available for offtake.

SECTION C: SYSTEM CAPACITY

1 Introduction

1.1 In accordance with the provisions of the Code:

- (a) a Shipper may deliver gas to and offtake gas from the Belfast Gas System;
- (b) a Shipper is not required to apply for Belfast Gas Capacity but may be treated as holding Belfast Gas Capacity in accordance with this Section C.

1.2 For the purposes of the Code:

- (a) **"Belfast Gas Capacity"** is the capacity in the Belfast Gas System which a Shipper is treated as utilising in offtaking gas from the Belfast Gas System at a Belfast Gas Exit Point;
- (b) **"Belfast Gas Firm-Exit Capacity"** means capacity in the Belfast Gas System which a Shipper is treated as utilising in offtaking gas from the Belfast Gas System at a Belfast Gas Exit Point by reason of holding PTL Firm-Exit Capacity at the relevant PTL Belfast Gas Exit Point;
- ~~(c) **"Belfast Gas Daily Capacity"** means capacity in the Belfast Gas System which a Shipper is treated as utilising in offtaking gas from the Belfast Gas System at a Belfast Gas Exit Point by reason of holding PTL Daily Capacity at the relevant PTL Belfast Gas Exit Point;~~
- ~~(d) **"Belfast Gas Interruptible VRF Capacity"** means interruptible virtual reverse flow capacity in the Belfast Gas System which a Shipper is treated as utilising in offtaking gas from the Belfast Gas System by reason of being registered with PTL for the purposes of making Interruptible VRF Nominations at the relevant PTL Exit Point;~~
- ~~(e) **"PTL Exit Capacity"** is capacity in the PTL System which a Shipper is treated as utilising in offtaking gas from the PTL System at the PTL Ballylumford Exit Point (including a PTL Belfast Gas Exit Point);~~
- ~~(f) **"PTL Firm Capacity"** means PTL Capacity which constitutes Firm Capacity (and for the avoidance of doubt, includes Daily Capacity) within the meaning ascribed to these terms in the PTL Code; and~~
- ~~(g) **"PTL Daily Capacity"** means PTL Firm Capacity which constitutes Daily Capacity within the meaning ascribed to that term in the PTL Code.~~

1.3 Belfast Gas Capacity is expressed in kWh/Day.

2 PTL Exit Capacity

2.1 Pursuant to the provisions of the PTL Code:

- (a) a Shipper may apply for and hold ~~PTL Firm Capacity~~ PTL Exit 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-Exit Capacity a Shipper may apply for and hold is determined by reference to the amount of Firm-~~

~~Capacity~~exit capacity the Shipper wishes to utilise in offtaking gas from the Belfast Gas System at Belfast Gas Exit Points; and

(~~c~~e) a Shipper may apply for and hold PTL ~~Firm~~Exit 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;

~~(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;~~

~~(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 Exit 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) a Shipper shall be treated as holding, for the purposes of Section F, an amount of Belfast Gas ~~Firm~~Exit Capacity at the Greater Belfast Exit Point which is equal to the amount of ~~PTL Firm Capacity~~PTL Exit 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;~~ and

(~~e~~b) a Shipper shall be treated as holding, for the purposes of Section F, an amount of Belfast Gas Exit~~Firm~~ Capacity at the Carrickfergus Exit Point which is equal to the amount of ~~PTL Firm Capacity~~PTL Exit 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~~PTL Exit 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) an Exit Capacity Transfer;

~~(b) the allocation of PTL Daily Capacity;~~

~~(c) the purchase of PTL Firm Capacity by PTL from the Shipper pursuant to the OS Scheme;~~

~~(bd)~~ the reduction of ~~PTL Firm Capacity~~PTL Exit Capacity following the operation of procedures in section 1B.7 (Annual Review of Exit Capacity) of the PTL Code-
application of the Long Term Use It or Lose It Mechanism; and/or

~~(c)(e) the reduction of PTL Firm Capacity~~PTL Exit Capacity ~~following~~ surrender of such capacity by the Shipper in accordance with section 1B.8 (Exit Capacity Surrender) of the PTL Code;

the amount of Belfast Gas ~~Firm-Exit~~ Capacity the Shipper is treated as holding at the corresponding Belfast Gas Exit Point shall be equal to the amount of ~~PTL Firm Capacity~~PTL Exit 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~~PTL Exit 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-Exit~~ Capacity at the corresponding Belfast Gas Exit Point with effect from the same Day.

4 ~~Sub-letting~~Secondary Transfer of PTL Exit Capacity

4.1 Where pursuant to the PTL Code a Shipper ~~sub-let~~transfers -all or part of the ~~PTL~~PTL Exit Capacity held by the Shipper in relation to a PTL Belfast Gas Exit Point the Shipper shall be treated as having ~~sub-let~~transferred an equivalent amount of Belfast Gas Exit Capacity in relation to the corresponding Belfast Gas Exit Point.

4.2 A Shipper shall give Belfast Gas notice of the ~~sub-letting~~transfer of PTL Capacity held in relation to a PTL Belfast Gas Exit Point at the same time as the Shipper gives notice to PTL pursuant to the PTL Code.

4.3 Where a Shipper is treated as ~~sub-letting~~transferring Belfast Gas Exit Capacity:

(a) the Shipper shall remain liable to Belfast Gas for the performance of all obligations under the Code insofar as they relate to the Belfast Gas Exit Capacity which is ~~sub-let~~transferred;

- (b) the Shipper shall indemnify, defend and hold harmless Belfast Gas from and against all liabilities, actions, proceedings, damages, expenses and costs arising from or in respect of any claim made by any third party in connection, directly or indirectly, with the ~~sub-letting~~transfer of Belfast Gas Exit Capacity.

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~~PTL Exit Capacity (excluding PTL Daily Capacity) at a PTL Belfast Gas Exit Point, the amount of PTL Exit 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~~PTL Exit Capacity to a PTL Shipper at a PTL Belfast Gas Exit Point, the amount of ~~PTL Firm Capacity~~PTL Exit 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 Exit 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 an Exit Capacity Transfer at a PTL Belfast Gas Exit Point, the amount of PTL Exit 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 the acceptance or rejection by PTL of a transfer by a PTL Shipper of PTL Exit Capacity at a PTL Belfast Gas Exit Point.~~

- (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~~PTL Exit Capacity excluding PTL Daily Capacity a Shipper holds at a PTL Belfast Gas Exit Point, the Monthly Postalised Exit Capacity Payments shall be calculated on the basis that the Shipper held on the relevant Day an amount of Belfast Gas Exit Capacity equal to the amount of ~~PTL Firm Capacity~~PTL Exit 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 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 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.~~

6 Charges

6.1 For the purposes of Section F, a Shipper's liability to pay Monthly Postalised Exit Capacity Payments shall be determined by reference to the amount of Belfast Gas ~~Firm Exit~~ 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 Exit 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 ~~Charging Methodology Statement~~Conveyance Charge Statement.

~~6.4 For the purposes of section F, a Shipper's liability to pay or receive 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;~~
- ~~(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 STC/VRF/BB Charges in relation to the Greater Belfast Exit Point. PTL shall invoice Shippers for 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/BB Charges in relation to the SN Exit Point from the NI Network.~~

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

SECTION D: ALLOCATION

1 Introduction

1.1 For the purposes of the Code, in relation to a PTL Belfast Gas Exit Point:

- (a) in respect of a Shipper the "**PTL Daily Allocated Quantity**" for a Day shall be the quantity of gas which pursuant to the PTL Code the Shipper is, ~~at M+5 on the fifth Day following the Day on which the gas was offtaken~~, treated as having been offtaken from the PTL System at the PTL Belfast Gas Exit Point on ~~each such~~ Day in month M.
- (b) in respect of a Shipper the "**Adjusted PTL Daily Allocated Quantity**" for a Day shall be the quantity of gas which pursuant to the PTL Code the Shipper is, following an adjustment (in each case in accordance with the PTL Code) as a result of:
 - (i) an error with the Measurement Equipment at an Individual Exit Point;
 - (ii) the absence of meter readings from Measurement Equipment at an Individual Exit Point; or
 - (iii) a re-allocation by Shippers of the quantities offtaken at the PTL Ballylumford Exit Point.

treated as having offtaken from the PTL System at the PTL Belfast Gas Exit Point on such Day, which such quantity shall replace for the purposes of the Code the PTL Daily Allocated Quantity previously applying in respect of the Day;

- (c) a "**PTL Nomination**" is a nomination made by a Shipper pursuant to the PTL Code in respect of the offtake of gas from the PTL System at a PTL Belfast Gas Exit Point which has not been rejected by PTL under the PTL Code;
- (d) the "**PTL Nominated Quantity**" is the quantity of gas specified in a PTL Nomination.
- ~~(e) the "PTL Interruptible VRF Nominated Quantity" is the quantity of gas specified in an Interruptible VRF Nomination pursuant to the PTL Code;~~
- ~~(f) the "PTL Aggregate Nominated Quantity" is the aggregate of any firm, interruptible and Interruptible VRF Nominated Quantity pursuant to the PTL Code;~~
- ~~(g) the "PTL Daily Allocated Interruptible VRF Quantity" shall be the quantity of gas which pursuant to the PTL Code the Shipper is, on the fifth Day following the Day on which the gas was offtaken, treated as having offtaken as a result of an Interruptible VRF Nomination from the PTL System at the PTL Belfast Gas Exit Point on such Day.~~

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

- (a) the "**System Daily Quantity Delivered**" is the total quantity of gas which is delivered to the Belfast Gas System by Shippers on such Day;
- (b) the "**Shipper Daily Quantity Delivered**" is the quantity of gas which, in accordance with Section E1.3, a Shipper delivered to the Belfast Gas System on such Day.

2 PTL Allocated Quantities

- 2.1 Pursuant to the PTL Code the total quantity of gas offtaken from the PTL System at the PTL Ballylumford Exit Point on a Day is allocated amongst those Shippers treated pursuant to the PTL Code as offtaking gas at the PTL Ballylumford Exit Point on such Day.
- 2.2 For the purposes of paragraph 2.1, the quantity of gas offtaken at the PTL Ballylumford Exit Point on a Day is calculated by PTL by reference to meter readings from the Measurement Equipment at Individual Belfast Exit Points and the Carrickfergus Exit Point in each case in accordance the terms of the Belfast Metering Agreement and the Northern Ireland Operators Agreement.
- 2.3 Accordingly for the purposes of the Code:
- (a) the quantity of gas which a Shipper shall be treated as delivering to the Belfast Gas System at the Belfast Gas Entry Point on a Day shall be equal to the quantity of gas which the Shipper is treated as offtaking from the PTL System at the PTL Ballylumford Exit Point on such Day; and
 - (b) the quantity of gas which a Shipper shall be treated as offtaking from the Belfast Gas System at Belfast Gas Exit Points ~~and/or virtually offtaking from the Belfast Gas System at the Belfast Gas Ballylumford Virtual Exit Point~~ on a Day shall be equal to the quantity of gas which the Shipper is treated as delivering to the Belfast Gas System at the Belfast Gas Entry Point ~~and/or, as the case may be, virtually delivering at the Carrickfergus Virtual Entry Point~~ on such Day.
- 2.4 For the purposes of paragraph 2.3, the quantity of gas which the Shipper is treated as having offtaken from the PTL System at each PTL Belfast Gas Exit Point comprised in the PTL Ballylumford Exit Point on such Day shall be the sum of the ~~Shipper's firm, interruptible and interruptible VRF quantities~~ Final Exit Allocations at each PTL Belfast Gas Exit Point so allocated in accordance with the PTL Code.

3 Belfast Gas Allocated Quantities

- 3.1 On any Day in respect of which a Shipper is treated for the purposes of the PTL Code as offtaking gas from the PTL System at a PTL Belfast Gas Exit Point the Shipper shall be treated as offtaking gas from the Belfast Gas System at the corresponding Belfast Gas Exit Point.
- 3.2 For the purposes of the Code a Shipper's "**Belfast Gas Daily Allocated Quantity**" on a Day in relation to a Belfast Gas Exit Point shall be:
- (a) except where paragraph (b) applies, a quantity of gas equal to the Shipper's PTL Daily Allocated Quantity on such Day at the PTL Belfast Gas Exit Point;
 - (b) where following an error in the Measurement Equipment at the Belfast Gas Exit Point, a quantity of gas equal to the Shipper's Adjusted PTL Daily Allocated Quantity on such Day at the relevant PTL Belfast Gas Exit Point.
- ~~3.2A For the purposes of the Code a Shipper's "**Belfast Gas Daily Allocated Interruptible VRF Quantity**" on a Day in relation to a Belfast Gas Exit Point shall be equal to the quantity of a Shipper's PTL Daily Allocated Interruptible VRF Quantity on such Day at the PTL Belfast Gas Exit Point.~~

- 3.3 In respect of a Day in relation to which PTL does not make available or Belfast Gas is not in receipt of the information referred to in paragraph 3.1 ~~or~~, 3.2 ~~and/or 3.2A~~ in respect of a PTL Belfast Gas Exit Point, the Belfast Gas Daily Allocated Quantity in respect of the corresponding Belfast Gas Exit Point shall be equal to the ~~PTL Aggregate Nominated Quantity~~ PTL Nominated Quantity under the PTL Nomination prevailing at the end of such Day.
- 3.4 For the purposes of Section F, a Shipper's liability to pay Monthly Postalised Commodity Payments on a Day shall be determined by reference to the Shipper's Belfast Gas Daily Allocated Quantity at a Belfast Gas Exit Point ~~excluding the Shipper's Belfast Gas Daily Allocated Interruptible VRF Quantity~~ for such Day and in accordance with Section D.
- 3.5 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, 7 Business Days prior to the date the Invoice is to be submitted, notified Belfast Gas of the Shipper's PTL Daily Allocated Quantity ~~and PTL Daily Allocated Interruptible VRF Quantity~~ for a PTL Belfast Gas Exit Point in respect of such Day, the Monthly Postalised Commodity Payments shall be calculated on the basis of the Shipper's Belfast Gas Daily Allocated Quantity ~~less the Belfast Gas Daily Allocated Interruptible VRF Quantity~~ at the same Belfast Gas Exit Point for the Day falling 7 Days prior to the relevant Day.

4 Notification by PTL

- 4.1 For the purposes of this Section D, Belfast Gas shall procure that PTL shall notify Belfast Gas:
- (a) following the allocation of gas to a Shipper in relation to a PTL Belfast Gas Exit Point on a Day, of the Shipper's PTL Daily Allocated Quantity in respect of the PTL Belfast Gas Exit Point; and
 - (b) following an error with the Measurement Equipment at a Belfast Gas Exit Point, of the Shipper's Adjusted PTL Daily Allocated Quantity; ~~and~~
 - ~~(c) following the allocation of gas pursuant to a Interruptible VRF Nomination to a Shipper in relation to a PTL Belfast Gas Exit Point of the Shipper's PTL Daily Allocated Interruptible VRF Quantity in respect of the PTL Belfast Gas Exit Point;~~
- 4.2 Belfast Gas shall ensure that the information referred to in paragraph 3.1 is provided by PTL to Belfast Gas by not later than the time at which such information is to be made available to the relevant Shipper pursuant to the PTL Code.

SECTION E: ENTRY AND EXIT REQUIREMENTS

1 Introduction

- 1.1 By reason of the absence of Measurement Equipment at the PTL Ballylumford Exit Point and the Belfast Gas Entry Point:
- (a) PTL and Shippers are unable to determine whether gas offtaken from the PTL System at the PTL Ballylumford Exit Point complies with the requirement as to specification in the PTL Code; and
 - (b) Belfast Gas is unable to determine whether or not gas delivered by a Shipper to the Belfast Gas System at the Belfast Gas Entry Point on a Day complies with the Gas Specification.
- 1.2 There is no Measurement Equipment at each Individual Exit Point which can measure the specification of gas offtaken from the Belfast Gas System at the relevant Individual Exit Point.
- 1.3 For the purposes of the PTL Code, gas offtaken from the PTL System at the PTL Ballylumford Exit Point on a Day shall have the same specification as gas offtaken from the Belfast Gas System at Belfast Gas Exit Points on such Day.
- 1.4 Accordingly, for the purposes of the Code:
- (a) gas delivered to the Belfast Gas System at the Belfast Gas Entry Point on a Day shall have the same specification as the gas offtaken from the PTL System at the PTL Ballylumford Exit Point on such Day; and
 - (b) gas offtaken from the Belfast Gas System at Belfast Gas Exit Points on a Day shall have the same specification as the gas delivered to the Belfast Gas System at the Belfast Gas Entry Point on such Day.
- 1.5 Nothing in the Code confers on any person any entitlement to have any pipe-line, plant or other installation connected to the Belfast Gas System for the purposes of delivering gas to or offtaking gas from the Belfast Gas System.
- 1.6 Shippers delivering gas to the Belfast Gas System shall comply with the requirements of paragraph 3.
- 1.7 For the purposes of the Code:
- (a) "**Non-Compliant Gas**" is gas which does not comply with the Gas Specification;
 - (b) a "**Relevant Shipper**" is a Shipper who is treated as delivering gas to and offtaking gas from the Belfast Gas System on a Day.

2 Delivery of gas

- 2.1 All gas delivered to the Belfast Gas System at the Belfast Gas Entry Point on a Day shall be deemed to be delivered by the Relevant Shipper(s) irrespective of any act or omission of PTL or any other person.
- 2.2 For the purposes of this Section E, the "**Relevant Proportion**" for a Relevant Shipper on a Day is the Shipper Daily Quantity Delivered for that Day divided by the System Daily Quantity Delivered for such Day.

- 2.3 The gas delivered or tendered for delivery to the Belfast Gas System shall for all purposes of the Code be assumed to be a single homogenous gas stream.
- 2.4 Where on a Day a Relevant Shipper delivers gas to the Belfast Gas System each such Relevant Shipper shall be treated as delivering gas of the same delivery characteristics as that delivered by each other such Relevant Shipper.

~~2.5 Shippers acknowledge that, as no physical flows of gas into the Belfast Gas System are permitted at the Carrickfergus Virtual Entry Point, gas entry and exit conditions as set out in this section E are not required and do not apply in relation to that point, other than as specified in paragraph 6.~~

3 Gas Specification at the Belfast Gas Entry Point

- 3.1 A Shipper shall not on any Day deliver Non-Compliant Gas to the Belfast Gas System at the Belfast Gas Entry Point.
- 3.2 Where Non-Compliant Gas is deemed to have been delivered to the Belfast Gas System on a Day, each Relevant Shipper shall be liable, in accordance with paragraph 1.4, to pay Belfast Gas an amount determined in accordance with paragraph 3.3.
- 3.3 Subject to paragraph 3.4, the amount payable by the Relevant Shipper to Belfast Gas pursuant to paragraph 3.2, shall be its Relevant Proportion of all reasonable costs and expenses reasonably incurred by Belfast Gas in consequence of the delivery of Non-Compliant Gas at the Belfast Gas Entry Point, including (without limitation) costs and expenses incurred:
- (a) in cleaning, clearing any part of the Belfast Gas System; and
 - (b) taking reasonable measures to secure that the Belfast Gas System can be operated in accordance with applicable Legal Requirements notwithstanding the delivery or continued delivery of Non-Compliant Gas.
- 3.4 Without prejudice to paragraph 3.7, the amount payable by the Relevant Shipper shall not exceed an amount equal to 10% of the quantity of Non-Compliant Gas which the Relevant Shipper is treated as having delivered to the Belfast Gas System on the Day multiplied by the Daily Gas Price.
- 3.5 Where any amount is payable to Belfast Gas pursuant to paragraph 3.3, Belfast Gas will as soon as reasonably practicable notify each Relevant Shipper specifying:
- (a) the Individual Exit Point(s) and Days on which Non-Compliant Gas was offtaken from the Belfast Gas System;
 - (b) the total quantity of Non-Compliant Gas and reasonable details of the respect(s) in which the Non-Compliant Gas did not comply with the Gas Specification;
 - (c) reasonable details of the costs and expenses referred to in paragraph 3.3 and the purposes for which they were incurred; and
 - (d) each Relevant Shipper's Relevant Proportion.
- and the amount payable by each Relevant Shipper shall be invoiced and payable in accordance with Section F.
- 3.6 Any dispute as to anything specified by Belfast Gas under paragraph 3.5 shall be referred to Expert Determination.

- 3.7 Where as a result of the delivery of Non-Compliant Gas to the Belfast Gas System by a Shipper the costs and expenses incurred by Belfast Gas for the purposes referred to in paragraph 3.3(a) and (b) exceed the amount recoverable from the Shipper pursuant to paragraph 3.4, such excess amount shall be treated as an Eligible Pass-Through Cost in accordance with the Belfast Gas Licence.

4 Gas Specification at Belfast Gas Exit Points

- 4.1 Gas made available for offtake from the Belfast Gas System shall comply with the Gas Specification.
- 4.2 Irrespective of the absence of Measurement Equipment at the PTL Ballylumford Exit Point, where gas is made available for offtake from the Belfast Gas System at a Belfast Gas Exit Point which does not comply with the Gas Specification, a Relevant Shipper offtaking gas at the relevant Belfast Gas Exit Point may until such time as the gas so made available for offtake complies with the Gas Specification, either:
- (a) offtake or continue to offtake such Non-Compliant Gas; or
 - (b) decline to offtake or to continue to offtake such Non-Compliant Gas.
- 4.3 Where Non-Compliant Gas has been offtaken on any Day from the Belfast Gas System, the liability of Belfast Gas to a Relevant Shipper shall be limited to an amount determined in accordance with paragraph 4.4.
- 4.4 Without prejudice to paragraph 4.6, the amount payable by Belfast Gas to a Relevant Shipper shall be the lesser of:
- (a) any reasonable costs and expenses properly incurred by the Relevant Shipper as a result of the offtake of Non-Compliant Gas by the Relevant Shipper at a Belfast Gas Exit Point; and
 - (b) an amount equal to 10% of the quantity of Non-Compliant Gas that is allocated to the Relevant Shipper on such Day at a Belfast Gas Exit Point multiplied by the Daily Gas Price.
- 4.5 When a Relevant Shipper first becomes aware that Non-Compliant Gas is being, or has been, made available for offtake from the Belfast Gas System at a Belfast Gas Exit Point on any Day the Relevant Shipper shall, as soon as reasonably practicable, notify Belfast Gas specifying:
- (a) the relevant Belfast Gas Exit Point and the Day or Days on which Non-Compliant Gas was offtaken from the Belfast Gas 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 paragraph 4.4 and the person to whom and purposes for which, they were incurred; and
 - (d) the total quantity of Non-Compliant Gas referred to in paragraph 4.2 and the Shipper's offtake proportion.
- 4.6 Any dispute as to anything specified by a Relevant Shipper under paragraph 4.5 shall be referred to Expert Determination.
- 4.7 Any amount payable by Belfast Gas pursuant to paragraph 4.4 shall be

treated as an Eligible Pass-Through Cost in accordance with the Belfast Gas Licence.

5 Pressure

5.1 Subject to paragraphs 5.2 and 5.3, Belfast Gas shall make available gas for offtake at an Individual Exit Point on a Day at a pressure equal to:

- (a) in respect of an Individual Exit Point other than the Lisburn Exit Point:
 - (i) the pressure at which gas was made available by PTL for offtake from the PTL System at the PTL Ballylumford Exit Point on such Day; less
 - (ii) the ~~Agreed-Anticipated~~ Pressure Drop applying in respect of such Day in respect of the Belfast Gas Exit Point as set out in the prevailing Pressure Report;
- (b) in respect of the Lisburn Exit Point, the pressure at which gas was made available by BGE(UK)L for offtake from the BGE (NI) System at the Lisburn Exit Point.

5.2 Where in respect of any Day the Actual Pressure Drop is greater, the requirement to make available gas for offtake at a certain pressure shall, for the purposes of paragraph 5.1, be determined by reference to the Actual Pressure Drop and not the ~~Agreed-Anticipated~~ Pressure Drop.

5.3 Paragraph 5.1 shall not apply where the pressure immediately downstream of the relevant Belfast Gas Exit Point exceeds the pressure at which gas otherwise is to be made available in accordance with paragraph 5.1 or 5.2.

5.4 Any dispute as to the application of this paragraph 5 shall be referred to Expert Determination.

6 Title and risk

6.1 Title and risk in gas;

delivered to the Belfast Gas System at the Belfast Gas Entry Point shall pass to Belfast Gas at the Belfast Gas Entry Point; ~~and~~

~~virtually delivered to the Belfast Gas System at the Carrickfergus Virtual Entry Point shall pass to Belfast Gas at the Carrickfergus Virtual Entry Point as the gas is virtually put into the Belfast Gas System.~~

6.1A To the extent that it is necessary to determine the same the proportions in which Shippers shall be treated as;

~~(a) — virtually taking the gas referred to in 6.1(b) out of the BGE(NI) System;~~

~~(b)(a)~~ putting such gas into the Belfast Gas System; and

~~(c)(b)~~ having title and risk in such gas,

shall be equal to their ~~Interruptible VRF Nominations~~ IP Entry Allocations less their VRF IP Exit Allocations (less their Final Exit Allocation in respect of Stranraer Exit Point, if any) made pursuant to PTL's Code.

6.2 Each Shipper warrants to Belfast Gas:

- (a) that such Shipper will have title (at the Belfast Gas Entry Point) ~~or the Carrickfergus Virtual Entry Point~~ to all gas delivered to the Belfast Gas System at the Belfast Gas Entry Point ~~or virtually delivered at the Carrickfergus Virtual Entry Point, as the case may be; and~~
- (b) that all such gas will at the Belfast Gas Entry Point ~~and/or the Carrickfergus Virtual Entry Point~~ be free of 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 transportation arising on or before the delivery thereof to the Belfast Gas System.

6.3 Each Shipper shall indemnify Belfast Gas and hold it harmless against any loss, liability, damage, claim, action, proceeding, cost and expense suffered or incurred by or made or brought against Belfast Gas in consequence of a breach of the warranties in paragraph 6.2.

6.4 Title and risk in gas;

offtaken from the Belfast Gas System at an Individual Exit Point shall pass to the Shipper offtaking gas at the Individual Exit Point. ~~and~~

~~virtually offtaken from the Belfast Gas System at the Belfast Gas Ballylumford Virtual Exit Point shall pass (as the gas is virtually taken out of the Belfast Gas System) from Belfast Gas to Shippers and simultaneously, (as the gas is virtually put into the PTL System) at the PTL Ballylumford Virtual Entry Point, from Shippers to PTL in accordance with the PTL Code.~~

6.4A To the extent that it is necessary to determine the same, the proportions in which Shippers shall be treated as:

~~(a) — virtually taking the gas referred to in 6.4 (b) out of the Belfast Gas System;~~

~~(b)(a) putting such gas into the PTL System~~ offtaking gas from the Belfast Gas System at an Individual Exit Point; and

~~(c)(b)~~ having title and risk in such gas,

shall be equal to their ~~Interruptible VRF Nominations~~ Final Exit Allocations in respect of the corresponding PTL Belfast Gas Exit Point made pursuant to PTL's Code.

6.5 Belfast Gas warrants to each Shipper that Belfast Gas will have title (at an Individual Exit Point ~~or the Belfast Gas Ballylumford Virtual Exit Point~~) to all gas made available for offtake from the Belfast Gas System at the Individual Exit Point ~~or for virtual offtake from the Belfast Gas Ballylumford Virtual Exit Point~~ and that such gas will be free of 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 transportation arising on or before the offtake thereof from the Belfast Gas System.

6.6 Belfast Gas shall indemnify each 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 Belfast Gas in consequence of a breach of the warranties in paragraph 6.5.

ANNEX E-1**GAS SPECIFICATION**

Composition/Specification	Range/Value
Wobbe Index	47.2 – 54.7 MJ per cubic Metre
Gross Calorific Value	36.9 – 42.3 MJ per Cubic Metre
Relative Density	0.55 – 0.70
Hydrocarbon Dewpoint (maximum °C for specified maximum pressure)	< - 2° C up to and including 150 bar
Water Dewpoint (maximum °C for specified maximum pressure)	< - 10° C up to and including 150 bar
Fog, Dust and Liquids	Technically pure
Oxygen	0.5%
Non-combustibles	7%
Total Sulphur	50 mg/m ³
Mercaptan Sulphur	8 mg/m ³
Hydrogen Sulphide	5 mg/m ³

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, In accordance with the Northern Ireland Network Operator's Agreement and its the PTL Code, PTL shall~~ invoice each Shipper monthly in respect of PS Code Charges, ~~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 this~~ 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.
- 1.5 For the avoidance of doubt, Belfast Gas shall not invoice amounts in respect of IP Capacity.
- 1.6 For Belfast Gas Exit Capacity, the "Payable Exit Capacity Price" in respect of Gas Year Y is the Forecast Postalised Annual Capacity Charge for Gas Year Y as determined in accordance with the Belfast Gas Licence and the Charging Methodology Statement.
- 1.7 The amounts payable for Belfast Gas Exit Capacity which are to be invoiced monthly for Month M under paragraph 4.2 will be determined by multiplying the relevant Payable Exit Capacity Price by the quantity of Belfast Gas Exit Capacity which a Shipper is treated as holding (in accordance with Section C) in respect of all Gas Flow Days in Month M.
- 1.8 Reconciliation Payments payable or to be paid under paragraph 4.2a(vii) or paragraph 4.2a(viii) shall be determined using Year-End Postalised Charges in accordance with the Belfast Gas Licence and as described in the Charging Methodology Statement.

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 PS 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/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 Exit Capacity Payments in respect of Belfast Gas ~~Firm-Exit~~ 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-Exit~~ 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~~ BGE(UK)L;
- ~~(c) undertakes to pay to Belfast Gas the PS 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 STC/VRF/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;~~
- ~~(b) the Code Charges which Belfast Gas is entitled to recover from that Shipper in accordance with the Code; and~~
- ~~the STC/VRF/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 PS 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 Exit Capacity Payment;
 - (ii) Exit Ratchet Payment;
 - ~~(iii)~~ Monthly Postalised Commodity Payment;
 - ~~(iiiiv)~~ Supplemental Payment;
 - ~~(ivv)~~ Auxiliary Payment;
 - ~~(vi*)~~ Debt Payment;
 - (vii) Reconciliation Payment payable by the Gas Supplier to Belfast Gas;
 - (viii) Reconciliation Payment payable by Belfast Gas to the Gas Supplier; and
 - ~~(ixviii)~~ Debt Repayment payable by Belfast Gas to the Gas Supplier;
 (known collectively as "PS Transmission Amounts");

- (b) the amount of VAT 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) and (vii); less
- (b) the sum of the amounts detailed in paragraph 4.2(a)(viii) and ~~(viiiix)~~; 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)(viii) and ~~(viiiix)~~; less
- (b) the sum of the amounts detailed in paragraph 4.2(a)(i), (ii), (iii), (iv), (v) ~~and~~ (vi) and (vii); plus
- (c) the applicable VAT; plus

~~(d)(a)~~ 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~~PS Code Charges

- 5.1 ~~PTL shall invoice each Shipper monthly in respect of PS Code Charges in accordance with the PTL Code. 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/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/VRF/BB Invoice Not Used~~

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

- ~~(a) — the identity of the Shipper;~~
- ~~(b) — the period to which the STC/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/VRF/BB Invoice may be identified~~

~~6.2 — Each STC/VRF/BB Invoice shall itemise the amounts due in respect of STC/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); and.~~
- ~~(v) — Deferred Buyback Payments as defined in paragraph 6.5;~~

~~(the amounts referred to at (i), (ii), (iii) and (iv) being known collectively as "STC/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/VRF/BB Invoice which are payable by 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/VRF/BB Charges shall be stated in the STC/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/BB Charges due to Belfast Gas under this Code remains unpaid after the Due Date, the next 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 shall 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.~~

~~6.5 Belfast Gas shall be entitled to defer in whole or in part a Buyback Payment payable to a Shipper where any amount ("Unpaid OS Amount") (which amount was included in the calculation of the applicable Buyback Cap) payable to PTL, BGE(UK)L and/or Belfast Gas (as the case may be) has not been received in accordance with the relevant provisions of the Code, PTL Code and/or the BGE(NI) Code or where applicable, the Postalised Network Incentive Payments Procedure. The amount of any Buyback Payments which are deferred ("Deferred Buyback Payments") shall be identified as such in the relevant STC/VRF/BB invoice.~~

~~For the purpose of the calculations in clause 6.3 and 6.4 the amount of any Deferred Buyback Payments specified in any STC/VRF/BB Invoice shall be disregarded and the provisions of the relevant clause 6.3 and 6.4 shall apply as if the Deferred Buyback Payment were excluded from the applicable STC/VRF/BB Invoice.~~

~~6.6 A Deferred Buyback Payment shall cease to be a Deferred Buyback Payment and shall again be a Buyback Payment when PTL, BGE(UK)L and/or Belfast Gas as the case may be receives the relevant Unpaid OS Amount. Belfast Gas shall pay the amount of the former Deferred Buyback Payment in accordance with the next STC/VRF/BB invoice issued to the Shipper or at such earlier date as Belfast Gas determines.~~

7 Outstanding PS 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. Outstanding PS Code Charges shall be recovered in accordance with the PTL Code.~~

~~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-issue a PS Invoice, ~~a CC Invoice and a STC/VRF/BB Invoice~~ to each Shipper.

8.2 The provisions of paragraph 8.1 shall apply, mutatis mutandis, to the invoice to be submitted issued 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/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~~ 8th business Business day Day following the Due Date;~~;~~

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

~~(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-issued~~ 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/BB Invoice~~ is the subject of a dispute (whether bona fide or not) the Shipper shall pay the full amount of the PS Invoice ~~and/or the 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/VRE/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~~ 12 months of the CPI published by the Office of National Statistics each month in respect of all items).

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

~~14.1. In this Code, 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;~~
- ~~(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/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)L and/or PTL in accordance with the Postalised Network Incentive Payments Procedure for the purpose of reconciling the Belfast Gas Postalised Network Incentive Scheme Bank Account, the PTL Postalised Network Incentive Scheme Bank Account and the BGE(NI) Postalised Network Incentive Scheme Bank Account;~~
 - ~~(iii) any interest received in respect of payments required to be paid into the Belfast Gas Postalised Network Incentive Scheme Bank Account; and~~
 - ~~(iv) any other monies which Belfast Gas reasonably determines should be credited thereto.~~

- ~~(b) — pay from the Belfast Gas Postalised 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)L and/or PTL in accordance with the Postalised Network Incentive Payments Procedure for the purpose of reconciling the Belfast Gas Postalised Network Incentive Scheme Bank Account, the PTL Postalised Network Incentive Scheme Bank Account and the BGE(NI) Postalised Network Incentive Scheme Bank Account;~~
 - ~~(iv) — any interest payable in respect of the Belfast Gas Postalised 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 Postalised 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 NI Network (including Shippers) shall be calculated;~~
 - ~~(iii) — the Incentive Scheme Payments payable to Belfast Gas, PTL and BGE(UK)L shall be calculated; and~~
 - ~~(iv) — reconciliation amounts between the Belfast Gas Postalised Network Incentive Scheme Bank Account, the PTL Postalised Network Incentive Scheme Bank Account and the BGE(NI) Postalised Network Incentive Scheme Bank Account shall be calculated.~~

SECTION G: CREDIT PROCEDURES

1 Application to determine Required Level of Credit Support

1.1 A:

- (a) Prospective Shipper shall, for the purposes of Section J3, request that Belfast Gas determine the initial Required Level of Credit Support; and
- (b) Shipper shall provide a Credit Application from time to time, on the occurrence of any of the events specified in paragraph 6.1(a) to (ge).

1.2 Where:

(a) a Prospective Shipper requests a determination by Belfast Gas for the purposes of Section J~~3~~; or

(b) ~~where~~ a re-assessment is required pursuant to one or more of paragraph 6.1(a) to (ge) or where a Shipper requests a re-assessment pursuant to paragraph 6.1(e) within a Gas Year to which the re-assessment relates,

such Prospective Shipper or Shipper (as appropriate) shall provide Belfast Gas with the following: a credit application or a revised credit application by way of a Shipper Forecast Information Request in such form as Belfast Gas shall reasonably require from time to time ("Credit Application").

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

~~(b) a forecast of the Firm Capacity within the meaning ascribed in paragraph 9 (but not including Daily Capacity) it will be treated as holding for the next 12 Months; and~~

~~(c) if applicable, the information required by paragraph 3.6; and~~

~~(d) a forecast of Daily Capacity within the meaning ascribed in paragraph 9 that it will be treated as holding for the next twelve (12) months shown individually for each Month; and~~

~~(e) its Forecast VRF Quantity for the next twelve (12) Months shown individually for each Month~~

~~in the Prescribed Form (a "Credit Application"), indicating, in the case of both (a), (b), (d) and (e) above, what proportion of each figure is attributable to the first Gas Year to which such application relates.~~

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 Belfast Gas may reasonably require for the purposes of determining a Prospective Shipper's or Shipper's Required Level of Credit Support.

~~1.4 A person who 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 the Code in effect at the time of such application.~~

2 Calculation of Required Level of Credit Support

2.1 In this Code:

- (a) Not Used;
- (b) “Forecast Supplier Quantity” has the meaning given to it in the Belfast Gas Licence;
- (c) “Forecast VRF IP Exit Quantity” means the quantity of gas that a Shipper estimates it will nominate to be offtaken at a VRF IP Exit Point ~~and/or South North VRF IP Exit Point~~ in respect of Gas Year Y;
- (d) “Total Forecast Commodity Quantity” means the sum of Forecast Supplier Quantity and Forecast VRF IP Exit Quantity; and
- (e) “Credit Period” means Gas Year Y or where a Credit Application is received within a Gas Year, the remainder of that Gas Year.

2.2 In respect of a Credit Period, 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 a forecast of the Forecast Postalised Charges that the Shipper or Prospective Shipper will incur during Gas Year Y on the Belfast Gas Owned System calculated in accordance with paragraph 2.5.

2.3 Not Used

2.4 Not Used

2.5 Each year, before the 10th Business Day in August, Belfast Gas shall forecast the Forecast Postalised Charges that a Shipper or Prospective Shipper is likely to incur in the Credit Period based only upon the following:

- (a) the sum of:
 - (i) the higher of:
 - (aa) the Shipper’s or Prospective Shipper’s estimated Total Forecast Commodity Quantity as set out in its Credit Application; and
 - (bb) the Total Forecast Commodity Quantity which Belfast Gas reasonably estimates that the Shipper or Prospective Shipper will nominate to be offtaken from the Belfast Gas Owned System during the Credit Period; plus
 - (ii) the higher of:
 - (aa) the Shipper’s or Prospective Shipper’s forecast of Belfast Gas Exit Capacity it will be treated as holding during the Credit Period as set out in its Credit Application; and

(bb) the Belfast Gas Exit 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 Belfast Gas Exit Capacity estimated to be treated as 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 nominated to be offtaken 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 Belfast Gas Licence.

~~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/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 STC/VRE/BB Charges as an amount equal to the Daily Capacity Charges which will 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")~~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 Belfast Gas Licence) for Gas Year Y and the invoicing of Reconciliation Payments for Gas Year.

Notification of the Required Level of Credit Support

2.7 By no later than the 10th Business Day in August each year, and within 10 Business Days of any receipt of any submission of a revised Credit Application, Belfast Gas shall determine and inform a Shipper of its' Required Level of Credit Support by providing a form setting out:

(a) the total Required Level of Credit Support;

(b) Not Used;

(c) to what extent the Required Level of Credit Support may be met through the provision of Unsecured Credit Support and the amount, if any, of Secured Credit Support required to make up any deficiency,

in the Prescribed Form (a "RLCS Form").

Credit Support for Exit Capacity Transfers

2.8 For the avoidance of doubt, Belfast Gas shall have no obligations or liability in relation to credit support for Exit Capacity Transfers and such matters shall be addressed directly between Shippers.

3 Establishing a Provided Level of Credit Support

3.1 Belfast Gas 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 paragraph 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 paragraph 3.4;
- (b) subject to paragraph 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 paragraph 3.4, which guarantee must, in any event, be given substantially in the form of the guarantee set out in Appendix 1, 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 thereunder 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 Belfast Gas and the Shipper;

- (ii) require the signatures of a duly authorised representative of Belfast Gas in order to authorise any withdrawals;
- (iii) revert in title to Belfast Gas in the event of Shipper default to the extent of amounts accrued and due to Belfast Gas 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 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 Belfast Gas in the form set out in Appendices 1 and 2 respectively or such other form as Belfast Gas may agree; and
- (e) depositing with Belfast Gas 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 Belfast Gas treasury bills with a maximum remaining term of no more than 12 Months,

where "**Equivalent Agency**" means Fitch, IBCA, or Standard & Poor's 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 Amount of Unsecured Credit

3.2 The maximum amount of credit which Belfast Gas 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 paragraph 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 paragraph 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 Belfast Gas in accordance with paragraph 3.5,

where the "**Securer**" is the Shipper or Prospective Shipper (whichever is applicable) if the Unsecured Credit Support is provided under paragraph 3.1(a), or the guarantor if the Unsecured Credit Support is provided under paragraph 3.1(b).

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

Moody's Credit Rating	Standard & Poor's 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

- 3.4 Unsecured Credit Support provided by a Securer under paragraph 3.2 (a) and/or (b) 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 paragraph 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 and Supplier Utilities

Ratio ranges for Distribution Utilities <u>and Supplier Utilities</u>			
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

(e) In this Code:

(i) “FFO Interest Coverage” means the ratio of profit after tax from continuing operations plus depreciation, amortisation, deferred income taxes and other non-cash items and gross interest, to gross interest (including inter-company interest whether or not paid); and

~~(i)~~(ii) “FFO to Total Debt” means the profit after tax from continuing operations plus depreciation, amortisation, deferred income taxes and other non-cash items divided by total debt (including all inter-company debt), expressed as a percentage.

3.5 Belfast Gas, acting reasonably, and taking into account a Securer's submissions under paragraph 3.6(c), shall decide which Utility Categorisation applies to the Securer, shall reference the applicable table in paragraph 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.

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

- (a) its most recently published set of annual audited accounts;
- (b) calculations of the Accounting Ratios specified in paragraph 3.4 cross-referenced to such accounts;
- (c) a submission requesting one of the Utility Categorisations in paragraph 3.4 to be applied to it, based on the information set out in its annual audited accounts; and
- (d) any other information that Belfast Gas might reasonably request.

3.7 Belfast Gas shall provide to each Shipper and PS Gas Supplier and to the Authority on the request of the Credit Committee ~~annually on the first Business Day of October~~ and on the demand of any Shipper or PS Gas Supplier within 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.

3.8 Belfast Gas, a Designated Pipe-line Operator or a Shipper may, at any time, call a Credit Committee meeting, in accordance paragraph 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.

3.9 The Maximum Allowed Unsecured Credit values in this paragraph 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 the same month in the preceding Gas Year;

and increasing the Maximum Allowed Unsecured Credit figures listed in paragraph 3.3, as amended for any previous Gas Years in accordance with this paragraph 3.9, by that percentage difference.

3.10 Where a Shipper provides any form of Unsecured Credit Support as security it shall notify Belfast Gas 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.

3.11 If the Maximum Allowed Unsecured Credit permitted under paragraph 3.2 (as adjusted from time to time under paragraph 3.9) is less than the Required Level of Credit Support notified to the Shipper in accordance with paragraph 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

3.12 The maximum amount of credit which Belfast Gas may grant to a Shipper or Prospective Shipper based on Secured Credit Support shall be limited to the value of the Secured Credit Support.

Placing or updating a Provided Level of Credit Support

3.13 Subject to paragraph 2.6, a Shipper shall place or update its Provided Level of Credit Support for Gas Year Y with Belfast Gas by no later than the 3rd Business Day in September in Y-1.

3.14 A Shipper or Prospective Shipper placing or updating a Provided Level of Credit Support with Belfast Gas shall submit a form specifying:

(a) the total value of the Provided Level of Credit Support which is being provided (which may be greater than the Required Level of Credit Support); and

(b) the means by which the Provided Level of Credit Support is being provided, including the value of any Unsecured Credit Support and the duration of any time-limited component of the Provided Level of Credit Support;

(c) Not Used.

in the Prescribed Form (a “PLCS Form”).

3.15 When a Shipper becomes aware that the information provided in its Credit Application needs to be updated within Gas Year Y, or if a Shipper wishes to increase its Provided Level of Credit Support in order to establish a higher level of Provided Level of Credit Support than its Required Level of Credit Support, then it shall submit a revised Credit Application to Belfast Gas and a PLCS Adjustment Form in accordance with paragraph 3.16.

3.16 At any time within Gas Year Y a Shipper may adjust its Provided Level of Credit Support by submitting a form to Belfast Gas specifying:

(a) the additional value of Provided Level of Credit Support and the resulting total Provided Level of Credit Support; and

(b) the means by which the Provided Level of Credit Support is being provided, including the value of any Unsecured Credit Support and the duration of any time-limited component of the Provided Level of Credit Support;

(c) Not Used,

in the Prescribed Form (a “PLCS Adjustment Form”).

Drawing on credit support

~~3.17~~ If there is a downgrading in credit rating as described in paragraph 6.2, the relevant Shipper shall (if Belfast Gas determines that the Shipper's Provided Level of Credit Support is less than the Required Level of Credit Support) comply with its obligations under paragraph 4.2.

~~3.18~~ 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/BB Charge Amounts but not including PS Transmission Amounts) due by the relevant Shipper under the Code or its Accession Agreement~~Not Used; 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 the Shipper has been treated as holding Firm Capacity ~~Belfast Gas Exit Capacity~~has been booked by the Shipper; and

- (iii) the Shipper fails to procure that, not later than ~~one~~1 Month-month prior to the scheduled date of expiry of such guarantee or letter of credit (or of any replacement or extension thereof), ~~BGTL-Belfast Gas~~ 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.

~~3.45~~19 Belfast Gas 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.

~~3.46~~20 ~~Such part of the Excess Amount as is equal to the overdue amounts referred to in paragraph 3.14(b) shall be paid into such bank account of Belfast Gas as is determined by Belfast Gas.~~Not Used.

~~3.47~~21 For the purposes of this Section G:

- (a) Belfast Gas shall procure that any ~~balance of an~~ Excess Amount ~~(following payment of the sums specified in paragraph 3.16, above) which remains after the making of the payment described in paragraph 3.16~~ shall be credited to an interest bearing account of Belfast Gas in the United Kingdom with a clearing bank and shall at all times be segregated from all other monies of Belfast Gas and shall be free from any encumbrance arising or subsisting in favour of any person other than Belfast Gas;
- (b) such amounts as are referred to in paragraph (a) (and all interest thereon) shall be held on trust by Belfast Gas for the benefit of the Shipper and Belfast Gas 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;
- (c) Belfast Gas shall be entitled to withdraw amounts from such account and apply the same in each of the circumstances where Belfast Gas would otherwise have been entitled to make a demand under a letter of credit or guarantee pursuant to paragraph ~~3.183-14~~(a) or (b) had such an instrument been issued in its favour at such time but in no other circumstances;
- (d) if notwithstanding paragraph (c) Belfast Gas withdraws any amount from the escrow account other than in such circumstances, Belfast Gas 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;
- (e) if at any time at which monies are so held by Belfast Gas on trust for the Shipper the Shipper provides to Belfast Gas a letter of credit or a guarantee for the amount then held on such trust which conforms with the provisions of paragraph 3.1(b) or 3.1(d), then Belfast Gas shall return to the Shipper all monies then so held by Belfast Gas on such trust;
- (f) 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 Belfast Gas on such trust shall be returned to the Shipper; and

- (g) the perpetuity period under the rule against perpetuities, if applicable to any trust arising pursuant to this section, shall be the period of 80 years from the date of such trust arising.

4 Determination of whether Required Level of Credit Support has been established

~~4.1 The Required Level of Credit Support shall be established when Belfast Gas verifies the information provided in the -PLCS Form and is satisfied that the Provided Level of Credit Support has been placed. Such verification may take up to 10 Business Days.~~

~~4.1 Within 10 Business Days of receipt of a Credit Application (or from time to time pursuant to paragraph 6) Belfast Gas shall determine and inform the Shipper or Prospective Shipper of that determination by issuing to it a notice 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.~~

4.2 A Shipper or Prospective Shipper whose Provided Level of Credit Support is less than its Required Level of Credit Support (including where Belfast Gas makes a determination to that effect following a re-assessment under paragraph 6.2 (a), (b), (c), (d), (e) and (f) shall, within 10 Business Days from the issue of such notice by Belfast Gas, provide such additional security as is required to meet the Required Level of Credit Support, failing which (an “LPC Default”) Belfast Gas may exercise any rights which are or become available to it under paragraph ~~3.183.14~~ and, in the case of:

- (a) a Prospective Shipper, its Credit Application shall be rejected; and
- (b) a Shipper, Belfast Gas shall convene a meeting of the Credit Committee in accordance with paragraph 5.1(b).

~~4.3 Where from time to time, following a re-assessment under section 6.1 (g), Belfast Gas makes a determination to the effect that a Shipper or Prospective Shipper has a Provided Level of Credit Support less than its Required Level of Credit Support:~~

- ~~(a) Belfast Gas shall notify PTL in writing of the Required Level of Credit Support and the Provided Level of Credit Support of the Shipper or Prospective Shipper; and~~
- ~~(b) the Shipper or Prospective Shipper shall have its application for PTL Daily Capacity rejected by PTL to the extent that its’ prevailing Provided Level of Credit Support is less than its Required Level of Credit Support following the making of such determination. For the avoidance of doubt a Shipper or Prospective Shipper may make a Credit Application in advance of the Daily Capacity Application Window in order to ensure that it will meet the Required Level of Credit Support at the time of the reassessment by Belfast Gas in accordance with section 6.1 (g).~~

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/BB Charge Amount~~ by any Shipper (an "**NPTP Default**" ~~an "**NPCC Default**" and an "**NPSTC/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**")~~; an LPC Default occurs in relation to that Shipper.
- 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.
- 6 Reassessment of Required Level of Credit Support and Provided Level of Credit Support**
- 6.1 Belfast Gas will reassess a Shipper's Required Level of Credit Support in any of the following circumstances:
- (a) ~~12 Months after the Shipper's Required Level of Credit Support was last determined, assessed or reassessed~~ annually by no later than 10th Business Day in August;
 - (b) ~~a Shipper seeks to acquire additional PTL Firm Capacity not including PTL Daily Capacity whether by an application or transfer in accordance with the PTL Code; a Shipper seeking to acquire additional PTL Exit Capacity at a Belfast Gas Exit Point in accordance with the PTL Code;~~
 - (c) a Shipper's ~~Forecast Supplier~~ Total Actual Commodity Quantity exceeding the level it estimated in ~~accordance with paragraph 1.2(a); its Credit Application;~~

- (d) the Credit Committee directing Belfast Gas to make a reassessment;
- (e) on request (by way of a revised Credit Application) from that Shipper at any time;
- ~~(f) a Shipper gaining or extending a PTL Exit Point Registration for the purposes of making Interruptible VRF Nominations; or~~
- ~~(g) a Shipper making an application for PTL Daily Capacity.~~

6.2 Belfast Gas will reassess a Shipper's Provided Level of Credit Support in any of the following circumstances:

- (a) ~~12 Months after the Shipper Provided Level of Credit Support was last determined, assessed or reassessed~~annually by no later than the 5th Business Day in September;
- (b) in the event of any form of Unsecured Credit Support being disallowed by the Credit Committee;
- (c) a period of 1 ~~m~~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 Belfast Gas 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 Belfast Gas to make a reassessment; or
- (f) ~~on request from that Shipper at any time~~where a Shipper submits a PLCS Form or a PLCS Adjustment Form at any time within the Gas Year.

6.3 Such re-assessments of a Shipper's Required Level of Credit Support and Provided Level of Credit Support shall be conducted:

- ~~(a) in accordance with the preceding provisions of this Section G as if a new Credit Application were submitted on the date of occurrence of any of the events specified in paragraph 6.1; and~~
- ~~(b) in the case of an application for PTL Daily Capacity by a Shipper with a prevailing Provided Level of Credit Support, Belfast Gas shall reassess the Required Level of Credit Support to include the quantity of Daily Capacity for which the Shipper has applied. A Shipper may (but shall not be required to) update the information provided in 1.2 and paragraph 4.3 shall apply accordingly.~~

7 Duty to provide forecasts and information relating to the calculation of the Postalised Charges

7.1 Belfast Gas is required pursuant to condition 2A.2.3 of the Belfast Gas Licence to provide certain forecast information to the Authority by no later than the last Business Day in June in each Gas Year, such information to be utilised in relation to the calculation of Charges on the NI Network.

7.2 For the purposes of paragraph 7.2, Belfast Gas shall provide an information request to Shippers (the "Shipper Forecast Information Request"). Belfast Gas may comply with its

obligations under this paragraph 7 by procuring that PTL shall perform such obligations on its behalf.

7.3 Belfast Gas shall specify on the Shipper Forecast Information Request the units and any other details or items for which it may reasonably require Shippers to provide a forecast and/or further information.

7.4 A Shipper shall complete the Shipper Forecast Information Request in respect of a five-year period commencing on the 1st October in each Gas Year. Subject to 11.2.3, the Shipper Forecast Information Request shall require completion of at least the following details:

(a) Not Used;

(b) the amount of Belfast Gas Exit Capacity at each Belfast Gas Exit Point which the Shipper forecasts it will be treated as holding;

(c) the quantity of gas which the Shipper forecasts it will flow at each IP Entry Point and VRF IP Exit Point; and

(d) the quantity of gas which the Shipper forecasts it will flow at each Belfast Gas Exit Point.

7.5 A Shipper shall submit its' completed Shipper Forecast Information Request to Belfast Gas by no later than the 10th Business Day in June.

7.6 Where there is a material change to the information provided on the completed Shipper Forecast Information Request during the Gas Year, the Shipper shall provide a revised Shipper Information Forecast Request form to Belfast Gas as soon as possible.

7.7 Shippers agree to respond within a reasonable timeframe to any additional requests for forecast (or other) information made by PTL at any time where necessary for the purposes of compliance with information requests from ENTSOG, ACER, the Authority and/or any other reasonable purpose.

11.37.8 Provision of Quarterly Information to the Authority and to Shippers

11.37.8.1 Belfast Gas is required pursuant to condition 2A.2.3.3 of its' Licence to provide quarterly information to the Authority and to advise the Authority on any suspected material inaccuracy in the information provided under paragraph 7.4. Such information shall be provided by Belfast Gas to the Authority no later than the 10th Business Day after the end of each Quarter in a Gas Year.

11.37.8.2 Belfast Gas is required pursuant to condition 2A.2.3.3 of its' Licence to publish quarterly information to Shippers. Such information shall be provided to Shippers in accordance with the requirements in that Licence condition.

~~7.894~~ A Shipper shall:

~~(a) — each Gas Year, provide the following forecasts and information to Belfast Gas, in each case no later than the tenth (10th) 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 Quantities (including for the purposes of this paragraph 7.1 its Forecast VRF Quantity) together with:~~

~~(1) — 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;~~

~~(2) — a breakdown showing the proportions of its Forecast Supplier Quantities in respect of each Exit Point attributable to each Quarter of GY; and~~

~~(ii) — the assumptions on which the figures provided pursuant to paragraph 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) — use its reasonable endeavours to ensure that all forecasts and information supplied in accordance with paragraph 7 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; and~~

7.910(e) ~~A Shipper shall~~ promptly submit to Belfast Gas any further information, explanation and access to relevant documents and records, in each case as Belfast Gas reasonably requires in respect of the Forecast Supplier ~~Quantities~~ Quantity in order to satisfy its obligation to present similar information under the Belfast Gas Licence.

~~7.2 — For the purposes of this Section G:~~

~~(a) — in respect of each Gas Year commencing on or after the Designation Date, Belfast Gas 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 Belfast Gas on a Quarterly basis under its Licence, no later than ten (10) Business Days after the end of each Quarter in a Gas Year;~~

~~(b) — at the same time as Belfast Gas provides the figures required under paragraph 7.2(a), Belfast Gas 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 the Belfast Gas Licence for the remainder of the current or any future Gas Years will or may be materially inaccurate. If Belfast Gas suspects such material inaccuracy, it shall provide details of the extent of such inaccuracy, and its reasons for such belief; and~~

~~(c) — Belfast Gas may fulfil its obligations under this paragraph 7.2, by submitting, together with one or more other Designated Pipe line Operators, a joint report which shall comply with paragraph 7.2.~~

8 Shippers who are not Gas Suppliers

The provisions of this Section ~~F-G~~ shall be ~~apply~~applied, mutatis mutandis, to a Shipper who is not a Gas Supplier and adjusted to reflect those charges which such Shipper has agreed to pay in accordance with Section ~~G2F2.3(a)~~.

9 Ten Year Statement

9.1 In this Code a "Ten Year Statement" is a statement, required to be prepared by Belfast Gas pursuant to condition 2.13 of its Licence and any direction of the Authority pursuant thereto, containing:

(a) the likely developments to the NI Network which Belfast Gas reasonably anticipates will be taken into account in determining the calculation of Charges on the NI Network; and

(b) any other further information which Belfast Gas may decide is appropriate,

or any revision to the most recently published Ten Year Statement.

9.2 Belfast Gas shall furnish the Authority with a Ten Year Statement in each Gas Year no later than the 10th June containing any revisions to the previous years' Ten Year Statement.

9.3 Belfast Gas shall consult with Shippers and the Authority from time to time as to the form of the Ten Year Statement and shall not include details of an individual Shipper's forecast of throughput or actual throughput or holding of capacity on any part of the NI Network without that Shipper's consent (which shall not be unreasonably withheld or delayed).

9.4 Each Gas Year, for the purposes of enabling Belfast Gas to prepare the Ten Year Statement, Belfast Gas shall send a questionnaire to Shippers, in such form as may be determined by Belfast Gas, requesting information on the Shipper's forecasts for supply and demand (and the assumptions on which these forecasts are based).

9.5 A Shipper shall complete the questionnaire provided under paragraph 9.4 and submit it to Belfast Gas by the date specified in the questionnaire.

9.6 The information to be provided by a Shipper pursuant to paragraph 9.5 shall be treated as having been requested by Belfast Gas for the purposes of the standard condition of the Shipper's Gas Supply Licence which obliges the Shipper to provide information to the Belfast Gas Licence holder to enable such Belfast Gas Licence holder to draw up plans for, inter alia, the safe operation of its system.

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

(a) to inform Belfast Gas of such intention;

(b) if requested by Belfast Gas, to discuss with Belfast Gas whether there is a form in which the information can be provided or alternative information which can be provided;

(c) if requested by Belfast Gas, to refer or co-operate with Belfast Gas in referring its refusal to the Authority for determination under that Gas Supply Licence condition.

9.8 Belfast Gas shall not be liable pursuant to the Code or otherwise to any Shipper in relation to any estimate, forecast or other information contained in or omitted from a Ten Year Statement, and nothing contained in it shall oblige Belfast Gas to undertake any reinforcement of the Belfast Gas Owned System.

9.9 Except as provided for or referred to in the Code, Belfast Gas is not party to any agreement for the sale of gas offtaken from the Belfast Gas System, or the purchase of gas delivered to the Belfast Gas System; and accordingly Belfast Gas depends on the information provided by persons who are party to such agreements, and on other sources of information, in estimating under this paragraph 9 demand and availability of gas for supply.

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

9.11 Belfast Gas may comply with its obligations under this paragraph 9 by procuring that PTL shall perform such obligations on its behalf and/or by submitting, together with one or more Designated Pipeline Operators, a joint report which shall comply with the requirements of this paragraph 9.

~~9 Firm Capacity~~

~~For the purposes of this Section G, Appendix 3 in this Code, any reference to Firm Capacity shall be taken to be a reference to Belfast Gas Firm Capacity (as defined in section C 1.2(b)) and any reference to Daily Capacity shall be taken to be a reference to Belfast Gas Daily Capacity (as defined in section C1.2(e)).~~

SECTION H: EMERGENCIES

1 Emergencies

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

1.1A Where Belfast Gas determines that an Emergency exists, it shall declare an Emergency in co-operation with the Northern Ireland Network Emergency Coordinator.

- 1.2 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 Belfast Gas:
 - (i) the safety of the Belfast Gas System is significantly at risk;
 - (ii) the safe conveyance of gas in the Belfast Gas System is significantly at risk;
 - (iii) gas conveyed in the Belfast Gas 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 Belfast Gas's ability to maintain safe pressures within the Belfast Gas System is affected or threatened by an interruption or disruption to the Belfast Gas System, an insufficiency of deliveries of gas to the Belfast Gas System, or by any actual or potential failure of or damage to any part of the Belfast Gas System; or
 - (v) in any other circumstances reasonably believed by Belfast Gas to constitute an Emergency; and
- (c) shall exist where Belfast Gas declares an Emergency in co-operation with the Northern Ireland Network Emergency Coordinator.

- 1.3 An Emergency shall continue until such time as Belfast Gas determines that the circumstances referred to in this paragraph 1 no longer apply, that no further Emergency Steps are required, and that normal operation of the Pipeline-Belfast Gas System and implementation of the Code may be resumed.

2 Emergency Steps

- 2.1 Belfast Gas may take or require that a Shipper takes such steps ("**Emergency Steps**") as Belfast Gas 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 Pipeline-Belfast Gas System including making available additional gas; and/or

- (d) taking into account any steps that the Northern Ireland Network Emergency Coordinator may request Belfast Gas to take.

2.1A Where an Emergency has been declared, any requests which Belfast Gas makes of Shippers as regards Emergency Steps shall be treated as being made on behalf of the Northern Ireland Network Emergency Coordinator.

2.2 In view of the importance of co-ordination of Emergency Steps, a Shipper shall only take Emergency Steps pursuant to a request made by Belfast Gas.

2.3 During an Emergency each Shipper:

(a) shall co-operate with Belfast Gas, 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 Belfast Gas to take Emergency Steps and in so doing comply with Belfast Gas's instructions and requests as soon as reasonably practicable; and

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

2.4 Belfast Gas and each Shipper acknowledges that in an Emergency their interests shall be subordinated to the need to take Emergency Steps.

2.5 Without prejudice to Section F1.4, no Emergency Step taken by Belfast Gas, or at the request of Belfast Gas, by any Shipper, shall be a breach of any provision of the Code, and in particular Belfast Gas shall not be in breach of its obligation to accept gas delivered at the Belfast Gas Entry Point or to make gas available for offtake at a Belfast Gas Exit Point to the extent that it is as a result of any such Emergency Step so taken.

2.6 Belfast Gas may ~~at its sole discretion~~ on notice to Shippers amend or cancel any Emergency Step.

3 Emergency Contacts

3.1 Each Shipper shall provide to Belfast Gas

(a) a single telephone and facsimile number at which Belfast Gas may contact, 24 hours a Day and on each Day of a Gas Year, in an Emergency for any purpose pursuant to this Section H;

(i) a representative of the Shipper; and

(ii) a representative of any End User;

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

3.2 The details required under paragraph 3.1 shall be provided by ~~a Prospectivean applicant~~ Shipper before becoming a Shipper and shall at all times be maintained up to date and a Shipper shall notify Belfast Gas of any change in such details promptly and, where possible, in advance of such change.

3.3 ~~The Each~~ representative referred to in paragraph 3.1 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 Belfast Gas in the event of an Emergency.

- 3.4 If a Shipper does not provide such details, or cannot be contacted when required at the contact point referred to in paragraph 3.1, Belfast Gas 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 H, discontinue the offtake of gas by the Shipper at a Belfast Gas Exit Point~~:-, and in~~In such circumstances, Belfast Gas shall not be liable for and the Shipper shall indemnify Belfast Gas in respect of, any costs incurred in connection with such discontinued offtake of gas.

4 Belfast Gas to inform Shippers of an Emergency

Where an Emergency arises, Belfast Gas shall, as quickly as is reasonably practical, inform the Shippers of the affected Belfast Gas Exit Point(s) of the commencement and, so far as practicable, the nature, extent and expected duration of the Emergency~~and~~. Belfast Gas 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 Belfast Gas considers the Emergency is no longer continuing.

5 Entry Control in an Emergency

In an Emergency Belfast Gas may take steps to increase or decrease the delivery and/or rate of flow of gas by issuing appropriate instructions to the Shippers, who in turn shall submit PTL Nominations ~~(or PTL Renominations)~~ as necessary and/or as requested by Belfast Gas to the extent practical but at all times using their reasonable endeavours.

6 Exit Control in an Emergency

- 6.1 Where Emergency Steps include the reduction or discontinuance of the offtake of gas at ~~an~~ Belfast Gas Exit Point, Belfast Gas shall first seek voluntary reductions by Shippers by reference to each Shipper's prevailing Downstream Load Statement and the Priority Order and if Belfast Gas cannot achieve the requisite reduction voluntarily it shall endeavour to reduce the offtake of gas from the Belfast Gas System, in so far as is practicable:

- (a) first at the Carrickfergus Exit Point; and
- (b) then at any other Individual Exit Point.

- 6.2 Where, pursuant to the Emergency, Belfast Gas instructs a Shipper to give any notification or communication to a supplier, the Shipper shall comply with that instruction.

- 6.3 Without prejudice to Belfast Gas's ability to take any Emergency Steps, Belfast Gas may take steps physically to isolate any Individual Exit Point where Belfast Gas, acting as a Reasonable and Prudent Operator, is required to maintain the integrity of the Belfast Gas System, the Phoenix Distribution System, the Firmus Distribution System, the PTL System and/or the BGE (NI) System.

- 6.4 The order in which, following an Emergency, offtake of gas at Belfast Gas Exit Points will be restored will be the reverse of that referred to in paragraph 6.1.

7 Consequences of an Emergency

- 7.1 Belfast Gas shall take steps to restore gas transportation and normal operation of the Belfast Gas System as soon as reasonably practicable after an Emergency.

- 7.2 Belfast Gas 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 the Code and acknowledge that any such impairment resulting from such diversion of resources may be regarded as Force Majeure.

8 Audit following an Emergency

- 8.1 In the event of an Emergency, an audit shall be undertaken by Belfast Gas to determine the cause and what, if any, remedial actions may need to be taken to minimise the likelihood of an Emergency arising again.
- 8.2 A copy of such audit report shall be provided to the ~~Director~~ Authority and the Shippers, where requested with, in the case of such Shippers, any parts of the report that Belfast Gas determines, in consultation with the Authority, is confidential withheld.
- 8.3 The cost of such audit and effecting such remedial measures shall be recoverable in full as an Eligible Pass-Through Cost ~~Belfast Gas~~ in accordance with the Belfast Gas Licence.

9 Emergency procedures

A Shipper shall co-operate with Belfast Gas in relation to the testing of Belfast Gas's emergency procedures provided that this shall not extend to a Shipper being required to take Emergency Steps.

SECTION I : DISPUTES

1 Dispute Resolution

- 1.1 In the Code a "**Dispute**" means any controversy, claim or dispute arising out of or in connection with the Code or an Accession Agreement.
- 1.2 If a Dispute arises, it shall be referred, upon written notice from a ~~party~~ Party to the other ~~P~~party or ~~parties~~ Parties (a "**Dispute Notice**"), to mediation in accordance with paragraph 2.
- 1.3 A Dispute which is not resolved by mediation within 30 days of the date of the Dispute Notice shall, subject to paragraphs 1.4 and 3, be settled by the courts of Northern Ireland in accordance with ~~paragraphs 1.4 and 3~~ Section J15.
- 1.4 Where the Code provides or the ~~parties~~ 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 30 days of the date of the Dispute Notice, it shall be settled by an Expert (an "**Expert**") in accordance with paragraph 3 ("**Expert Determination**").

2 Mediation

If a Dispute arises the ~~parties~~ Parties shall attempt to settle it in accordance with the Centre for Dispute Resolutions (CEDR) Model Mediation Procedure.

3 Expert Determination

- 3.1 The procedure for the appointment of an Expert shall be as follows:
- (a) the ~~parties~~ Parties shall attempt to agree on the appointment of a single Expert to settle the Dispute;
 - (b) if within 15 ~~business~~ Business days ~~Days~~ of the date of the Dispute Notice the ~~parties~~ Parties have been unable to agree on the choice of an Expert, any ~~party~~ Party may inform the President of the Institution of Gas Engineers and Managers (the "**President of the IGE**M") 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~~ Business days ~~Days~~ of the date of the Dispute Notice, and in doing so the President of the IGE M may take such independent advice as he thinks fit;
 - (c) if the President of the IGE M does not exist at the time of such request, refuses to make such an appointment, or fails to do so within 30 ~~business~~ Business days ~~Days~~ of the Dispute Notice, any of the ~~parties~~ Parties may then apply to the President of the Law Society of Northern Ireland who shall appoint an Expert within 15 ~~business~~ Business days ~~Days~~ of being requested to do so;
 - (d) upon the Expert being agreed upon or appointed in accordance with this paragraph 3 the ~~parties~~ Parties shall immediately notify the Expert of his appointment and shall request him to confirm within 5 ~~business~~ Business days ~~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 Northern Ireland in accordance with ~~paragraph 5~~ Section J15.
- 3.2 The Expert shall be a person suitably qualified by education, experience and/or training to determine the Dispute.

- 3.3 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.
- 3.4 The Expert and his assistants (if any) shall, as a prerequisite to the Expert's appointment, enter into a confidentiality undertaking with the ~~parties~~ Parties in the same terms, mutatis mutandis, as required by Section ~~14-J4~~ 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.
- 3.5 (a) The Expert shall confirm to the ~~parties~~ 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~~ Parties forthwith of such conflict giving full details of it.
- (c) Any ~~party~~ Party may within 5 ~~business-Business days-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 paragraph 3 (and the rejected expert shall not be nominated for such selection).
- 3.6 The ~~parties~~ 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 Belfast Gas 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 J4 as if that customer were a ~~party~~ Party and following any request by Belfast Gas, obtains from that customer an undertaking in favour of Belfast Gas to do so.
- 3.7 Any and all communications between the ~~parties~~ 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~~ Parties have been given a reasonable opportunity to attend.
- 3.8 The terms of reference of the Expert shall include the following:
- (a) 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 Northern Ireland) at which he shall clarify, and, if necessary, define the Dispute and give directions as to the future conduct of the Dispute;
- (b) that the Expert may from time to time give such directions as he sees fit;
- (c) 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 30 ~~business-Business days-Days~~ of his appointment or such other time as agreed in writing by the ~~parties~~ Parties;
- (d) that the Expert shall give full written reasons for his determination and shall furnish the ~~parties~~ Parties with a draft of his proposed determination;
- (e) the ~~parties~~ Parties shall be entitled to make representations to the Expert within 7 ~~business-Business days-Days~~ after the receipt of the draft of the Expert's proposed determination.

- 3.9 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 paragraph 3.1.
- 3.10 If, within a reasonable period, but in any event not later than 90 ~~business~~Business days~~Days~~ after the acceptance of his appointment, the Expert has not made his determination, then, at the request of any of the ~~parties~~Parties, another Expert shall be appointed in accordance with paragraph 3.1 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.
- 3.11 Subject to paragraph ~~64~~, 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~~Northern Ireland) shall be borne equally by the ~~parties~~Parties, but each ~~party~~Party shall bear its own costs.
- 3.12 An Expert appointed under this Section I 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.
- 3.13 The Expert's final determination shall be final and binding on the ~~parties~~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 paragraph 3.1.

4 Costs of Dispute

Belfast Gas's costs arising out of a Dispute shall be recoverable in full as an Eligible Pass-Through Cost in accordance with the Belfast Gas Licence.

SECTION J : GENERAL

1 Introduction

- 1.1 References to the "**Code**" are to this Network Code Principal Document as from time to time modified in accordance with the Modification Rules or the Belfast Gas Licence; and references to the Code include the Code as given contractual effect by the Framework Agreement.
- 1.2 For the purposes of this Section J "**Network Code Framework Agreement**" or "**Framework Agreement**" means an agreement in such form as may be required by the Belfast Gas pursuant to which the Code is made binding upon Belfast Gas and each Shipper.
- 1.3 In this Section "**Party**" means in the context of the Network Code Framework Agreement, Belfast Gas or any Shipper.
- 1.4 Except where the Code expressly provides otherwise or disapplies this paragraph 1.4, neither the Code nor the Framework Agreement creates contractual rights or liabilities between Shippers inter se.
- 1.5 Paragraph 1.4 shall not apply in respect of paragraphs 9 to 16 (inclusive)

2 Not Used

3 Accession

- 3.1 Any person wishing to become a Shipper shall give Belfast Gas 20 Business Days' notice of its wish to be party to the Framework Agreement (a "**Prospective Shipper**") specifying:
- (a) the Belfast Gas Exit Points that it wishes to utilise; and
 - (b) the date from which it wishes to become a Shipper.
- 3.2 Within 5 Business Days of receipt of such an application Belfast Gas will provide any Prospective Shipper with:
- (a) an Accession Agreement (for signature by the Prospective Shipper);
 - (b) a company information form to complete;
 - (c) a Shipper Forecast Information Request form;
 - (d) a Credit Application form;
 - (e) a copy of the Code, Modification Rules, the most recent Ten Year Statement and other such information as Belfast Gas believes is appropriate;
 - (f) a 24 hour emergency contacts form.
- ~~(a) a Credit Application for completion, where required;~~
- ~~(b) an Accession Agreement for execution;~~
- ~~(c) the Code;~~

~~(d) — the Modification Rules.~~

3.3 A Prospective Shipper ~~wishing to become a Shipper~~ shall provide to Belfast Gas:

~~(a) — evidence satisfactory to Belfast Gas that at a date no later than the date on which the Shipper is first bound by the terms of the Code (in accordance with this paragraph 3) the Shipper is bound by the terms of the PTL Code;~~

~~(b) — where applicable, and in each case in respect of the PTL Ballylumford Exit Point:~~

~~(i) — a copy of its application for an exit point registration in accordance with the PTL Code;~~

~~(ii) — a copy of its application for PTL Capacity in accordance with the PTL Code;~~

~~(iii) — a copy of any downstream load statement submitted to PTL in accordance with the PTL Code; and~~

~~(e) — a completed Credit Application, where required.~~

~~(d) — its postal address and email address for notices in accordance with paragraph 3.4 of the Terms of Reference.~~

(a) the Accession Agreement, signed by the Prospective Shipper for execution by Belfast Gas;

(b) a completed Shipper Forecast Information Request form;

(c) confirmation of its Provided Level of Credit Support;

(d) completed 24 hour emergency contact information form;

(e) a copy of its Gas Supply Licence (or where appropriate, a copy of consent from the Authority to Enter gas to and/or Exit gas from the NI Network as if the party had a Gas Supply Licence); and

(f) evidence that the Prospective Shipper has acceded to, or has applied for accession to, the PTL Code;

Accession to the Code

3.4 ~~After a Prospective Shipper has executed an Accession Agreement which is effective in accordance with its terms, the Prospective Shipper shall become a Shipper and may utilise Belfast Gas Capacity.~~After Belfast Gas is satisfied that the Prospective Shipper has satisfied the requirements of paragraph 3.3 it shall within 5 Business Days execute the Accession Agreement and provide a copy to the Prospective Shipper..

3.5 A Prospective Shipper shall become a Shipper on the effective date of the executed Accession Agreement.

~~3.5 A Shipper shall provide Belfast Gas with a copy of any application for an exit point registration or extension to an Exit Point Registration in respect of a Belfast Gas Exit Point which it submits to PTL pursuant to the PTL Code.~~

3.6 A Shipper will advise Belfast Gas in the event that PTL terminates an exit point registration in respect of a Belfast Gas Exit Point pursuant to the PTL Code.

3.7 A Shipper shall send Belfast Gas a copy of any ~~downstream~~ Downstream load ~~Load Statement~~ and any updates to such Downstream Load Statement submitted to PTL pursuant to the PTL Code from time to time.

Retirement from the Code

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

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

(b) Belfast Gas shall respond to the Retiring Shipper, within ~~twenty-five (25)~~ Business Days of receiving the application referred to in paragraph 3.8(a), 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 ~~P~~party to any agreement between Belfast Gas and the Shipper which incorporates the Code; and /or

(ii) has ceased to be treated as holding any Belfast Gas Exit ~~Firm~~ Capacity; and / or

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

(1) PS Transmission Amounts

~~Code Charges~~

(2) Supplemental Payments

(3) Auxiliary Payments; and

(4) ~~Other~~ other amounts due pursuant to the Code.

(c) Within ~~ten (10)~~ Business Days of the Retired Shipper confirming to Belfast Gas in writing (together with supporting documentation) that it has complied with the requirements of Belfast Gas under paragraph 3.8-(b), Belfast Gas 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 Belfast Gas ~~{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.

(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 Belfast Gas shall no longer be bound in relation to each other by ~~this the~~ Code except to the extent set out in paragraphs 3.8-(e) and 3.8-(f)

- (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 the~~ 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 the~~ Code in respect of the period up to and including the date on which the Accession Agreement is terminated:

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

- (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 Belfast Gas 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 Belfast Gas 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 Belfast Gas pursuant to the ~~code Code~~ shall remain in place until all such payments have been discharged in full.

3.9 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 paragraph G2.6.

3.10 For the avoidance of doubt, if a Shipper wishes to retire from the Code, it may not reduce or cancel its Belfast Gas Exit Capacity other than by way of compliance with the procedures set out in sections 1B.8 (Exit Capacity Surrender) -and 1B.10 (Exit Capacity Assignment) of the PTL Code in relation to the reduction of PTL Exit Capacity.

4 Confidentiality

4.1 In the Code:

- (a) "Confidential Information" means:
- (i) in relation to Belfast Gas, any information relating to the affairs of a Shipper;
 - (ii) in relation to a Shipper, any information relating to Belfast Gas or another Shipper,

obtained in connection with the Code other than its terms;

- (b) **"Disclosing Party"** means the ~~party-Party~~ disclosing Confidential Information to a Receiving Party;
- (c) **"Permitted Purpose"** means any purpose related to a ~~party's-Party's~~ participation in the Code, ~~including preparation of the Ten Year Statement;~~ and
- (d) **"Receiving Party"** means the ~~party-Party~~ to which Confidential Information is disclosed by a Disclosing Party.

4.2 A Receiving Party shall not, except as provided in paragraphs ~~19.34.3~~ and ~~19.44.4~~, 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.

4.3 Paragraph 4.2 shall not apply to any Confidential Information which:

- (a) at, or after, the time of disclosure becomes part of the public domain (other than by reason of a breach of the Code by the Receiving Party);
- (b) 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
- (c) is lawfully acquired by the Receiving Party from a third party otherwise than in breach of an obligation of confidentiality.

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

- (a) to any employees, officers, directors, professional advisers 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 25% of the issued share capital of the Receiving Party or any of that person's 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 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 the 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.

4.5 A Receiving Party shall:

- (a) ensure that any person to whom the Receiving Party discloses information under paragraph 4.4-(a) to (e) complies with the obligations under paragraphs 4.1 to 4.4.9 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 paragraph 4.4-(c), (d) or (e) an undertaking in favour of the Disclosing Party to do so.

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

4.7 Belfast Gas shall require that PTL complies with its obligations in respect of confidentiality set out in such Network Code Interface Agreement in relation to the information which Belfast Gas discloses to PTL in accordance with paragraph 4.6.

4.8 Belfast Gas may disclose Confidential Information without the consent of the Disclosing Party to any other Designated Pipeline Operator holding a valid licence to convey gas to the extent Belfast Gas reasonably considers such disclosure is necessary for the purposes of the Code.

4.9 Whether a party ceases or continues to be bound by the 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 paragraph 4.3.

4.710 Any data which is processed, recorded or maintained in respect of the ~~Pipeline~~Belfast Gas System shall belong to Belfast Gas, and subject to the provisions of the Code, Belfast Gas may use such data in such manner as Belfast Gas sees fit.

4.811 If a Shipper provides Belfast Gas with data the Shipper hereby grants to Belfast Gas a perpetual non-exclusive, royalty free licence in respect of such data and all intellectual property rights in it to use, copy and adopt and deal with such data for purposes of the performance and implementation of the Code and other purposes contemplated by the Code but not otherwise; and paragraph 4.7-10 applies to any data derived from such data and all compilations created by or on behalf of Belfast Gas of such data.

4.9 If Belfast Gas 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 the Code and for other purposes contemplated by the Code, but not otherwise.

5 Force Majeure

5.1 In the 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-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 the Code, including any:

- (a) 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;
- (b) act of God;

- (c) strike, lockout or other industrial disturbance;
- (d) 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;
- (e) governmental restraint or the coming into force of any regulation, licence or Directive of any Competent Authority;
- (f) suspension, withdrawal or change in the terms of any licence, permit or consent;
- (g) structural shift or subsidence affecting generally a part or parts of the Pipeline or any area or areas of the route of the Pipeline;
- (h) the occurrence of an event constituting force majeure for the purposes of the PTL Code.

5.2 Subject to paragraph 5.4-3 and without prejudice to any other provisions of the 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 the Code then its obligations shall be suspended to the extent the Affected Party's ability to perform is hindered by the Force Majeure event.

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

- (a) make payments due under the 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
- (b) give any notice due under the Code.

5.4 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:

- (a) developments in the matters so notified; and
- (b) 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.

5.5 Any Party whose failure to perform obligations has been relieved under the provisions of this paragraph 5, 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.

6 Liability

6.1 Subject to the further provisions of this paragraph 6, each Party agrees and acknowledges that:

- (a) no Party shall be liable to any other Party for loss arising from any breach of the Code or the Framework Agreement, other than (but without prejudice to any other provision of the Code which excludes or limits liability in respect of any breach) for loss directly resulting from such breach and which at the relevant date was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach in respect of:
 - (i) physical damage to the property of any other Party; and/or
 - (ii) the liability (in law) of any other such Party to any other person for loss in respect of physical damage to the property of such person; and
 - (b) no Party shall in any circumstances be liable in respect of any breach of the Code or the Framework Agreement to any other Party for:
 - (i) any loss of profit, loss of revenue, loss of use, loss of contract, loss of goodwill, increased cost of working, or increased or additional costs in respect of the procurement or conveyance of gas;
 - (ii) any indirect economic or consequential loss; or
 - (iii) except as provided in paragraphs 6.1(a) and 6.5, loss resulting from the liability of any other Party to any other person howsoever and whensoever arising.
- 6.2 For the purposes of paragraph 6.1(a) the "**relevant date**" is the date of the Framework Agreement, except that where the breach in question would not have been a breach of the Code but for a modification (pursuant to the Modification Rules or the Belfast Gas Licence) of the Code subsequent to the date of execution of the Framework Agreement, the relevant date shall be the date of such modification.
- 6.3 Subject to paragraph 6.13, the amount or amounts for which a Party may be liable to any other Party or Parties pursuant to paragraph 6.1(a) in respect of any one event or circumstance constituting or resulting in the first Party's breach of a provision of the Code or the Framework Agreement (or in the case of Belfast Gas, the failure by Belfast Gas to act as a Reasonable and Prudent Operator in the performance of its obligations in the Code or its negligence or Wilful Misconduct pursuant to Section B8) shall not exceed:
- (a) as respects the liability of Belfast Gas to any one Shipper or of any one Shipper to Belfast Gas, an amount equal to 2% of the total postalised revenue of Belfast Gas as stated in the most recently available annual audited accounts for Belfast Gas; and
 - (b) as respects the liability in aggregate of Belfast Gas to Shippers collectively or of Shippers collectively to Belfast Gas, an amount equal to 2% of the total postalised revenue of Belfast Gas as stated in the most recently available annual audited accounts for Belfast Gas.
- 6.4 Paragraph 6.1 is without prejudice to any provision of the Code which provides for an indemnity, or which provides for any Party to make a payment to another.
- 6.5 Nothing in the Code shall exclude, limit or constitute an indemnity in respect of the liability of any Party for death or personal injury resulting from the negligence of such Party.
- 6.6 The rights and remedies of the Parties pursuant to the Code and the Framework Agreement exclude and are in place of any rights or remedies of any Party in tort (including negligence and nuisance) or misrepresentation (other than fraudulent misrepresentation) in respect of the

subject matter of the Code or the Framework Agreement; and accordingly, but without prejudice to paragraph 6.5, each Party (to the fullest extent permitted by law):

- (a) waives any rights or remedies; and
- (b) releases each other Party from any duties or liabilities

arising in tort or misrepresentation (other than fraudulent misrepresentation) in respect of the subject matter of the Code or the Framework Agreement.

6.7 Without prejudice to paragraph 6.6, where any provision of the Code provides for any amount to be payable by a Party upon or in respect of that Party's breach of any provision of the Code or the Framework Agreement, 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 circumstance giving rise thereto.

6.8 For the avoidance of doubt, nothing in this paragraph 6 shall prevent any Party from or restrict it in enforcing any obligation (including suing for a debt) owed to it under or pursuant to the Code or the Framework Agreement.

6.9 Each provision of this paragraph 6 shall be construed as a separate and severable contract term, and shall as respects any Shipper in relation to which an Accession Agreement has been terminated in accordance with paragraph 7 survive that ~~User-Shipper~~ ceasing to be a ~~UserShipper~~.

6.10 ~~Subject to paragraph 6.14, t~~The amount or amounts for which a Party may be liable to any other Party or Parties pursuant to any indemnity provided for in the Code in respect of any one event or circumstance giving rise to liability under such indemnity shall not exceed:

- (a) as respects the liability of Belfast Gas to any one Shipper or of any one Shipper to Belfast Gas, £5,000,000; and
- (b) as respects the liability in aggregate of Belfast Gas to Shippers collectively or of Shippers collectively to Belfast Gas, £10,000,000.

6.11 Subject to paragraph 6.12, each Shipper shall, save as otherwise provided by the Code, indemnify and hold harmless Belfast Gas in respect of any claims against Belfast Gas made by any consumer to which such Shipper supplies gas, and any producer from which such Shipper procures gas in respect of any loss or damage incurred or claimed to have been incurred by such consumer or producer, against Belfast Gas in respect of any failure by Belfast Gas to accept the delivery of, or make available for offtake, gas, and all costs and expenses incurred by Belfast Gas in connection thereto.

6.12 The indemnity in favour of Belfast Gas set out in paragraph 6.11 shall not extend to any claims made against Belfast Gas in respect of any losses in respect of any unlawful act or save where such claims arose as a result of any action taken by Belfast Gas in accordance with the provisions of the Code, any claims in respect of physical damage.

~~6.13 Each Shipper:~~

- ~~(a) undertakes to Belfast Gas, PTL and BGE (UK) that it will not make, raise or assert any claim or action of any kind against Belfast Gas, PTL and / or BGE (UK) with respect to any matters which relate directly or indirectly to (i) any arrangements which are in place at any time or from time to time between all or any of Belfast Gas, PTL and BGE (UK) in relation to the interruptible virtual reverse flow service which is made~~

~~available pursuant to this Code, including, for the avoidance of doubt, the exercise or performance of any right or obligation pursuant to such arrangements or (ii) any Interruptible VRF Nominated Quantity or utilisation of Belfast Gas Interruptible VRF Capacity or otherwise to the provision by Belfast Gas of an interruptible virtual reverse flow service to that Shipper pursuant to this Code or the said arrangements; and~~

~~(b) shall indemnify and keep indemnified Belfast Gas and PTL from and against any and all demands, claims, losses, costs, liabilities and damages of any kind whatsoever and howsoever arising (and whether arising under any indemnity or other contractual obligation or in any other way) which Belfast Gas and / or PTL may suffer or incur directly or indirectly in relation to or arising from or in connection with any contravention by that Shipper of the undertaking in (a) above.~~

7 Termination

Introduction

7.1 A Shipper may cease to be a Shipper ("**Discontinuing Shipper**") in accordance with this paragraph 7 and where a Shipper ceases to be a Shipper the Framework Agreement shall cease to bind the Shipper (being the Discontinuing Shipper) and Belfast Gas except to the extent set out in 7.16.

Termination by Belfast Gas

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 (by 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;~~

~~(a)~~ fails to pay any sum due to Belfast Gas under a PS Invoice:

(i) ~~within 15 Business Days of the Due Date~~by 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~~3 or more occasions in respect of ~~three~~3 or more separate PS Invoices;

~~(bb) fails to pay any sum due to Belfast Gas under a STC/VRF/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/BB Invoices~~

- (~~eb~~) having failed to submit a PTL 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;
- (~~ec~~) ceases to hold an exit point registration at the PTL Ballylumford Exit Point in accordance with the PTL Code;
- (~~ed~~) ceases to hold a valid Gas Supply Licence unless that Shipper has prior written consent from the Authority to either
 - (i) hold ~~Firm~~ Belfast Gas Exit Capacity; or
 - (ii) have entitlement to Enter gas to or 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~~ Authority;
- (~~ef~~) without a valid Gas Supply Licence but who has prior written consent from the Authority to either
 - (i) hold ~~Firm~~ Belfast Gas Exit Capacity; or
 - (ii) have entitlement to Enter gas to or Exit gas from the NI Network as if it had a Gas Supply Licence
 ceases to hold the relevant consent from the ~~authority~~ Authority; or
- (~~ef~~) is in LPC Default.

- 7.3 Within 2 Business Days of a Termination Default occurring, Belfast Gas 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.
- 7.4 Notwithstanding the foregoing, where, within 15 Business Days of the date on which the Meeting Notice was sent by Belfast Gas under paragraph 7.3, the Credit Committee has failed to decide Directions in respect of that Termination Default, Belfast Gas shall be entitled, with the Authority's consent to give the Shipper a Termination Notice.
- 7.5 Belfast Gas may give the relevant Shipper a Termination Notice to have 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 paragraph 7.2(c) with the relevant Shipper's consent, forthwith; and
 - (d) if the Belfast Gas Licence is revoked, forthwith.

Termination by either Party for breach

7.6A In this paragraph 7:

(a) “Defaulting Party” means either Belfast Gas or a Shipper who is in breach of any of its obligations under the Code; and

(b) “Non-Defaulting Party” means whichever of Belfast Gas or a Shipper is not the Defaulting Party.

Breach to be referred to the Credit Committee

7.6 Save for where paragraph 7.2 or paragraph 7.11 applies, if ~~Where Belfast Gas or a Shipper:~~

(a) ~~is in breach of any of its obligations under the Code (“Defaulting Party”); and~~

~~such breach has a material adverse effect on the other (“Non-Defaulting Party”)~~ the Defaulting Party is in breach of any of its obligations under the Code and that breach gives rise to a material increase in credit risk for PS Gas Suppliers,

~~(a “Relevant 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. , provided the Relevant Breach (and not any resulting termination) gives rise to a material increase in credit risk for PS Gas Suppliers, request, by sending a Meeting Notice in accordance with paragraph 3 of the Terms of Reference, the Credit Committee agree to the giving of a Termination Notice by the Non-Defaulting Party to the Defaulting Party.~~

7.7 Subject to paragraphs 7.6 and 7.8, at a meeting convened pursuant to paragraph 7.6 the Credit Committee may direct that the Non-Defaulting Party give the Defaulting Party a Termination Notice ~~to have effect on the date specified by the Credit Committee~~ specifying the date on which the Accession Agreement is to be terminated.

7.8 If the ~~circumstances~~ breach, the subject of the Meeting Notice sent in accordance with paragraph 7.6, ~~are is~~ in the opinion of the Credit Committee capable of being remedied as determined in a Direction, the ~~Non-Defaulting Party shall give notice to the Defaulting Party~~ Termination Notice shall, setting set out in reasonable detail:

(a) ~~the circumstances constituting the Relevant Breach~~ the alleged breach;

(b) the remedy required to be taken and the period within which the circumstances are to be remedied, which period shall be of such length as a Reasonable and Prudent Operator would require in order to remedy the circumstances taking into account (where appropriate) the availability of Maintenance Days and shall not, in any event, be less than 30 Business Days; and

(c) the date on which the ~~Non-Defaulting Party may give the Defaulting Party a Termination Notice~~ Accession Agreement shall terminate if where the Relevant-relevant Breach-breach has not been remedied within the period specified in a Direction or ~~the notice given in accordance with this paragraph 7.8 in the Termination Notice in accordance with (b) above.~~

7.9 If the ~~Relevant Breach~~ breach, the subject of the Meeting Notice sent in accordance with paragraph 7.6, is not, in the opinion of the Credit Committee, capable of being remedied as determined in a Direction, ~~the Non-Defaulting Party may give the Defaulting Party a Termination Notice forthwith~~ the Termination Notice may, with the Authority’s consent, specify that the relevant Accession Agreement shall terminate forthwith or on any date thereafter.

- 7.10 Notwithstanding the foregoing, where, within 15 Business Days of the date on which the Meeting Notice was sent by ~~the Non-Defaulting Party~~ Belfast Gas pursuant to ~~under~~ paragraph 7.6, the Credit Committee has failed to decide Directions in respect of ~~that Termination-Default~~ the alleged breach, ~~the Non-Defaulting Party~~ Belfast Gas shall be entitled, with the Authority's consent, to ~~give the Defaulting Party a Termination Notice~~ terminate the relevant Accession Agreement by written notice.

Other breaches

- 7.11 Save for where paragraph 7.2 or paragraph 7.6 apply, if the Defaulting Party is in breach of any of its obligations under this Code, and that breach has a material adverse effect on:

- (a) the Non-Defaulting Party; or
- (b) where the Non-Defaulting Party is Belfast Gas, Belfast Gas determines that the breach by the Shipper has a material adverse effect on any other Shipper which has acceded to the Code,

the Non-Defaulting Party may issue a Termination Notice to the Defaulting Party, subject to paragraph 7.12, specifying the date on which the Accession Agreement is to be terminated. For the avoidance of doubt, this paragraph 7.11 may not be invoked if the breach gives rise to a material increase in credit risk for PS Gas Suppliers in which case paragraph 7.6 should be invoked.

- 7.12 If the breach, the subject of the Termination Notice sent in accordance with paragraph 7.12, is in the opinion of the Non-Defaulting Party capable of being remedied, 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 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 the Termination Notice in accordance with (b), above.

- 7.13 If the breach the subject of the Termination Notice sent in accordance with paragraph 7.11 is not, in the opinion of the Non-Defaulting Party, capable of being remedied the Non-Defaulting Party shall be entitled[, with the Authority's consent,] to terminate the Accession Agreement by written notice.

Termination by either Party on liquidation

- 7.14 ~~Either Party shall be entitled by written notice to the other~~ to terminate the Accession Agreement forthwith in the event that, the effect of which shall be that Belfast Gas and the relevant Shipper shall cease to be bound by the Framework Agreement from the date specified in such notice where:

- (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~~ Party or any security granted by the other ~~party~~ Party becomes enforceable;

- (b) the other ~~party-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-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 30 Business Days;
- (d) the other ~~party-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 paragraph 7.1214 occurs in relation to the other ~~party-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-Party~~ a Direction of the Credit Committee shall have first been sought and fully complied with.

Consequences of Termination

7.1215 ~~Where a Party ceases to be bound by the Framework Agreement~~ Termination of an Accession Agreement in accordance with paragraph 7, such cessation shall not extinguish or relieve either Party to that Agreement from the performance of any obligation accrued under the Code as at the time ~~of such Party ceased to be bound by the Framework Agreement~~ of termination.

7.1316 ~~Where a Shipper ceases to be bound by the Framework Agreement pursuant to Upon~~ termination by Belfast Gas under paragraphs 7.5, 7.10 and 7.11 paragraph 7, 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~~ PS Transmission Amounts 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; Not Used~~

~~(iii) — all STC/VRF/BB Charges Not Used????~~

- (b) the following:

- (i) the ~~Forecast Postalised Capacity Charge payable~~ Payable Exit Capacity Price 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/VRE/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.~~

~~7.1417~~ Where a Shipper ceases to be bound by the Framework Agreement pursuant to paragraph 7 paragraphs 7.5, 7.10 and 7.11, Belfast Gas shall, as soon as reasonably practicable, and in any event not later than the 5th 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; and
- (c) a detailed breakdown of each of the sums payable under paragraph 7.~~1416~~.

~~7.1518~~ The Shipper shall, no later than 30 Business Days following receipt of the Termination Invoice pay to the PoT Account all sums payable under paragraph 7.~~1416~~, ~~with the exception of payments due under paragraph 7.13(a)(ii), 7.13 (a)(iii) and 7.1.3 (b)(iv) which shall be payable to Belfast Gas in accordance with the provisions of the Code.~~

~~7.1619~~ If the Shipper fails to pay any sum due as detailed in the Termination Invoice by the date specified in paragraph 7.~~1618~~, interest on such overdue amount shall accrue at LIBOR plus 3% compounded monthly from the date specified in paragraph 7.15 until the date payment is made.

8 Notices

8.1 Any notice or other communication given or made by a ~~party~~Party under the 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 partyParty 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 Belfast Gas or the Shipper (as appropriate).

8.2 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 24 hours after time of receipt (in accordance with paragraph 8.1) 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.

8.3 The Parties shall agree procedures for giving operational communications.

9 Waiver

9.1 No delay by or omission of any ~~party~~ Party in exercising any right, power, privilege or remedy under the Code shall operate to impair such right, power, privilege or remedy or be construed as a waiver of it.

9.2 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.

10 Severance

If any provision of the 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 the Code, which shall continue in full force and effect notwithstanding the same.

11 Entire Agreement

11.1 ~~The Subject to paragraph 11.3, the~~ Code and the Framework 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.

11.2 Belfast Gas 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 the Code or such Accession Agreement.

11.3 Nothing contained in a document (other than an Accession Agreement) referred to in the Code, beyond what is expressly contemplated by the Code as being contained in such document or is necessary for the purposes of giving effect to a provision of the Code, shall modify or have any effect for the purposes of the Code or be construed as relevant to the interpretation of the Code unless the ~~Director~~ Authority approved such document in writing.

12 Shippers

Nothing in the Code or the Accession Agreement shall be construed as imposing upon Belfast Gas any obligation or duty to or enforceable by a ~~Shipper-user~~ or a shipper of gas downstream of the Belfast Gas System, except if such ~~Shipper-user~~ or shipper is a ~~party-Party~~ to the Code and no Shipper shall make any commitment to any such ~~Shipper-user~~ or shipper binding on or purporting to bind Belfast Gas.

13 Third Party Rights

13.1 Subject to paragraph 13.2, a person who is not a party to the Code shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the 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 paragraph 13 shall not affect any right or remedy of such third party which exists or is available apart from the Act.

~~13.2 Paragraph 13.1 shall not apply in relation to any obligation on the part of a Shipper pursuant to paragraph 6.13 and PTL and BGE (UK) may enforce any term of such paragraph against a Shipper and the provisions of such paragraph shall create rights which are enforceable by PTL and BGE (UK) against Shippers.~~

~~13.3 Subject to compliance by Belfast Gas with any requirement for consultation under any applicable law or regulation and approval by the Authority of any code modification, Belfast Gas may rescind and / or vary any of the provisions of paragraph 6.13 without notice to or the consent of any Shipper or other third party.~~

14 Assignment

14.1 Subject to paragraph 14.4 a ~~Pp~~party may assign its rights under the Code and the Accession Agreement:

- (a) to an Affiliate (the definition of Affiliate shall be amended for these purposes so that a shareholding of 33¹/₃% shall be considered to be control) of such ~~party-Party~~, provided that the assigning ~~party-Party~~ shall continue to be bound by and liable under the Code, and the Accession Agreement;
- (b) subject to paragraph 14.5 with the prior agreement in writing of each relevant other ~~party-Party~~ or ~~partiesParties~~, which shall not unreasonably be withheld, to any person.

14.2 For the purposes of this paragraph 14, a relevant other ~~party-Party~~ is:

- (a) where the assigning ~~party-Party~~ is Shipper, Belfast Gas; and
- (b) where the assigning ~~party-Party~~ is Belfast Gas, each Shipper.

14.3 Except as provided in paragraph 14.1, or otherwise expressly provided in the Code, a ~~party-Party~~ shall not assign or transfer and shall not purport to assign or transfer any of its rights or obligations under the Code, and the Accession Agreement.

14.4 No assignment shall be made to a person unless:

- (a) where the assigning ~~party-Party~~ is Shipper, that person holds a Gas Supply Licence if the assigning ~~party-Party~~ has an Exit Point Registration in respect of ~~an a PTL Belfast Gas~~ Exit Point in Northern Ireland under the PTL Code;
- (b) where the assigning ~~party-Party~~ is Belfast Gas, that person holds a Licence to Convey Gas in Northern Ireland.

14.5 Where a Shipper assigns its rights under the Code and the Accession Agreement to a person (including a 33¹/₃% Affiliate) pursuant to paragraph 14.1 it shall be a condition precedent to such assignment that such person shall:

- (a) enter into an agreement in the Prescribed Form with Belfast Gas covenanting to be bound by the Code and the Accession Agreement;
- (b) satisfy the conditions precedent in the Accession Agreement.

14.6 Where any ~~party-Party~~ assigns its rights under the Code and the Accession Agreement to a person pursuant to paragraph 14.1 the assigning ~~party-Party~~ shall be released from its obligations under the 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.

14.7 A reference in the Code and Accession Agreement to any ~~party-Party~~ shall include a reference to that ~~party's-Party's~~ assigns.

15 Jurisdiction

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 Northern Ireland 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 Northern Ireland shall be conclusive and binding upon such Party and may be enforced in the courts of any other jurisdiction.

15.3 Any ~~Party-Shipper~~ which is not a company incorporated in Northern Ireland under the Companies ~~(Northern Ireland) Order 1986~~ Act 2006 shall appoint an agent for service of process and -provide to ~~the Operator~~ Belfast Gas ~~an the~~ address in Northern Ireland for service of process on its behalf in any proceedings.

16 Governing Law

The Code and the Framework Agreement shall be governed by, and construed in all respects in accordance with, the laws of Northern Ireland.

SECTION K: INTERPRETATION

1 Definitions

In addition to the terms defined elsewhere in the Code, the following terms and expressions shall have the following meanings in the Code:

"**Accession Agreement**" means an agreement pursuant to which a Shipper accedes to the Framework Agreement;

"**Accounting Ratios**" means FFO Interest Coverage and FFO to Total Debt;

"**Actual Pressure Drop**" means, where greater than the Anticipated Pressure Drop, the actual drop in pressure consequent on the conveyance of gas in the Belfast Gas System;

"**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 "holding company" and "subsidiary" shall have the same meaning given to them, regardless of the place of incorporation of the Party, in section 1159 of the Companies Act 2006 as amended from time to time save that the expression in the section "a majority" shall be deemed to be "one half";

"**Anticipated Pressure Drop**" means the anticipated drop in pressure consequent on the conveyance of gas in the Belfast Gas System as set out in the prevailing ~~Pressure Report~~Ten Year Statement;

"**Authority**" means the Northern Ireland Authority for Utility Regulation;

"**Auxiliary Payment**" has the meaning given to it in the Belfast Gas Licence;

"**Available Exit Capacity**" has the meaning given to it in the PTL Code;

~~"**Average Code Charges**" means the mean average Code Charge cost per unit of gas Exited from the Belfast Gas System, calculated by taking the sum of all Code Charges invoiced to Shippers by Belfast Gas in the 12 Month period ending on the end of the Month before the date in which the calculation is required to be performed, and dividing such sum by the quantity of gas exited from the Belfast Gas System over the same 12 Month period for the avoidance of doubt, for this purpose the quantity of gas exited includes that amount of gas exited by Transit Shippers at the Connected System Exit Point;~~

"**Belfast Gas**" means Belfast Gas Transmission Limited, as licensee under the Belfast Gas Transmission Licence;

~~"**Belfast Gas Exit Capacity**" means firm capacity in the Belfast Gas System which a Shipper is treated as utilising in offtaking gas from the Belfast Gas System at a Belfast Gas Exit Point;~~

"**Belfast Gas 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 Belfast Gas at that time;

~~"**Belfast Gas System**" means the Belfast Gas Owned System and, in the context of, the flow of gas into the distribution pipe line owned and operated by Phoenix, the Lisburn Exit Point.~~

~~"**Belfast Gas Owned System**" means the transmission pipe lines between:~~

~~(a) — Ballylumford and Tollytown;~~

~~(b) — Ballylumford and Larne;~~

~~(c) — Tollytown and Knocknagoney~~

~~owned and operated by Belfast Gas, the conveyance of gas through which is authorised by the Belfast Gas Licence.~~

"Belfast Metering Agreement" means the agreement of that name between PTL and Belfast Gas;

~~"BGE(UK)L" means means GNI (UK) Limited, a company incorporated in England and Wales with company registration number 02827969 and references to "BGE(NI)" also mean GNI (UK) LimitedBord Gais Eireann (UK) Limited;~~

~~"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;~~

"BGE (NI) System" means the transmission pipe-line and connected facilities owned and operated by BGE(UK)L and connected to the Belfast Gas Owned System at the Carrickfergus Exit Point;

~~**"Business Day"** means a Day other than a Saturday or a Sunday, or a Day which begins at 05:00 hours on a bank holiday in Northern Ireland;~~

~~**"Buyback Cap"** has the meaning given to it in the OS Scheme;~~

~~**"Capacity Transfer"** has the meaning given to it in the PTL Code~~

~~;**"CC Invoice"** has the meaning given to it in the PTL Code;~~

"Code" means this Network Code Principal Document as from time to time amended by the Modification Rules or the Belfast Gas Licence, and references to the Code are to the Code as given contractual effect by the Framework Agreement;

~~**"Charges"** means any charge payable to/from Belfast Gas either under the Belfast Gas Licence or the Code;~~

"Charging Methodology Statement" is the document of that name in a form from time to time approved by the Authority and published by the Designated Pipeline Operators in a manner to approved which sets out the basis for the calculation of ~~STC/VRF/BB~~ Charges;

~~**"Code Charges"** means any charge the basis of which is set out in the Code (and not the Belfast Gas Licence) from time to time;~~

~~**"Competent Authority"** 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 Belfast Gas or a Shipper regarding the subject matter of the Code;~~

~~"Conveyance Charge Statement" means the statement of conveyance charges to be prepared by Belfast Gas in accordance with condition 2.2 the Belfast Gas Licence;~~

"CPI" 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;

"Credit Committee" has the meaning given in the Terms of Reference;

"Daily Gas Price" has the meaning given to it in the PTL Code;

"Day" means the period from 05:00 hours on one day until 05:00 hours on the following day and "Daily" shall be construed accordingly;

~~"Debt Notice" has the meaning given to it in the Belfast Gas Licence;~~

"Debt Payment" has the meaning given to it in the Belfast Gas Licence;

"Debt Repayment" has the meaning given to it in the Belfast Gas Licence;

"Designated Pipe-line Operator" means a person licensed to convey gas under Article 8(1)(a) of the Order through the NI Network;

~~"Designation Date" has the meaning given to it in the Belfast Gas Licence;~~

"Directions" means any direction made by the Credit Committee in accordance with Terms of Reference;

"Distribution Utility" 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;

"DNO" has the meaning given to it in the PTL Code;

"Downstream Load Statement" means the statement of that name to be submitted to PTL (and made available to Belfast Gas) establishing the maximum quantities of gas the PTL Shipper expects to offtake, from time to time, at a Belfast Gas Exit Point;

"Due Date" means the date on which payment of an invoice in respect of any PS Transmission Payment, ~~Code Charges and STC/VRF/BB Charges~~ falls due, being the 10th Business Day in the Month next after the Month in which the relevant invoice was issued and for the purpose of Section J7 has the meaning therein;

"Eligible Pass-Through Cost" means the meaning given to it in the Belfast Gas Licence;

"End User" means third parties who have entered into an agreement with a Shipper to purchase and/or utilise gas to be offtaken from the Belfast Gas System by that Shipper at a Belfast Gas Exit Point and "End Users" shall be construed accordingly;

"Entry" has the meaning given to it in the Belfast Gas Licence;

"Exit" has the meaning given to it in the Belfast Gas Licence;

"Exit Capacity Transfer" has the meaning given to it in the PTL Code;

"Exit Point Registration" has the meaning given to it in the PTL Code;

"Exit Ratchet Payment" means has the meaning given to it in the PTL Code;

~~"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;~~

"Firmus" means Firmus Energy (Distribution) Limited, as licensee under the Firmus Distribution Licence;

"Firmus Distribution System" means the distribution system owned and operated by Firmus;

"Final Exit Allocations" has the meaning given to it in the PTL Code;

"Forecast Postalised Annual Capacity Charge" means the charge for annual capacity determined in accordance with the Belfast Gas Licence and the Charging Methodology Statement;

~~"Forecast Postalised Charges" means, with respect to a Shipper, that Shipper's Forecast Postalised Capacity Charge and Forecast Postalised Commodity Charge as defined in the Belfast Gas Licence;~~
has the meaning given to it in the Belfast Gas Licence;

~~"Forecast Supplier Quantity" has the meaning given to it in the Belfast Gas Licence;~~

"Framework Agreement" means the agreement between Belfast Gas and each Shipper pursuant to which the Code is given contractual effect;

"Gas Flow Day" 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 and "Gas Flow Days" shall be construed accordingly;

"Gas Specification" means the specification or other requirements as to the composition, pressure and temperature and other characteristics of gas delivered at the Belfast Gas Entry Point specified in Annex E-1;

"Gas Supplier" has the meaning given to it in the Belfast Gas Licence Section 2A.1.1 Definitions;

"Gas Supply Licence" means a licence to supply gas granted under Article 8(1)(a) of the Order;

"Gas Year" means the period beginning at 05:00 hours from 1 October in any calendar year until 05:00 hours on 1 October in the next succeeding calendar year;

"Generation Utility" means a utility involved in the production of electricity;

"Integrated Utility" means a utility which operates both as a Distribution Utility and Transmission Utility;

~~"Meeting Notice" has the meaning given to it in paragraph 3 of the Terms of Reference;~~

“Interconnection Point” has the meaning ascribed to it in the PTL Code;

~~**“Interruptible VRF Nomination”** “has the meaning given to it in the PTL Code;~~

~~**“IP Capacity”** has the meaning given to it in the PTL Code;~~

~~**“IP Entry Allocations”** has the meaning given to it in the PTL Code;~~

“IP Entry Capacity” has the meaning ascribed to it in the PTL Code;

“IP Entry Point” has the meaning ascribed to it in the PTL Code;

~~**“Long Term Use It or Lose It Mechanism”** has the meaning given to it in the PTL Code;~~

~~**“M”** means a given Month;~~

~~**“M+5”** means the fifth Business Day of the Month following M;~~

~~**“Meeting Notice”** has the meaning given to it in paragraph 3 of the Terms of Reference;~~

“Modification Rules” means the modification rules (which do not form part of and are not incorporated into the Code) prepared by Belfast Gas pursuant to the Belfast Gas Licence;

“Moffat ~~Virtual VRF IP~~ Exit Point” means a notional point on the PTL System at which gas can be deemed to virtually flow out of the Transportation System and into the NTS as defined in the PTL Code;

~~**“Month”** means a period beginning at 05:00 hours on the first day of any calendar month and ending at 05:00 hours on the first day of the next succeeding calendar month and the word “Monthly” shall be construed accordingly;~~

“Monthly Postalised Exit Capacity Payment” has the meaning given to it in the Belfast Gas Licence;

~~**“Monthly Postalised Commodity Payment”** has the meaning given to it in the Belfast Gas Licence means a monthly payment for gas quantities allocated to a Shipper determined in accordance with the Belfast Gas Licence and set out in the Charging Methodology Statement;~~

“Net Assets” means, on any particular date, Total Assets minus Total Liabilities, as of such date;

“NI Network” means the BGE (NI) System, the Belfast Gas System and the PTL System;

~~**“Northern Ireland Network Emergency Co-ordinator”** has the meaning given to it in the Gas Safety (Management) Regulations NI 1997;~~

“Northern Ireland Network Operators Agreement” means the agreement of that name between PTL, BGE(UK)L and Belfast Gas;

~~**“NPCC Default”** has the meaning given to it in the PTL Code;~~

“Order” means the Gas (Northern Ireland) Order 1996, as amended from time to time;

~~**“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;~~

~~“**Oversubscription Capacity**” has the meaning given to it in the PTL Code;~~

~~“**Party**” means either Belfast Gas or a Shipper and “**Parties**” means Belfast Gas and a Shipper or Shippers;~~

"Phoenix" means Phoenix Natural Gas Limited, as licensee under the Phoenix Licence;

~~"**Phoenix Distribution Code**" means the network code prepared by Phoenix and setting out the transportation arrangements in relation to the Phoenix Distribution System, as modified from time to time;~~

"Phoenix Distribution System" means the distribution system owned and operated by Phoenix;

"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;

"Postalised System" has the meaning given to it in the Belfast Gas Licence;

"PoT Account" 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 F;

~~"**Pressure Report**" means the Northern Ireland Gas Transmission System Pressure Report prepared by PTL and BGE(UK)L in consultation with Belfast Gas from time to time in accordance with the Northern Ireland Network Operators Agreement;~~

~~“**Prescribed Form**” means, in relation to any notice or other document referred to in the Code, the form reasonably prescribed by Belfast Gas from time to time;~~

~~“**Priority Order**” has the meaning given to it in the PTL Code;~~

"Provided Level of Credit Support" 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 Belfast Gas in accordance with ~~-~~Section G;

~~“**PS Code Charges**” means any charge the basis of which is set out in the Code (and not the Belfast Gas Licence) from time to time;~~

"PS Gas Supplier" means any person who is entitled to exit gas from the Postalised System and ~~“**PS Gas Suppliers**” shall be construed accordingly;~~

"PTL" means Premier Transmission Limited, as owner and operator of the PTL System;

"PTL Code" means the network code prepared by PTL pursuant to the terms of the PTL Licence, as from time to time modified;

"PTL Framework Agreement" means the agreement between PTL and each Shipper pursuant to which the PTL Code is given contractual effect;

"PTL Licence" means the Licence for the conveyance of gas granted to PTL, as from time to time in force;

~~“**PTL Postalised Network Incentive Scheme Bank Account**” has the meaning given to it in the PTL Code;~~

"PTL Shipper" means a person other than PTL who is for the time being bound by the PTL Code pursuant to the PTL Framework Agreement (and who is bound to the Code pursuant to the Framework Agreement;

"PTL System" means the transmission pipe-line and connected facilities owned and operated by PTL and connected to the Belfast Gas System at the PTL Ballylumford Exit Point;

"Quarter" shall mean a period of 3 calendar months, with each successive Quarter commencing at 05:00 hrs on 1 October, 1 January, 1 April and 1 July respectively and **"Quarterly"** shall be construed accordingly;

~~**"Quarterly Exit Quantities"** has the meaning given to it in the Belfast Gas Licence;~~

"Reasonable and Prudent Operator" means a person acting in good faith with the intention of performing its contractual obligations under the Code and who in doing so 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;

"Reconciliation Payment" has the meaning given to it in the Belfast Gas Licence and **"Reconciliation Payments"** shall be construed accordingly;

"Required Level of Credit Support" means in respect of a Shipper or Prospective Shipper the minimum level of credit which Belfast Gas shall require such Shipper or Prospective Shipper to establish and maintain in accordance with -Section G;

"RPI" 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 "Monthly Digest of Statistics" or any successor to such index published by such office or any department of HM Government;

"RPI_n" means, and be calculated annually, the arithmetic average of the monthly values of RPI for the 12 months up to and including June of each year;

"RPI₀" means the arithmetic average of the monthly values of RPI for the 12 months in the period July 1993 to June 1994;

"Second Due Date" means 15 Business Days after the Due Date;

"Shipper" means a person other than Belfast Gas who is for the time being bound by the Code pursuant to the Framework Agreement and who is bound to the PTL Code pursuant to a PTL Accession Agreement;

"South-North VRF IP Exit Point" means the point at which gas can be deemed to virtually flow out of the BGE (NI) System at the South North Interconnection Point, as defined in the PTL Code;

"Supplemental Payment" has the meaning given to it in the Belfast Gas Licence;

~~**"SN Virtual Exit Point"** means the point at which gas can be deemed to virtually flow out of the BGE (NI) System at the South North Interconnection Point, as defined in the PTL code;~~

"Supplier Utility" 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;

~~"Supply Licence" means a licence to convey gas granted under Article 8(1)(c) of the Order;~~

"Terms of Reference" means the Terms of Reference appended to the Code in Appendix 3;

~~"Termination Notice" means a notice setting out the date on which Belfast Gas or a Shipper shall cease to be bound by the Framework Agreement given in accordance to terminate an Accession Agreement served by a Party pursuant to with~~ Section J7;

"Total Actual Commodity Quantity" means the sum of a Shipper's Final Exit Allocations exceeding the level it estimated in its Credit Application;

"Total Assets" 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;

"Total Liabilities" 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;

"Transit Shipper" means a Shipper which only ships gas through the Belfast Gas System for exit into another part of the NI Network (and which does not exit gas from the Belfast Gas System into a pipe-line outside of the NI Network);

"Transmission Utility" 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;

~~"Transportation System" has the meaning given to it in the PTL Code;~~

"Utility Categorisation" means the categorisation of a utility as one of the following: a Transmission Utility, a Distribution Utility, an Integrated Utility or a Generation Utility;

"Value Added Tax" or "VAT" means the tax applied pursuant to the Value Added Tax Act 1994 and;

"VRF IP Exit Allocations" has the meaning given to it in the PTL Code;

"VRF IP Exit Point" means either of the Moffat VRF IP Exit Point or the South-North VRF IP Exit Point;

"Wilful Misconduct" means an intentional and conscious disregard of any obligation owed by Belfast Gas under the Code or any failure to act by Belfast Gas which is in reckless disregard of the consequences Belfast Gas knew such act or failure to act would have, but shall not in either case include an error of judgement or a mistake made in good faith;

"Y" means a given Gas Year;—

"Y-1" means the Gas Year immediately preceding Y; and

"Year-End Postalised Charges" has the meaning given to it in the Belfast Gas Licence.

2 Interpretation

- 2.1 Unless the context otherwise requires, words and expressions defined in or for the purposes of the Order or the Belfast Gas Licence and not otherwise defined in the Code shall have the meanings ascribed thereto under the Order or the Belfast Gas Licence.
- 2.2 In the Code, unless the context otherwise requires:
- (a) a reference to a particular Section, paragraph, or Annex is to a paragraph or Section of or Annex to a Section of the Network Code Principal Document;
 - (b) a reference in a particular Section to a particular paragraph is to a paragraph of that Section;
 - (c) words in the singular may be interpreted as including the plural and vice versa;
 - (d) the word "including" is to be construed without limitation; and
 - (d) a derivative term of any defined or interpreted term shall be construed in accordance with the relevant definition or interpretation.
- 2.3 A reference in the Code to any Legal Requirement shall be construed, at any particular time, as including a reference to any modification, extension or re-enactment (before or after the date of the Code) of that Legal Requirement in force at that time.
- 2.4 A reference to the Order includes where the context permits a reference to directions, prescriptions or regulations made pursuant to the Order.
- 2.5 Section and paragraph headings in the Code and clause headings in the Framework Agreement and shall not affect the interpretation of any provision thereof.

~~2.6 An "Affiliate" of a specified percentage in relation to a body corporate is:~~

- ~~(a) another body corporate which holds not less than the specified percentage of the voting rights of the first body corporate; or~~
- ~~(b) a subsidiary of the first body corporate or of such a body corporate as is referred to in paragraph (a);~~

~~and for these purposes "voting rights", "holding" voting rights and "subsidiary" are to be construed in accordance with Article 4 of the Companies (Northern Ireland) Order 1986.~~

3 Times and dates

~~3.1 For the purposes of the Code:-~~

- ~~(a) "Business Day" means a Day other than a Saturday or a Sunday, or a Day which begins at 05:00 hours on a bank holiday in Northern Ireland;~~
- ~~(b) "Day" means the period from 05:00 hours on one day until 05:00 hours on the following day;~~
- ~~(c) "Gas Year" means the period from 1st October in any year until and including 30th September in the following year. 1st October in any year until and including 30th September in the following year.~~

3.21 Unless the context otherwise requires, a reference in the Code:

- (a) to a calendar day (such as 1st January) or a day of the week (such as Sunday) is to the Day which begins at 05:00 hours on that day;
- (b) to a week is to the period from 05:00 hours on a day until 05:00 hours on the 7th day following;
- (c) to a month (or a number of months) is to the period from 05:00 hours on a day in one month until 05:00 hours on the same day of the month which follows (or follows by the relevant number of months), or if there is no such day in such month 05:00 hours on the first day of the next following month;
- (d) to a calendar month is to the period from 05:00 hours on the first day of a month until 05:00 hours on the first day of the following month, and references to a particular calendar month (such as January) shall be construed accordingly;
- (e) to a year is to the period from 05:00 hours on a day in one year until 05:00 hours on the same day (or where the day in the first year was 29th February, on 1st March) in the following year; and
- (f) to a calendar year (such as 2004) is to be construed accordingly.

3.32 References to times of the day in the Code are to official time in the United Kingdom.

3.43 Except where otherwise provided:

- (a) where anything is to be done under the Code by or not later than a Day or any period under the Code is to run to a Day, such thing may be done or such period shall run up to the end of such Day; and
- (b) where anything is to be done under the Code from or not earlier than a Day or any period under the Code is to run from a Day, such thing may be done or such period shall run from the start of such Day.

3.54 Where under any provision of the Code ~~the Operator~~**Belfast Gas** or a Shipper is required to provide any information by a certain date or time, the relevant provision shall be taken to include a requirement that such information shall be provided not earlier than is reasonable before such date or time.

4 Technical interpretation

4.1 In the Code, unless the context otherwise requires, "**gas**" means any hydrocarbons or mixture of hydrocarbons and other gases consisting primarily of methane which at a temperature of 15⁰C and an absolute pressure of 1.01325 bar are or is predominantly in the gaseous state.

4.2 Unless the context otherwise requires, for the purposes the Code a "**quantity**" of gas is a quantity in kWh

4.3 The following terms have the following meanings in the Code:

"**bar**": the bar as defined in ISO 1000-1981(E);

"**Cubic Metre**" or "**m³**": when applied to gas, that amount of gas which at a temperature of 15⁰C and an absolute pressure of 1.01325 bar and being free of water vapour occupies 1 cubic metre;

"**degree Celsius**" and "**°C**": the particular interval between the temperature in Kelvin and the temperature 273.15 Kelvin as defined in ISO 1000-1981(E);

"**gauge**" or its abbreviation "**g**": when used in relation to pressure, the pressure in excess of 1 standard atmosphere where 1 standard atmosphere is 1.01325 bar;

"**calorific value**": that number of Megajoules produced by the complete combustion at a constant absolute pressure of 1.01325 bar of 1 Cubic Metre 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 to 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);

"**hour**": the hour as defined in ISO 1000-1981(E);

"**Joule**": the joule as defined in ISO 1000-1981(E);

"**kilogram**": the kilogram as defined in ISO 1000-1981(E);

"**kWh**": 3,600,000 Joules;

"**mbar**": one thousandth of a bar;

"**MCM**": 1,000,000 Cubic Metres;

"**Megajoule**" or "**MJ**": 1,000,000 Joules;

"**metre**": the metre as defined in ISO 1000-1981(E);

"**mol%**": molecular percentage;

"**MW**": 1,000,000 Watts;

"**pascal**": the pascal as defined in ISO 1000-1981(E)

"**ppm**": parts per million by volume;

"**Relative Density**": shall mean the mass of a volume of dry gas divided by the mass (expressed in the same units) of an equal volume of dry standard air as defined in ISO 6976-1:1983(E) both such gases being at a temperature of 15°C and an absolute pressure of 1.01325 bar; and Relative Density (REAL) shall for the avoidance of doubt be REAL as defined in ISO 6976-1:1983(E);

"**second**": the second as defined in ISO 1000-1981(E);

"**Specific Gravity**": the mass of a volume of dry gas divided by the mass (expressed in the same units) of an equal volume of dry standard air (as defined in ISO 6976-1:1983(E)) both gases being at a temperature 15°C and an absolute pressure of 1.01325 bar;

"**Watt**": 1 Joule per second; and

"**Wobbe Index**": when applied to gas, the calorific value divided by the square root of the Relative Density.

T1: TRANSITIONAL ARRANGEMENTS FOR THE INTRODUCTION OF ENTRY CAPACITY

T1.1 Introduction

- T1.1.1 From the Transition Date IP Entry Capacity is being introduced at IP Entry Points.
- T1.1.2 In accordance with Section C, a Shipper is not required to apply for Belfast Gas Capacity but is treated as holding Belfast Gas Capacity corresponding to the PTL Firm Capacity which the Shipper holds pursuant to the PTL Code.
- T1.1.3 Pursuant to the PTL Code, in relation to a PTL Belfast Gas Exit Point a Shipper may be allocated an Initial Entitlement of IP Entry Capacity corresponding to its holding of PTL Firm Capacity. Initial Entitlements shall be allocated (and a Shipper may apply to reduce its Initial Entitlement) pursuant to the PTL Code.
- T1.1.4 For the avoidance of doubt, as there is no IP Entry Point on the Belfast Gas System, a Shipper shall not be required to apply for or hold IP Entry Capacity on the Belfast Gas System.
- T1.1.5 This section T1 sets out the transitional provisions which will apply to Shippers from the Implementation Date.

T1.2 Definitions

- T1.2.1 In this Section T1:
- (a) **“Implementation Date”** means 1st January 2015;
 - (b) **“Initial Entitlement”** has the meaning ascribed to it in the PTL Code;
 - (c) **“Shipper Forecast Information Request”** has the meaning given to it in Section T1.6;
 - (d) **“Transition Date”** means 1st October 2015;
 - (e) **“Transition Period”** means the period between the Implementation Date and the Transition Date.

T1.3 Capacity Transition

- T1.3.1 From the Transition Date,
- (a) existing allocations of PTL Firm Capacity at a PTL Belfast Gas Exit Point shall be treated under the PTL Code as allocations of the same quantity and duration of **PTL Exit Capacity** at the relevant PTL Belfast Gas Exit Point;
 - (b) the Belfast Gas Firm Capacity that a Shipper is treated as holding pursuant to Section C paragraph 3 (by reason of holding PTL Firm Capacity at the relevant PTL Belfast Gas Exit Point) shall be treated as a holding of the same quantity and duration of **Belfast Gas Exit Capacity** at a Belfast Gas Exit Point (by reason of holding PTL Exit

Capacity at the relevant PTL Belfast Gas Exit Point) and a corresponding **Initial Entitlement** of IP Entry Capacity.

T1.3.2 Initial Entitlements of IP Entry Capacity shall be determined and allocated by PTL and paid for by Shippers pursuant to the PTL Code and a Shipper may apply to reduce all or part of its Initial Entitlement pursuant to the PTL Code.

T1.3.3 From the Transition Date, Belfast Gas shall be entitled to invoice for Belfast Gas Exit Capacity in accordance with Section F and a Shipper undertakes to pay such invoices in accordance with Section F.

T1.3.4 Belfast Gas shall reassess the Required Level of Credit Support for each Shipper for the Gas Year 2015-2016 during August 2015 and shall use the information provided pursuant to Section T1.6 when carrying out its reassessment.

T1.4 Surrender of PTL Firm Capacity during the Transition Period

T1.4.1 During the Transition Period, a Shipper may apply to surrender PTL Firm Capacity in respect of a PTL Belfast Gas Exit Point pursuant to the PTL Code.

T1.4.2 Where the amount of PTL Firm Capacity a Shipper holds in respect of a PTL Belfast Gas Exit Point increases or decreases as a result of surrender of PTL Firm Capacity pursuant to the PTL Code, 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 following the acceptance of any such surrender by PTL.

T1.5 Notifications

T1.5.1 Belfast Gas will procure that PTL shall notify Belfast Gas of the amount and duration of PTL Exit Capacity at a PTL Belfast Gas Exit Point that PTL has allocated a Shipper and which the Shipper shall be treated as holding with effect from the Transition Date.

T1.6 Shipper Forecast Information Requirements during the Transition Period

T1.6.1 A Shipper shall be required to provide its bone fide estimate of certain forecast information by 12th June 2015 in accordance with a “**Shipper Forecast Information Request**”.

T1.6.2 Belfast Gas shall provide the Shipper Forecast Information Request to Shippers by no later than 15th May 2015.

T1.6.3 Subject also to Section T1.6.4, the Shipper Forecast Information Request shall require completion of at least the following details in respect of a ten-year period commencing on the Transition Date:

- (a) the amount of Belfast Gas Exit Capacity at each Belfast Gas Exit Point which the Shipper forecasts it will hold;
- (b) the quantity of gas which the Shipper forecasts it will flow at each Belfast Gas Exit Point.

- T1.6.4 Belfast Gas shall specify on the Shipper Forecast Information Request the units and any other details or information for which it may reasonably require Shippers to provide a forecast, for the purposes of compliance with EU legislation and/or the licence requirements of Belfast Gas and/or Shippers.
- T1.6.5 For the purposes of Gas Year 2014-2015, information provided by a Shipper pursuant to this Section T1.6 shall be treated as satisfying the requirements of Section G paragraph 7.
- T1.6.6 The information to be provided by a Shipper pursuant to this Section T1.10 shall be treated as having been requested by Belfast Gas for the purposes of:
- (a) 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;
 - (b) the reassessment of the Required Level of Credit Support for Gas Year commencing on the Transition Date.

T2 TRANSITIONAL ARRANGEMENTS FOR THE IMPLEMENTATION OF THE CHANGE IN THE GAS DAY

T2.1 Introduction

- T2.1.1 This section T2 sets out the provisions which will apply to give effect to the change in the timing of the Gas Flow Day.
- T2.1.2 For the avoidance of doubt, from 1st August 2015 until 29th September 2015, the Gas Flow Day shall commence at 06:00 and end at 06:00 on the following day.
- T2.1.3 Gas Flow Day 30th September 2015 shall commence at 06:00 on 30th September 2015 and end at 05:00 on 1st October 2015.
- T2.1.4 Gas Flow Day 1st October 2015 shall commence at 05:00 on 1st October 2015.
- T2.1.5 With effect from 1st October 2015, the modified text of Section K (Interpretation), Paragraph 3 (Times and Dates) as set out in Code Modification Proposal 12 shall apply.

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T3 TRANSITIONAL ARRANGEMENTS FOR THE IMPLEMENTATION OF EU COMPLIANCE CODE MODIFICATION PROPOSAL 13

T3.1 Introduction

T3.1.1 This section T3 sets out how provisions of the Code Modification Proposal 13 will become effective.

T3.1.2 Existing terms or Sections of this Code in force prior to Code Modification Proposal 13 becoming effective in accordance with this Section T3 are referred to in this Section T3 as “Unmodified”.

T3.1.2 In this section T3:

- (a) “T3 Implementation Date” means the date of implementation of this section T3 which shall be 18th September 2015 or, if later, the date the Authority approves Code Modification 13;
- (b) “Transition Date” means 1st October 2015;
- (c) “CAM Operational Date” means the date determined and published by PTL pursuant to the PTL Code section T2.1.2; and
- (d) “Credit Operational Date” means the date determined and published by PTL pursuant to the PTL Code section T6.1.2 or if later, the T3 Implementation Date.

T3.2 Changes taking effect from the Transition Date

T3.2.1 The amendments contained in Code Modification Proposal 13 to:

- (a) Section A (*The System*);
- (b) Section B (*System Operation and Maintenance*);
- (c) Section D (*Allocation*);
- (d) Section E (*Entry and Exit Requirements*); and
- (e) Section H (*Emergencies*);

shall replace the text in those Sections and be effective from the Transition Date.

T3.3 Commencement of Modified Section C (*System Capacity*)

T3.3.1 The amendments to Section C contained in Code Modification Proposal 13 (“**Modified Section C**”) shall, subject to T3.3.2, be effective from the Transition Date.

T3.3.2 The requirement for notifications under the Modified Section C5 shall be effective (with respect to PTL Exit Capacity to be held on and/or from the Transition Date) from the CAM Operational Date and shall apply in respect of all Gas Flow Days thereafter.

T3.4 Commencement of Modified Section G (Credit Procedures)

T3.4.1 The amendments to Section G contained in Code Modification Proposal 13 (“**Modified Section G**”) shall, subject to T3.4.2, apply from the T3 Implementation Date in respect of the Gas Year commencing 1st October 2015, and for each subsequent Gas Year.

T3.4.2 For the Gas Year commencing 1st October 2015 only:

- (a) in respect of modified section G paragraph 2, Belfast Gas shall perform the calculation of Required Level of Credit Support using the information provided in the Shipper Forecast Information Request required under section T1.6;
- (b) in respect of modified section G paragraph 2.7, Belfast Gas shall provide Shippers with the RLCS Form as soon as possible after the T3 Implementation Date;
- (c) Shippers shall be required to place their Provided Level of Credit Support in accordance with modified section G paragraph 3.13 and submit a PLCS Form in accordance with modified section G paragraph 3.14 no later than the Credit Operational Date;
- (d) a Shipper shall be permitted to submit a PLCS Adjustment Form at any time following the Credit Operational Date;
- (e) where a Shipper fails to place a sufficient Provided Level of Credit Support by the Credit Operational Date, Belfast Gas shall inform the Shipper, and if a Provided Level of Credit Support is not established within 2 Business Days, this shall constitute an LPC Default and, for the avoidance of doubt, the Terms of Reference at Modified Appendix 5 shall apply and Belfast Gas may convene a meeting of the Credit Committee at the earliest opportunity.

T3.4.3 The Unmodified Section G shall apply in respect of the Gas Year ending 30th September 2015 until the completion of invoicing of Reconciliation Payments for that Gas Year.

T3.5 Changes taking effect from the T3 Implementation Date

T3.5.1 This section T3.5 sets out when the modified:

- (a) Section F (Charges, Payment and Tax);
- (b) Section I (Disputes);
- (c) Section J (General);
- (d) Appendix 1 (Form of Guarantee);
- (e) Appendix 2 (Form of Letter of Credit);
- (f) Appendix 3 (Credit Committee Terms of Reference);

all as set out in Code Modification Proposal 13, (together the “**Modified Sections**”) shall be effective.

T3.5.2 The provisions of the Modified Sections shall apply from the T3 Implementation Date in respect of all Gas Flow Days commencing at 05:00 on the Transition Date and for all Gas Flow Days thereafter.

T3.5.3 The provisions of the Unmodified Section F, Unmodified Section I, Unmodified Section J, Unmodified Appendix 1, Unmodified Appendix 2 and Unmodified Appendix 3 shall apply in respect of all Gas Flow Days up to and including the 30th September 2015 but not in respect of Gas Flow Days thereafter.

T3.6 Commencement of Modified Section K (*Interpretation*)

T3.6.1 This Section T3.6 sets out when the amendments to Section K contained in Code Modification Proposal 13 (“**Modified Section K**”) shall become effective.

T3.6.2 From the T3 Implementation Date the provisions of the Modified Section K shall become effective as and when the use of those terms is required in this Code by the coming into force of the provisions set out in this section T3 and shall continue to apply thereafter.

T3.6.3 For the avoidance of doubt:

- (a) the Unmodified Section K shall apply in respect of the Unmodified Sections of this Code until the Transition Date; and
- (b) terms in Section K which are not amended by Code Modification Proposal 13 shall continue to apply in this Code after the Transition Date.

APPENDIX 1

FORM OF GUARANTEE

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 **BELFAST GAS TRANSMISSION LIMITED (Belfast Gas)** a company registered in Northern Ireland (NI026420) having its registered office at ~~Capital House, 3 Upper Queen Street, Belfast BT1-6PU~~First Floor, The Arena Building, 86 Ormeau Road, Belfast, BT7 1SH ("Belfast Gas")

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 Code.
- (B) This Guarantee is made pursuant to the Code for the purposes of providing security for indebtedness of the Shipper in respect of its payment obligations under the 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:

1 In this Guarantee:

"**Code**" has the meaning set out in the Accession Agreement and the terms "**PS Transmission Amounts**" and "**Due Date**" have the respective meanings given to them under the Code;

"**Payment Default**" means any failure by the Shipper to pay an amount properly due under an invoice issued in accordance with the 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 Belfast Gas pursuant to Clause 2 of this Guarantee representing the amount unpaid by the Shipper under an invoice issued in accordance with the 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 Belfast Gas by the time and in the manner contemplated in Sections ~~G3.173-13~~, 3.~~18-14~~ or 4.2 of the 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 Belfast Gas 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.

2 Subject to Clause 3, below, [In consideration of the payment of £1 payable on demand by Belfast Gas 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 Belfast Gas pay [the Demanded Overdue Sum] []% of the Demanded Overdue Sum]~~ into the following bank account: [Note: this will be the PoT Account].



- 3 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 Belfast Gas stating that the Demanded Overdue Sum exceeds any PS Transmission Amounts (as defined in the 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 Belfast Gas in such written demand.
- 4 [In consideration of the payment of £1 payable on demand by Belfast Gas to the Guarantor, if] [If] there is a Security Default, the Guarantor shall within [14] days of receipt of a written demand from Belfast Gas pay the Demanded Security Default Sum to such bank account of Belfast Gas as is specified in such written demand.
- 5 The Guarantor's aggregate liability to Belfast Gas hereunder in respect of Demanded Overdue Sums and Demanded Security Default Sums shall not be greater than [].
- 6 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 Belfast Gas such further amounts as may be necessary to ensure that Belfast Gas receives an amount equal to that which would have been received had no deduction or withholding been made.
- 7 This Guarantee is a continuing guarantee and shall remain in effect until [] r until terminated by or with the consent of Belfast Gas [or until the Shipper has arranged the release of the Guarantor in accordance with the provisions of the 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.
- 8 The obligations of the Guarantor under this Guarantee are in addition to and not in substitution for any other security which Belfast Gas may now or in the future hold in relation to the payment obligations of the Shipper under the Code ("**Liabilities**") or any of them and may be enforced without Belfast Gas first having recourse to any such security and without Belfast Gas first taking steps or proceedings against the Shipper.
- 9 Neither the obligations of the Guarantor under this Guarantee nor the rights, powers and remedies conferred upon Belfast Gas 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 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 Belfast Gas 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 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 Belfast Gas) 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 Belfast Gas 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.
- 10 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 Belfast Gas shall be entitled to recover the value or amount of such obligations subsequently as if such settlement or discharge or arrangement had not occurred. Belfast Gas shall be entitled to concede or compromise any claim that any payment, security or other disposition is liable to avoidance or repayment.
- 11 Until all amounts which may be or become payable under the 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 Belfast Gas or, in competition with Belfast Gas, 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 Belfast Gas; 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 Belfast Gas.
- 12 The Guarantor represents and warrants to Belfast Gas 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 Belfast Gas (whether express or implied) which is not set out in this Guarantee.
- 13 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 Belfast Gas at the address for Belfast Gas stated in this Guarantee (or such other address as is notified by it to the Guarantor from time to time).
- 14 Belfast Gas 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.
- 15 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.
- 16 This Guarantee shall be governed by and construed in accordance with the laws of [England][Northern Ireland] and the Guarantor hereby submits to the exclusive jurisdiction of the courts of [England][Northern Ireland] [and appoints/insert name and address of person/company registered/resident in United Kingdom for service of notices and other communications under or relating to this Guarantee].
- 17 [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 Belfast Gas 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

APPENDIX 2 FORM OF LETTER OF CREDIT

Belfast Gas Transmission Limited
First Floor, The Arena Building
85 Ormeau Road
Belfast
BT7 1SH

Date: 20[]

- 1 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 Code to which Belfast Gas and the Shipper are (or are about to be) bound (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).
- 2 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.
- 3 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 G3. ~~1713~~, 3. ~~1814~~ or 4.2 of the Code.
- 4 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 paragraph 3(a) above, be greater than the total amount of sums then due and payable by the Shipper pursuant to the Documents.
- 5 Notwithstanding the provisions of paragraph 4, 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.
- 6 This letter of credit will expire on [] and the demand(s) and certificates(s) referred to in paragraph 3 and 5 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.
- 7 This letter of credit is a transaction separate and independent from any other on which it may be based.

8 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].

9 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 3

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 or Shipper of any PS Transmission Payment (an "NPTP Default and/or an NPCC Default;") a Code Charge (an "NPCC Default") and/or STC/VRF/BB Charge Amounts (an "NPSTCVRFBB 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 a PTL Belfast Gas 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~~ Belfast Gas Exit Capacity; or
 - (2) has entitlement to Enter gas to, and 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~~ a PTL Belfast Gas 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 Belfast Gas Exit capacity~~Capacity; or
- (2) has entitlement to Enter gas to, and Exit gas from, the NI Network as if it had a Gas Supply Licence

and 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 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 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~~the PTL 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

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:

- (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.

~~"STC/VRF/BB Charges" means the any amounts payable by a Shipper under a STC/VRF/BB Invoice in accordance with the Designated Pipe-line Operator's Network Code.~~

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 3.

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 paragraph 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 requisitioner; 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:
- (a) only one PS Gas Supplier is eligible to vote on such matters, in which case the quorum shall be that PS Gas Supplier; or
 - (b) 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:
 - (i) 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;
 - (ii) appropriate steps to be taken by the Primary DPO to remedy the Default, with reference to the Licence and the relevant Network Code; and
 - (iii) 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 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 NPSTCVRFB Default, Shippers and PS Gas Suppliers not party to the relevant Network Code.~~

5.3 Subject to paragraphs 5.2(c) and, (d), and ~~(e)~~ 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 referred to in Section J7.6 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:
 - (i) ~~acquiring Firm Capacity by a transfer~~ being treated as holding Belfast Gas Exit Capacity as a result of a transfer of PTL Exit Capacity;
 - ~~(ii) reserving being treated as holding additional Firm Belfast Gas Exit Capacity including through the Daily Capacity Application Window;~~
 - ~~(iii) submitting a PTL Nomination in respect of an Interruptible Nominated Quantity and/or Interruptible VRF Nomination~~; or
 - ~~(iviii)~~ applying for any Exit Point Registration; and
- (l) where a request for a Direction from the Credit Committee has been made under Section G5.3 of the 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 as referred to in Section J7.6 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 ~~G3.2.2.5~~ 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 G3.3 of the Network~~ section 13.2.6 of the PTL 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** Amounts 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 may be modified in accordance with the Modification Rules.

SCHEDULE

Addresses

[For each Designated Pipe-line Operator and all Shippers]