Proposed Modification & Initial Modification Report No.7
Implementation of Charging and Credit Procedures Changes
to achieve IME2 Compliance

18th May 2012

Please find attached details of Proposed Modification 7 & Initial Modification Report 7, raised by Belfast Gas Transmission Ltd (BGTL) as required under Section 2 and 3 of BGTLs Transmission Code Modification Rules.

A Description of the nature and purpose of the modification

On 26th January 2012 the United Kingdom of Great Britain and Northern Ireland had a court proceeding taken against it by the European Commission. This proceeding was taken in relation to non-compliance with certain aspects of Gas Regulation (EC) No 1775/2005 as notified by the European Commission on 24th June 2010. Northern Ireland is in breach of the Regulation by not offering to its network users any short term capacity product, a backhaul service at a minimum as a virtual service, and maximum capacity on the BGE(NI) South North Pipeline.

This modification 7 addresses the charging and credit terms in BGTL’s Code to support the new daily capacity product, as well as the new virtual reverse flow service. BGTL Modification 8 will be published shortly to address other business processes required to implement the virtual reverse flow service and the daily capacity product in the BGTL Transmission Code.

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. On introduction of a daily capacity product Shippers will be able to avail themselves of short term capacity and it is anticipated that this will enhance the efficient operation of the network. Similar benefits are anticipated as a result of the introduction of virtual reverse flow services. Through these Modifications, the UK would address the infringement of Gas Regulation (EC) No 1775/2005 with respect to not offering network users a short term product or reverse flow services.

This Modification is required to update the payment and credit procedures of the BGTL Transmission Code to ensure the new daily capacity product and virtual reverse flow service are charged for accordingly and appropriate credit procedure obligations are in place.
The clauses of the Transportation Code that require amendment

Please see the attached marked up version of the relevant parts of the BGTL Transportation Code.

Impact on other Designated Pipeline Operator’s Network Codes:

BGE(NI) will be making a separate code modification to implement the charging arrangements for BGE(NI).

PTL Code Modification 20 is a separate code modification to make the changes necessary for PTL charging and credit procedures required for the introduction of the new services, to ensure that compatibility between the PTL & BGTL Codes remains in place. This will be published shortly.

Together the three code modifications will facilitate streamlined charging arrangements for the daily capacity product and the virtual reverse flow service in Northern Ireland.

PTL Code Modification 19 (published on 4th May 2012) addressed the introduction of a daily capacity product into the PTL network by appropriate modifications to the PTL Transportation Code.

The date proposed for implementation

BGTL suggest that the proposed implementation date is 1st July 2012

Given the imperative to deliver this Modification to meet the infringement requirements as soon as possible, BGTL wrote to the Authority on 27th April to request permission for shortened Code consultation period, in accordance with section 11.1 of the Code Modification Rules. The Authority gave its permission on 3rd May 2012. The Consultation Period for this Modification will therefore be 10 business days, and responses are therefore requested by 1st June 2012.

Please send responses to:

Mark Raphael: mark.raphael@mutual-energy.com

Belfast Gas Transmission Limited
First Floor, The Arena Building
85 Ormeau Road
Belfast
BT7 1SH
Proposed Legal Text: BGTL Code

SECTION A: THE SYSTEM – to be consulted on separately as part of Modification 8

SECTION B: SYSTEM OPERATION AND MAINTENANCE – to be consulted on separately as part of Modification 8

SECTION C: SYSTEM CAPACITY

Amend section C paragraph 1.2 to read as follows:

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 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 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 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.
Amend section C paragraph 2.1 to read as follows:

2.1 Pursuant to the provisions of the PTL Code:

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

(b) a Shipper’s PTL Firm Capacity may comprise an amount of PTL Daily Capacity;

(c) in relation to the PTL Ballylumford Exit Point, the amount of PTL Firm Capacity a Shipper may apply for and hold is determined by reference to the amount of Firm Capacity the Shipper wishes to utilise in offtaking gas from the Belfast Gas System at Belfast Gas Exit Points; and

(d) a Shipper may apply for and hold PTL Firm Capacity at the PTL Ballylumford Exit Point in respect of each PTL Belfast Gas Exit Point at which it wishes to offtake gas from the Belfast Gas System at the corresponding Belfast Gas Exit Point; and

(e) a Shipper may apply to be registered with PTL for the purposes of making Interruptible VRF Nominations at:

(i) the PTL Belfast Gas Exit Point which corresponds to the Greater Belfast Exit Point;

(ii) the PTL Belfast Gas Exit Point which corresponds with the Carrickfergus Exit Point for onward transportation to the SN Virtual Exit Point from the NI Network; and

(iii) PTL Exit Points upstream of the PTL Ballylumford Virtual Entry Point.

Amend section C paragraph 3 to read as follows:

3 Belfast Gas Capacity

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

(a) the Distribution Operator shall be treated as holding, for the purposes of Section F, an amount of Belfast Gas Capacity at the Greater Belfast Exit Point which is equal to the amount of PTL Capacity which the Distribution Operator holds (pursuant to the PTL Code) in respect of the PTL Belfast Gas Exit Point which corresponds to the Greater Belfast Exit Point; not used;

(b) a Shipper shall be treated as holding, for the purposes of Section F, an amount of Belfast Gas Firm Capacity at the Greater Belfast Exit Point which is equal to the amount of PTL Firm Capacity which the Shipper holds (pursuant to the PTL Code) in respect of the PTL Belfast Gas Exit Point which corresponds to the
Greater Belfast Exit Point and the amount of Belfast Gas Firm Capacity a Shipper is treated as holding may comprise an amount of Belfast Gas Daily Capacity which is equal to the amount of PTL Daily Capacity held pursuant to the PTL Code;

(c) a Shipper shall be treated as holding, for the purposes of Section F, an amount of Belfast Gas Firm Capacity at the Carrickfergus Exit Point which is equal to the amount of PTL Firm Capacity which the Shipper holds (pursuant to the PTL Code) in respect of the PTL Belfast Gas Exit Points which corresponds 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 Exit Point; and

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

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

3.2 Where the amount of PTL Firm Capacity a Shipper holds at the PTL Ballylumford Exit Point in respect of a PTL Belfast Gas Exit Point on a Day increases or decreases pursuant to the PTL Code (including by reason of a Capacity Transfer and/or the allocation of PTL Daily Capacity) the amount of Belfast Gas Firm Capacity the Shipper is treated as holding at the corresponding Belfast Gas Exit Point shall be equal to the amount of PTL Firm Capacity the Shipper holds (pursuant to the PTL Code) in respect of the PTL Belfast Gas Exit Point on a Day following such increase or decrease.

3.3 Where a Shipper ceases to hold PTL Firm Capacity at the PTL Ballylumford Exit Point in respect of a Belfast Gas Exit Point with effect from any Day the Shipper shall be treated as ceasing to hold Belfast Gas Firm Capacity at the corresponding Belfast Gas Exit Point with effect from the same Day.
Amend section C paragraph 5 to read as follows:

5 Notification by PTL

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

(a) any application for an Exit Point Registration or extension of an Exit Point Registration in respect of a PTL Belfast Gas Exit Point, the date from which the registration is proposed to be effective, whether or not the Shipper wishes to be registered for the purposes of Interruptible VRF Nominations and the identity of the relevant PTL Shipper within 5 Business Days of receipt of the application by PTL;

(b) the issue or termination of an Exit Point Registration or extension of an Exit Point Registration in respect of a PTL Belfast Gas Exit Point, the date from which the registration is to be effective or cease to be effective and the identity of the relevant PTL Shipper within 5 Business Days of the issue or cancellation of the registration by PTL;

(c) any application made to it for PTL Firm Capacity (excluding PTL Daily Capacity) at a PTL Belfast Gas Exit Point, the amount of PTL Capacity in respect of which the application is made and the identity of the relevant PTL Shipper within 5 Business Days of the receipt of the application by PTL;

(d) any application made to it for PTL Daily Capacity at a PTL Belfast Gas Exit Point, the amount of PTL Daily Capacity in respect of which the application is made and the identity of the relevant PTL Shipper within 1 Business Day of the receipt of the application by PTL;

(e) the allocation of PTL Firm Capacity to a PTL Shipper at a PTL Belfast Gas Exit Point, the amount of PTL Firm Capacity allocated, the duration of the allocation and the identity of relevant PTL Shipper within 5 Business Days of the making of the allocation by PTL. For the avoidance of doubt, any such notification from PTL shall individually identify the quantities of any Daily Capacity allocated for each Day pursuant to the PTL Code;

(f) the revision to the amount of PTL Capacity allocated to a PTL Shipper at a PTL Belfast Gas Exit Point, the effective date of such revision for the purposes of the PTL Code and the reasons therefor within 5 Business Days of the making of the revised allocation by PTL;

(g) any application made to it in respect of a Capacity Transfer at a PTL Belfast Gas Exit Point, the amount of PTL Capacity in respect of which the application is
made, the duration of the proposed transfer and the identity of the relevant PTL Shippers within 5 Business Days of the receipt of the application by PTL; and

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).

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

5.3 Where in respect of a Day in relation to which Belfast Gas is required to submit a STC/VRF 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 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.

Amend section C paragraph 6 to read as follows:

6 Charges

6.1 For the purposes of Section F, a Shipper's liability to pay Monthly Postalised Capacity Payments shall be determined by reference to the amount of Belfast Gas Firm Capacity excluding Belfast Gas Daily Capacity the Shipper is treated as holding at a Belfast Gas Exit Point on each Day in the relevant Month in accordance with this Section C.

6.2 For the purposes of Section F, a Shipper's liability to pay Monthly Postalised Commodity Payments shall be determined in accordance with Section D3.4.

6.3 The rate of Monthly Postalised Capacity Payments and Monthly Postalised Commodity Payments payable at any time by a Shipper shall be as determined in accordance with the Belfast Gas Licence and set out in the Conveyance Charge Statement.
6.4 For the purposes of Section F, a Shipper’s liability to pay STC/VRF Charges shall be determined by reference to:

   (a) the amount of Belfast Gas Daily Capacity the Shipper is treated as holding at a Belfast Gas Exit Point on each Day in the relevant Month in accordance with this section C; and

   (b) the Exit Points Registrations which a Shipper has been issued by PTL for the purposes of making Interruptible VRF Nominations at PTL Belfast Gas Exit Point which corresponds to the Greater Belfast Exit Point.

6.5 For the purposes of Section F, Belfast Gas shall only invoice Shippers for STC/VRF Charges in relation to the Greater Belfast Exit Point. PTL shall invoice Shippers for STC/VRF Charges in relation to PTL Exit Points in accordance with the PTL Code and BGE (NI) shall invoice Shippers for STC/VRF Charges in relation to the SN Exit Point from the NI Network.

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

SECTION D: ALLOCATION

1 Introduction

Amend section D paragraph 1.1 to read as follows:

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, on the fifth Day following the Day on which the gas was offtaken, treated as having offtaken from the PTL System at the PTL Belfast Gas Exit Point on such Day;

   (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.

2 PTL Allocated Quantities

Amend section D paragraph 2.3 to read as follows:

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.
Amend section D paragraph 2.4 to read as follows:

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 firm and interruptible and Interruptible VRF quantities so allocated in accordance with the PTL Code.

3 Belfast Gas Allocated Quantities

Amend section D paragraph 3 to read as follows:

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 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, 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 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

Amend section D paragraph 4 to read as follows:

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;

(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 – to be consulted separately as part of Modification 8
SECTION F: CHARGES, PAYMENT AND TAX

Amend section F paragraph 1.2 to read as follows:

1.2 Belfast Gas shall **subject to C6.5** invoice each Shipper monthly in respect of Code Charges, **STC/VRF 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.

2 Shipper payment obligations

Amend section F paragraph 2 to read as follows:

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 this Code; and

   (c) **undertakes to pay to Belfast Gas the STC/VRF 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 (b) below, be liable to pay Belfast Gas PS Transmission Amounts;**

   (b) subject to paragraph 98.1, undertakes to pay to Belfast Gas Monthly Postalised Capacity Payments in respect of Belfast Gas **Firm Capacity (excluding Belfast Gas Daily Capacity)** held by that Transit Shipper to the extent that that Transit Shipper holds an amount of Belfast Gas **Firm Capacity (excluding Belfast Gas Daily Capacity)** in excess of the amount of capacity it holds in the pipe-line system of any Downstream System Operator;

   (c) undertakes to pay to Belfast Gas the Code Charges which Belfast Gas is entitled to recover from that Transit Shipper in accordance with the Code.

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

   (a) **those charges which Belfast Gas is entitled to recover from that Shipper in accordance with the Belfast Gas Licence; and**
(b) the Code Charges which Belfast Gas is entitled to recover from that Shipper in accordance with the Code; and

(c) the STC/VRF Charges which Belfast Gas is entitled to recover from that Shipper in accordance with this Code.

4 Content of PS Invoice

Amend Cross Reference to section F paragraph 11 to read as references to section F paragraph 12 in each of 4.3 (d), 4.4 (line 1) and 4.4 (d)

5 Content of CC Invoice

Amend section F paragraph 5.2 to read as follows:

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 Charges by or to the Shipper; and
(b) the amount payable in accordance with paragraph 5.3(c).

6 Content of STC/VRF Invoice

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

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

6.2 Each STC/VRF Invoice shall itemise the amounts due in respect of STC/VRF 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) (known collectively as “STC/VRF 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 Invoice are to be credited by the Shipper to Belfast Gas.

6.3 The total amount payable by the Shipper in respect of STC/VRF Charges shall be stated in the STC/VRF Invoice and shall be calculated as follows:
(a) the sum of the amounts detailed in paragraph 6.2 which are due to Belfast Gas;
(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 Charges due to Belfast Gas under this Code remains unpaid after the Due Date, the next STC/VRF 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.

76 Outstanding Code Charges

Amend paragraph numbers from section F paragraph 6 to section F paragraph 7 throughout

Correct section F paragraph 7.2 to read as follows:

67.2 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 67.6, be entitled to recover the outstanding payment (an “Outstanding Code Charges” which expression shall include any sum which Belfast Gas is entitled to recover in accordance with this paragraph 67) in accordance with paragraphs 76.3, 76.4 and 76.5.

87 Periods of Invoicing

Amend paragraph numbers from section F paragraph 7 to section F paragraph 8 throughout
Amend section F paragraph 8 to read as follows:

78.1 Each Month Belfast Gas shall, as soon as reasonably practicable and in any event not later than the 10th Business Day after the end of such Month (the "Invoice Day"), submit a PS Invoice and a CC Invoice and a STC/VRF Invoice to each Shipper.

78.2 The provisions of paragraph 78.1 shall apply, mutatis mutandis, to the invoice to be submitted by Belfast Gas to any Shipper who is not a Gas Supplier in respect of those charges which such Shipper has agreed to pay in accordance with paragraph 2.3(a).

98 Payment

Amend paragraph numbers from section F paragraph 8 to section F paragraph 9 throughout

Amend section F paragraph 9.1 to read as follows:

99.1 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 Invoice in accordance with paragraph 6.3 to Belfast Gas’s account by the Due Date.

109 Interest

Amend reference to section F paragraph 10 to refer to section F paragraph 11

1110 Set off and disputed invoices

Amend paragraph numbers from section F paragraph 10 to section F paragraph 11 throughout

Amend section F paragraph 11.2 to read as follows:

111.2 Where any sum invoiced in a PS Invoice and/or a STC/VRF 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 Invoice without set off or withholding. Belfast Gas 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.

**Taxes and withholdings**

Amend paragraph numbers from section F paragraph 11 to section F paragraph 12 throughout

Amend section F paragraph 12.5 to read as follows:

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

**Audit**

Amend paragraph numbers from section F paragraph 12 to section F paragraph 13 throughout

Insert new paragraph 14 in section F to read as follows:

**14 STC/VRF Charges**

14.1 In this Code, STC/VRF Charges comprise:

(a) "**Daily Capacity Charges**" which shall be payable in respect of Belfast Gas Daily Capacity which a Shipper is treated as holding in the Belfast Gas System and the for the avoidance of doubt, is not otherwise charged for as a PS Transmission Amount; and

(b) "**Interruptible VRF Charges**" which shall be payable in respect of a Shipper’s Registration with PTL to make Interruptible VRF Nominations.

14.2 STC/VRF Charges shall be calculated in accordance with the Charging Methodology Statement
SECTION G: CREDIT PROCEDURES

1 Application to determine Required Level of Credit Support

Amend section G paragraphs 1.1 and 1.2 to read as follows:

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;

(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 (eg).

1.2 Where a Prospective Shipper requests a determination by Belfast Gas for the purposes of Section J, where a re-assessment is required pursuant to one or more of paragraph 6.1(a) to (dg) 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) 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 twelve (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) and (b), (d) and (e) above, what proportion of each figure is attributable to the first Gas Year to which such application relates.

2 Calculation of Required Level of Credit Support

Amend section G paragraph 2 to read as follows:

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 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% of Code Charges Belfast Gas reasonably estimates the Shipper will incur in accordance with this Code during the Credit Period, the Forecast Supplier Quantity calculated in accordance with paragraph 2.2(a)(i) multiplied by the Average Code Charge.

2.4 Belfast Gas shall calculate forecast STC/VRF Charges as an amount equal to the Daily Capacity Charges which are likely to be incurred in accordance with section F 14.1 by the Shipper or Prospective Shipper in the Credit Period based upon the higher of:

(a) the Shipper’s or Prospective Shipper’s 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.

2.45 For the avoidance of doubt, a Transit Shipper’s Required Level of Credit Support shall be calculated solely in accordance with paragraph 2.3.

**Duration of Required Credit Support**

2.6 A Shipper shall be required to maintain a Provided Level of Credit Support in accordance with the following:

(a) The Required Level of Credit Support shall apply in respect of Charges relating to a given Gas Year (“Y”) from the date on which Belfast Gas issues its determination of the Required Level of Credit Support in accordance with section 13.4 and for the avoidance of doubt may be reduced within the Gas Year Y if (following a reassessment in accordance with section 13.6) a determination is made by Belfast Gas that there has been a reduction in the Required Level of Credit Support for Gas Year Y;

(b) If a Shipper has a Required Level of Credit Support for the subsequent Gas Year (“Y+1”) which is lower than the Required Level of Credit Support for Gas Year Y, the Shipper shall maintain its Provided Level of Credit Support at the Required Level of Credit Support for Gas Year Y until such time as the Shipper has paid all amounts which fall to be paid by it in respect of Gas Year Y, including amounts which become payable following the calculation of the Year-End Postalised Charges (as defined in the Licence) for Gas Year Y and the invoicing of Reconciliation Payments for Gas Year.
3 Establishing a Provided Level of Credit Support

Amend section G paragraph 3.14 (b) to read as follows:

3.14 Premier Transmission Belfast Gas shall be entitled to make a demand up to the full amount under a letter of credit referred to in section 13.3.1(d) or a guarantee referred to in section 13.3.1(b) or 13.3.1(d) in any of the following circumstances:

(a) a non-payment of any amount due by the relevant Shipper under the Code or its Accession Agreement in respect of PS Transmission Amounts; or

(b) a non-payment of any amount (for the avoidance of doubt including STC/VRF Charge Amounts but not including other than in respect of PS Transmission Amounts) due by the relevant Shipper under the Code or its Accession Agreement; or

(c) the issuer of the guarantee or letter of credit ceases to hold the minimum credit rating specified in section 13.3.1(b) or 13.3.1 (d) respectively and the Shipper does not comply with its obligations under section 13.4.2; or

(d) if:

(i) a guarantee referred to paragraph 3.1(b) or 3.1(d) or a letter of credit has been delivered for a Shipper pursuant to the Code; and

(ii) such guarantee or letter of credit (or replacement or extension thereof) has a scheduled expiry date earlier than the date which falls 50 days after the end of the period for which Firm Capacity has been booked by the Shipper; and

(iii) the Shipper fails to procure that, not later than one Month prior to the scheduled date of expiry of such guarantee or letter of credit (or of any replacement or extension thereof), BGPTL 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.
4 Determination of whether Required Level of Credit Support has been established

Amend section G paragraph 4.2 to read as follows (and remove erroneous reference to LPC Default):

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 3.14 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).

Insert new paragraph 4.3 in section G to read as follows:

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 Belfast Gas 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

Amend section G paragraph 5.1 to read as follows:

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 Charge Amount by any Shipper (an "NPTP Default" and an "NPCC Default" and an “NPSTC/VRF 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"}.

6 Reassessment of Required Level of Credit Support and Provided Level of Credit Support

Amend section G paragraph 6.1 to read as follows:

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;

(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;

(c) a Shipper's Forecast Supplier Quantity exceeding the level it estimated in accordance with paragraph 1.2(a);

(d) the Credit Committee directing Belfast Gas to make a reassessment; or

(e) on request 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;

(g) a Shipper making an application for PTL Daily Capacity.

Amend section G paragraph 6.3 to read as follows:

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

Amend section G paragraph 7.1 to read as follows:

7.1 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 7.1(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

(c) 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 in order to satisfy its obligation to present similar information under the Belfast Gas Licence.

Insert new paragraph 9 in section G to read as follows:
9 Firm Capacity

For the purposes of this Section G and 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(c)).

SECTION J: GENERAL Paragraph 7

7 Termination

Amend paragraph 7.2 to read as follows

7.2 Belfast Gas shall declare a "Termination Default", if the Shipper:

(a) fails to pay any sum due to Belfast Gas under a CC Invoice which is not the subject of a bona fide dispute in accordance with Section F10:

(i) within 15 Business Days of the Due Date (the "Second Due Date") provided that Belfast Gas shall have given the Shipper not less than 5 Business Days' written notice that such payment is overdue; or

(ii) by the Due Date on three or more occasions in respect of three or more separate CC Invoices;

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

(i) within 15 Business Days of the Due Date provided that Belfast Gas shall have given the Shipper not less than 5 Business Days' written notice that such payment is overdue; or

(ii) by the Due Date on three or more occasions in respect of three or more separate PS Invoices;

(bb) fails to pay any sum due to Belfast Gas under a STC/VRF Invoice:

(i) within fifteen (15) Business Days of the Due Date (the “Second Due Date”) provided that Belfast Gas 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 Invoices
Amend paragraph 7.13 to read as follows

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

(a) all of the following which are due, accrued or outstanding to Belfast Gas under the Code in respect of the period up to and including the date of termination:

(i) all PS Transmission Amounts; and

(ii) all Code Charges;

(iii) all STC/VRF Charges

(b) the following:

(i) the Forecast Postalised Capacity Charge payable in respect of all Belfast Gas Capacity held by the Shipper in the remainder of the Gas Year after the date of termination; and

(ii) the Forecast Postalised Commodity Charge that would be payable in respect of the Shipper's aggregated Belfast Gas Daily Allocated Quantities if such quantities together were taken to equal 80% of all Belfast Gas Capacity held by the Shipper in the remainder of the Gas Year after the date of termination; and

(iii) Belfast Gas's estimate of the PS Transmission Amounts that would be payable in respect of all Belfast Gas Capacity held by the Shipper in all future Gas Years (had no such termination occurred) provided that such sums shall be adjusted to take account of:

(1) Belfast Gas's estimate of the amount (if any) by which it shall be able to mitigate the loss referred to in (iii) above;

(2) inflation (which shall be assumed to continue at the rate of RPI at the date of termination);

(3) any change in the PS Transmission Amounts to reflect any change in the capacity/commodity split of the tariff; and

(4) the net present value of the amount payable at LIBOR,

(iv) Belfast Gas’s estimate of the STC/VRF 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.

Amend paragraph 7.15 to read as follows

7.15 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 7.14, with the exception of payments due under paragraph 7.13(a)(ii), 7.13 (a)(iii) and 7.13 (b)(iv) which shall be payable to Belfast Gas in accordance with the provisions of the Code.

SECTION J: GENERAL—changes to other paragraphs in Section J will be consulted on separately as part of Modification 8

SECTION K INTERPRETATION

New definitions may be needed in section K—these will be consulted on separately as part of Modification 8

Amend the following definitions to read as shown:

"Due Date" means the date on which payment of an invoice in respect of any PS Transmission Payment and PS Code Charges and STC/VRF Charges falls due, being the tenth Business Day in the month next after the month in which the relevant invoice was issued and for the purpose of Section16 has the meaning therein;

"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;

"Shipper" means a person other than Belfast Gas who is for the time being bound by the Code pursuant to the Framework
APPENDIX 3. CREDIT COMMITTEE Terms of reference

1. Purpose of the Committee

Amend section 1.1 to read as follows:

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”) or a PS Code Charge (an “NPCC Default”) and/or STC/VRF Charge Amounts (an “NPSTCVRF Default”);

(b) a “Termination Default” which shall occur in any of the following circumstances, in accordance with section J of the Code:

(i) if the Provided Level of Credit Support fails to meet the Required Level of Credit Support from time to time (an “LPC Default”);

(ii) the non-payment of all or part of a PS Invoice by a PS Gas Supplier by the Second Due Date;

(iii) the non-payment of all or part of any three or more PS Invoices by a PS Gas Supplier by their respective Due Dates;

(iv) the non-payment of all or part of a CC Invoice by a PS Gas Supplier by the Second Due Date;

(v) the non-payment of all or part of any three or more CC Invoices by a PS Gas Supplier by their respective Due Dates;

(vi) if a PS Gas Supplier shall have failed to submit a Nomination to the relevant Designated Pipe-line Operator for a period exceeding 12 months and having ceased to hold any Firm Capacity provided that that Designated Pipe-line Operator shall have first consulted with the PS Gas Supplier and obtained its agreement or the agreement of the Authority to such termination;
(vii) if a PS Gas Supplier, if it has an Exit Point Registration in respect of an Exit Point in Northern Ireland, has ceased to hold a valid Gas Supply Licence;

(viii) if a Shipper, if it has an Exit Point Registration in respect of an Exit Point in Northern Ireland, has ceased to hold a valid Gas Supply Licence unless that Shipper has prior written consent from the Authority to either:

(i) hold Firm Capacity; or

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

provided that the Shipper submits to the relevant Designated Pipeline Operator a copy of such consent from the Authority;

(ix) if a Shipper has an Exit Point Registration in respect of an Exit Point in Northern Ireland, without a valid Gas Supply Licence and on the basis that the Shipper has prior written consent from the Authority to either:

(i) hold Firm Capacity; or

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

ceases to hold the relevant consent from the Authority.

(x) if there is a breach of Section 7.6 of the Code and such breach is referred to the Credit Committee in accordance with the provisions of Section 7.6 of the Code

(xi) the non-payment of all or part of a STC/VRF Invoice by a Shipper by the Second Due Date;

(x) the non-payment of all or part of any three or more STC/VRF Invoices by a Shipper by their respective Due Dates

provided that, in respect of (iv) or (v), none of the CC Invoices to which they relate, is subject to a bona fide dispute in accordance with Section G10.3 of the Code; or

(c) if an administrator is appointed over any part of the assets of a Designated Pipeline Operator or PS Gas Supplier (an “Administration Default”)

Amend section 1.3 to read as follows:
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”.

2. Interpretation

*Insert new definition in section 2.2 to read as follows:*

**“STC/VRF Charges”** means any amounts payable by a Shipper under a STC/VRF Invoice in accordance with the Designated Pipe-line Operator’s Network Code.

5. Composition and Entitlement to Vote

*Insert new section e into section 5.2 to read as follows:*

5.2 The following Members shall be Non-Voting Members in respect of a particular matter under consideration at a Meeting:

(a) the Authority;

(b) each Designated Pipe-line Operator;

(c) the PS Gas Supplier in respect of which the Default under consideration arose; 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 NPSTCVRF Default, Shippers and PS Gas Suppliers not party to the relevant Network Code.

*Amend section 5.3 to read as follows:*

5.3 Subject to paragraphs 5.2(c), (d) and (e) each PS Gas Supplier shall be a Voting Member in respect of a matter under consideration at a Meeting
6. Credit Committee Powers

Amend section 6.1 (K) to read as follows:

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:

........

(k) where any Default has occurred, require a Primary DPO to disallow the Defaulting Shipper from:

(1) acquiring Firm Capacity by a transfer;

(2) reserving additional Firm Capacity including through the Daily Capacity Application Window;

(3) submitting a Nomination in respect of an Interruptible Nominated Quantity and/or Interruptible VRF Nomination; or

(4) applying for any Exit Point Registration; and..................