

## Final Modification Report No.25

### Implementation of Congestion Management Procedures (CMP)

Premier Transmission Limited (PTL) has prepared this report in accordance with section 8 of its Transportation Code Modification Rules.

#### **A Description of the nature and purpose of this modification**

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

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

The existing concepts in the Transportation Codes (Annual Review of Firm Capacity and Reduction of Firm Capacity) are to be amended in order to align with the Surrender of Contracted Capacity and the Long Term Use it or Lose It requirements. The modification will introduce the new mechanisms Oversubscription and Buyback.

#### **Third Party Representations**

PTL received two written responses to the Initial Modification Report from AES Ballylumford Power Ltd and AES Kilroot Ltd (AES and Phoenix Natural Gas Limited (PNGL). PNGL also provided the only response to the NI Oversubscription and Buyback Scheme, which was published for consultation on 12<sup>th</sup> November 2013. Comments on both consultations are summarised below along with PTL's responses, which are provided in italics.

#### **General Comments**

##### Implementation of the Regulation in Northern Ireland

AES and PNGL both expressed support for the Transmission System Operators (TSOs) to work towards compliance with the Regulation. In doing so, PNGL emphasised the need for the solutions proposed by the TSOs to be meaningful and bring proper benefits to the gas consumer and also developing the natural gas industry.

*PTL welcomes the support of industry in its attempts to comply with the Regulation. PTL, in conjunction with the other NI TSOs, is working to ensure that the requirements of the Regulation are met in the most beneficial and cost efficient way. PTL acknowledges that the requirements of the Regulation may result in significant changes to the NI market and some may be considered undesirable by Industry participants. However, the requirements*

*in the Regulation are not optional and the TSOs will endeavour to minimise any perceived negative impacts to the NI market.*

#### Divergence between the Gas and Electricity networks and markets

AES commented on the apparent divergence between the gas and electricity networks and markets. The key concern was that whilst gas rules appeared to be more restrictive, there is a requirement for more flexibility in generation within the electricity market.

*PTL acknowledges the concerns raised and in implementing the requirements of the Regulation will always consider the needs of Shippers on its network and will endeavour to offer as much flexibility as the prescriptive nature of the Regulation allows.*

#### Distribution System Operator Licence Obligation

PNGL expressed their concern that whilst Distribution System Operators (DSOs) are obliged to book Transmission capacity on behalf of Shippers on their respective networks, any CMP measures introduced are of little benefit.

*PTL acknowledges PNGLs concern and agrees that the DSO licence obligation makes implementation of the Regulation more challenging and potentially limits the desired functionality and benefits of the proposed changes. PTL is willing to discuss the obligation with the DSOs and the Utility Regulator (UR), but notes that any changes to the licence obligation are the decision of UR. However, whilst the obligation remains, the TSOs will have to introduce the Regulation's requirements as specified, making considerations for the licence condition where possible.*

### **Oversubscription and Buyback**

#### Systemisation

PNGL noted that the TSOs have proposed that no I.T. system development will take place to deliver these products and have questioned whether this is still considered appropriate given the level of analysis required to administer the process.

*Delivery of cost effective solutions remains a key objective of the TSOs. Given the anticipated lack of demand for this product and anticipating future changes, the TSOs still believe it is an appropriate approach to limit I.T. system development, as this would potentially lead to redundant costs. However, the TSOs will review this approach if it is considered necessary.*

### Entry Point Additional Capacity Limits

PNGL have asked the TSOs to advise on the basis for the 5% maximum limit applied Entry Point Additional Capacity Limit was chosen and if it is proposed that this limit will be variable and on what basis would it change.

*The TSOs believe that the 5% limit is appropriate in reducing the risk of TSOs having to buy back capacity. The limit is not proposed to be variable however if it is considered that the 5% limit is too low or high in the future, the TSOs would review the figure in conjunction with UR.*

### Merit Order

PNGL notes that before initiating the Buyback process the TSOs shall consider any other operational or commercial means of maintaining the integrity of the system and that Buyback will be assigned a higher priority over the use of flow orders etc. PNGL have noted that it would be useful to understand the merit order which the TSOs will use to deal with potential capacity shortfalls following the introduction of Buy back processes.

*Initiating the buyback process will normally be considered the first step in dealing with a potential capacity shortfall if OS capacity has been sold. However if PTL is unable to resolve the shortfall in its entirety through the buyback process then PTL would follow the existing constraint management procedures in the Code, initiating Flow Orders as a first step.*

### Buyback Cap

PNGL asked if the use of OS Capacity could potentially lead to a Flow Order being initiated where the ability to use Buyback is prohibited due to the Buyback cap being exceeded or insufficient funds available to the TSO to make such a purchase.

*This is a potential outcome and the TSOs will seek to minimise this risk when calculating the amount of Entry Point Additional Capacity. The proposed 5% maximum limit is one of the actions the TSOs are taking to minimise the requirement to buy back capacity.*

### Annual Capacity Not Available

PNGL highlighted a scenario whereby the annual capacity required by the DSO on behalf of its Shippers was not available due to a technical capacity constraint on the appropriate contract path and subsequently OS was made available. PNGL asked the TSOs to confirm how they envisage Distribution Network Shippers being able to avail of this product given that they have no capacity rights in the transmission regime.

*In this scenario, OS capacity would not be made available.*

### Greater Belfast Contract Path

PNGL asked whether Belfast Gas Exit Point 1 and Belfast Gas Exit Point 2 would be treated as two separate contract paths or just one. If it was two paths, PNGL asked the TSOs to confirm how the revenue sharing would work in practice for a Greater Belfast Shipper given that they nominate on an interruptible basis using a single contract path and are allocated accordingly at Moffat.

*Under PTLs Code, Belfast Gas Exit Point 1 (BGEP1) is for Shippers to nominate gas flows exiting the NI Network at Belfast (and includes all the physical offtake points into Greater Belfast including Lisburn). Under PTLs Code, Belfast Gas Exit Point 2 (BGEP2) is for Shippers to nominate gas flows exiting the NI Network from the downstream BGE(NI) system. Shippers nominate separately on these two paths, and they will continue to be treated separately under the CMP scheme.*

*With regard to revenue sharing, this will be based on the Shipper's entry allocations of gas (not capacity) i.e. pro-rata to their aggregate entry gas allocations at Moffat Entry Point across all the contract paths (i.e. including any interruptible allocations).*

### Revenue Sharing

PNGL asked the TSOs to confirm that Oversubscription Revenue would be passed back to directly to Distribution Network Shippers.

*As mentioned above, Shippers bringing gas to the Distribution Networks will be allocated a share of the revenues based on their allocations of gas at the entry points (specifically Moffat Entry Point for Shippers to PNLG's network/BGEP1). There is no requirement for the DSO to be involved in the revenue share process.*

### **Long Term Use It or Lose It**

#### Change to Current Regime

AES expressed their concern that a Shipper whose demand is intermittent may not meet the requirements of an 80% average over two consecutive Semi-Annual periods. AES also highlighted the capacity booking options are limited for intermittent operators.

*As part of the Long Term Use It or Lose It (LTUIOLI) review process, the TSOs will take into consideration the individual nature of the respective Shippers and take into account how they operate and requirements on them. It is important to note that it is not the intention of the TSOs to remove capacity from Shippers unless there is unsatisfied demand for capacity. The LTUIOLI process provides Shippers with an opportunity to justify their position to both the TSOs and UR. It is also important to note that there is not expected to be unfulfilled demand for capacity in the short to medium term. During this period, the TSOs will be working in conjunction with industry on implementing EU requirements on capacity, which should provide Shippers with more products than the current options available at present.*

## DSO Concerns

PNGL commented that they could not be expected to make the required representation to either the TSOs or UR on behalf of Shippers in the scenario where Distribution Shippers are to face a reduction in capacity booking. PNGL also has concerns that where technical capacity constraints have been identified on parts of the NI transmission network, that the new UIOLI rules are used to reduce the 1 in 20 peak day capacity booking made by a DSO at specific exit points to manage these constraints on other parts of the network.

*The TSOs do not intend to apply the LTUIOLI process to address scenarios as described above. Concerning the representations, we believe that this forms part of the overall discussion in relation to the DSOs licence obligations.*

## **Surrender of Capacity**

### Change to Current Regime

AES noted that they do not see significant change from current arrangements. However, expressed the view that the scheme is somewhat one-sided. That is (and also applies to UIOLI) if demand for Firm Capacity does not exceed the availability of Firm Capacity, a Shipper who's requirement for the Firm Capacity they hold diminishes is effectively stuck with this Capacity. If the reverse is true, a Shipper may have capacity removed from them, which will significantly erode the ability of the Shipper to meet their commitments to their customers.

*It was the TSOs intent to minimise changes to the current regime. PTL disagree with the argument that a Shipper may have capacity removed from them, which will significantly erode the ability of the Shipper to meet their commitments to their customers. A Shipper's capacity booking will only be reduced if it is determined that capacity is underutilised and that the Shipper cannot provide adequate justification to hold on to this capacity. PTL note the concern on holding onto unrequired capacity and note that there is a facility under the Code to transfer unrequired capacity to another Shipper.*

## **B PTL's Recommendation**

PTL believes that the Relevant Objective, (condition 2.4 of the PTL Licence), will be better facilitated by the Licensee's Network Code as a result of this modification. The introduction of this code modification is required to ensure EU compliance within the required timeframes and should result in Capacity, which would otherwise be unavailable, becoming accessible to the market.

PTL acknowledges the issues raised by the respondents, in particular the licence obligations on the DSOs. PTL agree that this should be reviewed as part of the workplan to deliver compliance with the Third Package. It is important to note that introducing congestion management procedures mandatory. Whilst the Regulation and upcoming Network Codes are prescriptive, the TSOs plan to work in conjunction with industry to

implement the requirements in NI in the most cost effective and pragmatic way taking into consideration the nature of the NI market while avoiding unnecessary changes.

### **C The clauses of the Transportation Code that require amendment**

The proposed changes will require amendments to the PTL Transportation Code as outlined in section F. Please note that following internal review and consideration of the credit procedures, the TSOs were concerned about the theoretical circumstance in which non-payment by a Shipper for OS Capacity would mean that there was not enough cash available in the Incentive Scheme Bank Accounts to pay an invoice for Buybacks. In this case, it is likely the TSOs would in practice not be able to make the buyback payment until the outstanding charges had been recovered from the non-paying Shipper.

Therefore, PTL have made the following amendments to the PTL Code (and corresponding changes have been made to the BGE(NI) and BGTL Codes as outlined in their respective FMRs):

- An amended section 12.4.2 and new sections 12.4.5 and 12.4.6 are proposed to clarify the process which would be followed should there be a non-payment by a Shipper in respect of OS Capacity and a consequential shortfall in funds needed to pay for Buybacks. Section 12.4.5 provides that the TSOs will be entitled to defer the buyback payment, and the overdue amount will be shown as a 'Deferred Buyback Payment' on the invoice of the Shipper to whom the buyback payment cannot be made, in accordance with section 12.4.2. This deferred payment will then be paid in accordance with 12.4.6 once the money has been recovered. The normal credit procedures in Appendix 3 for recovering outstanding STC/VRF/BB Charges from the non-paying Shipper will apply.
- We have also added the new defined terms to Appendix 1.

Section 1.11.10 has also been added in order to ensure clarity in relation to the rights and obligations which apply when capacity is surrendered. There are a number of further minor corrections to ensure the TSO's Codes are aligned and also some typographical corrections (including for example proper use of defined terms and capturing all defined terms in the appendix) which have been made to the final text, shown as mark-up in the text below.

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

PTL has worked closely with BGE(NI) in the preparation of this code modification to ensure consistency with the BGE(NI) Code Modification 12 and in doing so the resulting codes will be closely aligned.

PTL has also worked closely with Belfast Gas Transportation Limited (BGTL), to ensure that the changes required to the BGTL code are consistent with that of the PTL code.

### **E The date proposed for implementation**

PTL proposes that the code modification is implemented as soon as possible following approval from the Utility Regulator.



## F Final Legal Text for CMP: PTL Code Modification Proposal 25

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*Amend Section 12 of the Contents list as follows:*

### 12. CHARGES, PAYMENT AND TAX

- 12.1 Introduction
- 12.2 Shipper payment obligations
- 12.3 Premier Transmission payment obligations
- 12.4 Content of ~~STC/VRF~~ STC/VRF/BB Invoice
- 12.5 Content of PS Invoice
- 12.6 Content of CC Invoice
- 12.7 Outstanding PS Code Charges
- 12.8 Periods of Invoicing
- 12.9 Payment
- 12.10 Interest
- 12.11 Set off and disputed invoices
- 12.12 Taxes and Withholdings
- 12.13 Audit
- 12.14 Charges, Payment and Tax at Belfast Gas Exit Point 2, Belfast Gas Exit Point 3 and Belfast Gas Exit Point No 4
- 12.15 Invoicing Unauthorised Flow Charges at Belfast Gas Exit Point 2, Belfast Gas Exit Point 3 and the Lisburn Exit Point
- 12.16 ~~STC/VRF~~ STC/VRF/BB Charges

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*Amend Section 1 to read as follows:*

### 1. FIRM CAPACITY

#### 1.1. Introduction and Definitions

- 1.1.1 A Shipper shall be entitled to reserve and utilise Firm Capacity (and utilise Available Interruptible Capacity) in the Transportation System subject to and in accordance with this Code.
- 1.1.2 In this Code:
  - (a) “**Available Firm Capacity**” means the capacity of the Transportation System which Premier Transmission determines is, from time to time, available on a Day for the purposes of allocating Firm Capacity based upon the following:
    - (i) the capacity of the PTL System;
    - (ii) the aggregate of all Firm Capacity allocated to Shippers at each Exit Point;

- (iii) the capacity at the relevant Exit Point (which shall not, in any event, exceed the Maximum Offtake Rate in respect of the Exit Point);
- (iv) the aggregate of all Firm Capacity allocated to Shippers at the relevant Exit Point;
- (v) the capacity which BGE (UK) will make available to Premier Transmission under the BGE (UK) Transportation Agreement;
- (vi) capacity which Premier Transmission has reserved or otherwise retained pursuant to arrangements approved by the Authority; ~~and~~
- (vii) the capacity of the Belfast Gas System; ~~and-~~
- ~~(viii) available Oversubscription Capacity;~~
- (b) **“Daily Capacity”** means Firm Capacity which is allocated to a Shipper for a duration of one Day in accordance with section 1.5;
- (c) **“Firm Capacity”** means capacity of any duration (including a duration of one Day), comprising MDQ and MHQ, which is allocated to a Shipper in respect of an Exit Point set out in a Firm Capacity Notice as it may be varied in accordance with this Code;
- (d) **“Firm Capacity Notice”** means a notice, in the Prescribed Form, issued by Premier Transmission to a Shipper notifying the Shipper of its initial allocation of, or an increase or decrease in, Firm Capacity from time to time in respect of an Exit Point in accordance with this Code;
- (e) **“Maximum Daily Quantity”** or **“MDQ”** means the maximum quantity of gas which may be offtaken from an Exit Point by a Shipper in any Day in respect of Firm Capacity set out in its Firm Capacity Notice as it may be varied in accordance with this Code; and
- (f) **“Maximum Hourly Quantity”** or **“MHQ”** means the maximum quantity of gas which may be offtaken from an Exit Point by a Shipper in any hour in respect of Firm Capacity set out in its Firm Capacity Notice as it may be varied in accordance with this Code; ~~and-~~
- ~~(g) **“Oversubscription Capacity”** means additional firm capacity made available for allocation as Daily Capacity as a result of in accordance with the OS Scheme.~~

#### 1.1.3 Premier Transmission:

- (a) shall endeavour to maximise the level of Available Firm Capacity by acting in accordance with the provisions of this Code as a Reasonable and Prudent Operator; and
- (b) shall:
  - (i) act as a Reasonable and Prudent Operator in the manner in which it calculates and determines the level of Available Firm Capacity from time to time in accordance with this Code; and
  - (ii) take such steps, as would a Reasonable and Prudent Operator, to require that BGE (UK) makes available to Premier Transmission the maximum level of capacity to which Premier Transmission is entitled under the BGE (UK) Transportation Agreement.



- 1.1.4 If any Dispute arises as to Premier Transmission's determination of the level of Available Firm Capacity, which is not first resolved by mediation in accordance with section 21, Premier Transmission or a Shipper may refer the matter to an Expert for an Expert Determination.
- 1.1.5 Premier Transmission shall notify Shippers not later than one month before the Mid Year Date and in each Five Year Statement of its reasonable estimate of the level of the Available Firm Capacity in respect of future Gas Years.

## **1.2. Indicative Application for Firm Capacity**

- 1.2.1 This section 1.2 does not apply to Daily Capacity.
- 1.2.2 A Shipper may, from time to time, and a Prospective Shipper may provide Premier Transmission with details of:
  - (i) any Maximum Daily Quantity and Maximum Hourly Quantity that it anticipates it will wish to apply for; and
  - (ii) the period and Exit Point in respect of which the Shipper or the Prospective Shipper anticipates it will wish to apply for Firm Capacity.

in the Prescribed Form (an "**Indicative Application for Firm Capacity**").

- 1.2.3 Within 5 Business Days of receipt of an Indicative Application for Firm Capacity Premier Transmission shall notify the Shipper or Prospective Shipper of the extent to which Premier Transmission anticipates it will be able to provide the Firm Capacity which the Shipper or Prospective Shipper has indicated it wishes to apply for.
- 1.2.4 Premier Transmission offers no guarantee that the Firm Capacity which it stated it anticipated would be available will be so available or available at all after an application for Firm Capacity is made and shall have no liability to the Shipper or Prospective Shipper to the extent that it is not so available. A Shipper or Prospective Shipper shall receive no priority in respect of an application for Firm Capacity under this section 1 as a result of Premier Transmission stating that it anticipates capacity will be available to that Shipper or Prospective Shipper.

## **1.3. Firm Capacity Application requirements**

- 1.3.1 A Shipper may apply to Premier Transmission for Firm Capacity at an Exit Point in accordance with this section 1.3 in respect of which it has an Exit Point Registration. An application for Firm Capacity (other than Daily Capacity) shall be in accordance with this section 1.3 and section 1.7 or 1.9.
- 1.3.2 An application for Daily Capacity shall be in accordance with this section 1.3 and section 1.4.
- 1.3.3 An application for Firm Capacity shall be made in the Prescribed Form (a "Firm Capacity Application") and shall specify:
  - (a) the Maximum Daily Quantity applied for;
  - (b) the Maximum Hourly Quantity applied for;
  - (c) the period over which the Shipper wishes to reserve Firm Capacity;

- (d) whether or not the Shipper will accept an allocation of Firm Capacity of less than it has applied for in accordance with section 1.8.2, 1.8.3 or 1.9.2;
- (e) the Exit Point in respect of which the Firm Capacity is applied for;
- (f) whether or not the Firm Capacity will be used for the purposes of supplying gas to a power station and if so to which power station; and
- (g) any other information that Premier Transmission may reasonably require which shall include an indication of the Daily Profile that the Shipper reasonably anticipates it will typically nominate in respect of the Exit Point.

provided always that an application for Daily Capacity shall omit the information specified in section 1.3.3 (d) and 1.3.3 (f).

1.3.4 A Shipper may apply for Firm Capacity (other than Daily Capacity):

- (a) no earlier than two (2) Gas Years before the first Gas Year in which it requires Firm Capacity;
- (b) no later than ten (10) Business Days (or any such shorter period as Premier Transmission may agree in relation to that application) before the first Day in the Calendar Month in which it requires Firm Capacity;
- (c) for any duration up to 30 September 2020 or any such later date as Premier Transmission may notify to all Shippers in writing it will allow as a result of any extension of its capacity rights in the BGE (UK) Upstream System; and
- (d) in multiples of one (1) Gas Year, except in the Gas Year in which the application for Firm Capacity is made, in which case the application may be for each complete Month in the remainder of the Gas Year.

1.3.5 If, by virtue of the level of Firm Capacity for which a Shipper has applied in respect of any Gas Year, Premier Transmission believes that a Shipper has applied for Firm Capacity in respect of that Gas Year, with a view to gaining priority in respect of the allocation of Firm Capacity in accordance with section 1.8.3 Premier Transmission shall request the Shipper to provide the information referred to in section 1.3.6.

1.3.6 Premier Transmission shall, in accordance with section 1.3.5, request the Shipper to provide any of the information referred to in section 17.4.3 (d) in respect of the utilisation, supply or shipment of gas in each of such Gas Years. The Shipper shall provide such information promptly after being requested to do so.

1.3.7 A Firm Capacity Application shall be rejected if:

- (a) any requirement of section 1.3 is not complied with;
- (b) section 13.4.2.(a) applies;
- (c) the Shipper has applied for Firm Capacity with an MHQ which when taken into account with the Firm Capacity already allocated to the Shipper would be at a level exceeding one twenty-fourth of the MDQ applied for combined with that already allocated to the Shipper;
- (d) the Shipper shall fail to provide any of the information requested in section 1.3.6 within twenty (20) Business Days of being requested to do so;

- (e) if Premier Transmission receives a Direction from the Credit Committee, in accordance with paragraph 6.1 (K) of the Terms of Reference, that it should be; or
- (f) the application is in respect of Daily Capacity and Premier Transmission is entitled to reject the application in accordance with the Capacity Booking Optimisation Methodology.

#### **1.4. Daily Capacity Applications**

##### **1.4.1 A Shipper may apply for Daily Capacity;**

- (a) during a period of two (2) Business Days commencing no later than twelve (12) Business Days before the first day of the following month in which the capacity is required (the “Daily Capacity Application Window”); and
- (b) in accordance with section 1.3 and
- (c) using the Ancillary System provided by PTL for the purposes of facilitating applications for Daily Capacity.

##### **1.4.2 Shippers authorise Premier Transmission to share information relating to their applications for Daily Capacity with the Downstream System Operator for the purposes of section 1.5.**

#### **1.5. Daily Capacity Allocations**

##### **1.5.1 Daily Capacity shall be allocated in accordance with the remaining provisions of this section 1.5. Firm Capacity (other than Daily Capacity) shall be allocated in accordance with section 1.8 and 1.9.**

##### **1.5.2 For the purposes of allocating Daily Capacity Premier Transmission will co-ordinate and undertake the allocation process with the Downstream System Operator in accordance with the Capacity Booking Optimisation Methodology such that Shippers are allocated corresponding quantities of Daily Capacity on the Transportation System and the BGE (UK) Downstream System in respect of the relevant Exit Point.**

##### **1.5.3 In the event that the Downstream System Operator fails to provide the necessary information to Premier Transmission, Premier Transmission shall allocate the Available Firm Capacity in the Transportation System such that;**

- a) Where there is sufficient Available Firm Capacity to meet all the applications made by Shippers for Daily Capacity, all applications will be met; and
- b) Where there is insufficient Available Firm Capacity to meet all the applications made by Shippers, the Available Firm Capacity shall be allocated pro rata to the amount of capacity applied for by each Shipper;

and for the avoidance of doubt Shippers acknowledge that Daily Capacity allocated to a Shipper pursuant to section 1.5.2 or 1.5.3 may be less than the Daily Capacity applied for by the Shipper in accordance with section 1.3 and 1.4.

##### **1.5.4 Premier Transmission shall issue a Firm Capacity Notice within two (2) Business Days of the closure of the Daily Capacity Application Window to each Shipper to which Available Firm Capacity shall be allocated in accordance with this section 1.5. The Firm Capacity Notice shall identify separately a Shipper's Firm Capacity (other than Daily Capacity), the Shipper's Daily Capacity in respect of a Day and Shipper's aggregate Firm Capacity in respect of a Day.**

##### **1.5.5 A Firm Capacity Notice issued by the Transporter pursuant to Section 1.5.4 shall in respect of any Day(s) supersede any previously issued Firm Capacity Notice with respect to the same Day(s).**

**1.6. Aggregation of Firm Capacity**

- 1.6.1 For each Gas Flow Day for which a Shipper has an allocation of Daily Capacity in respect of an Exit Point the MDQ of the Shipper's Daily Capacity for such Gas Flow Day shall be aggregated with the MDQ of the other Firm Capacity which is held by the Shipper on that Gas Flow Day at the Exit Point in accordance with this Code.

**1.7. Application for Firm Capacity in future Gas Years**

- 1.7.1 Not later than the Mid Year Date (or any such later date as Premier Transmission and the Authority may agree in relation to the relevant application) in each Gas Year a Shipper which has no Firm Capacity in a future Gas Year shall submit to Premier Transmission:
- (a) a Firm Capacity Application in respect of any future Gas Years; or
  - (b) confirmation that it does not wish to reserve Firm Capacity in any future Gas Year.
- 1.7.2 If Premier Transmission does not receive any submission in accordance with section 1.7.1 a Shipper shall be deemed to have confirmed that it does not wish to reserve Firm Capacity in any future Gas Year.
- 1.7.3 Not later than the Mid Year Date (or any such later date as Premier Transmission and the Authority may agree in relation to the relevant application) in each Gas Year a Shipper which has Firm Capacity in a future Gas Year shall submit to Premier Transmission:
- (a) confirmation that it does not wish to vary its Firm Capacity in any future Gas Year;
  - (b) an application for additional Firm Capacity in any future Gas Year; or
  - (c) an application to reduce its Firm Capacity in any future Gas Year.
- 1.7.4 If Premier Transmission does not receive any submission in accordance with section 1.7.3 a Shipper shall be deemed to have confirmed that it does not wish to vary its Firm Capacity in any future Gas Year.
- 1.7.5 Sections 1.7, 1.8, 1.9 and 1.11 do not apply with respect to Daily Capacity.

**1.8. Allocation of Firm Capacity in future Gas Years**

- 1.8.1 If a Shipper applies to reserve Firm Capacity:
- (a) in any future Gas Year before the Mid Year Date in the Gas Year in which it applies, its Firm Capacity application shall be treated in accordance with section 1.8.2 in the Gas Year in which it applies;
  - (b) in any future Gas Year after the Mid Year Date in the Gas Year in which it applies, its Firm Capacity application shall be treated in accordance with section 1.8.2 in the next Gas Year unless Premier Transmission shall agree to treat its application as though it were submitted before the Mid Year Date in accordance with section 1.8.1(a);
  - (c) one (1) or two (2) Gas Years before the Gas Year in respect of which it is seeking Firm Capacity, its Firm Capacity application shall be treated in accordance with section 1.8.2 in the Gas Year preceding the Gas Year in respect of which it is seeking Firm Capacity

- 1.8.2 If the Shippers applying for Firm Capacity in any future Gas Year apply, in aggregate, for an amount of capacity exceeding the Available Firm Capacity in that Gas Year then those Shippers which so applied and specified, in accordance with section 1.3.3 (d):
- (a) that they would not accept an allocation of Firm Capacity of less than they had applied for shall have no capacity allocated to them;
  - (b) that they would accept an allocation of Firm Capacity of less than they had applied for shall have capacity allocated to them in accordance with section 1.8.3 or 1.8.4.
- 1.8.3 Premier Transmission shall, subject to section 1.8.4, allocate Firm Capacity to the Shippers referred to in section 1.8.2 (b) according to the number of future Gas Years in respect of which the Shippers have applied for Firm Capacity so that the Shipper applying for Firm Capacity:
- (a) in the most number of Gas Years shall have its application met first to the extent that there is Available Firm Capacity at the relevant Exit Point;
  - (b) in the next most number of Gas Years shall have its application met second to the extent that there is Available Firm Capacity at the relevant Exit Point;
- and so on.
- 1.8.4 If the Shippers referred to in section 1.8.2 (b) apply for Firm Capacity in an equal number of Gas Years such Shippers shall have their applications met by Premier Transmission pro rata to the amounts of Firm Capacity for which they have applied to the extent that there is Available Firm Capacity at the relevant Exit Point.
- 1.8.5 Premier Transmission shall issue a Firm Capacity Notice to each Shipper to which Available Firm Capacity shall be allocated in accordance with section 1.8.3 or 1.8.4 not later than forty (40) Business Days after the Mid Year Date, or such other date Premier Transmission may agree with the Authority, in the Gas Year in which the applications are made.

## **1.9. Application for an allocation of Firm Capacity in the same Gas Year**

- 1.9.1 If a Shipper applies for Firm Capacity in the Gas Year in which its application is made Firm Capacity shall, subject to section 1.9.2 be allocated by Premier Transmission (on a first come first served basis) and a Firm Capacity Notice issued to the Shipper within five (5) Business Days of receipt of a Firm Capacity Application.
- 1.9.2 If, in any Gas Year, there is less Available Firm Capacity than the amount of Firm Capacity for which a Shipper has applied in that Gas Year and the Shipper specified, in accordance with section 1.3.3 (d) that:
- (a) it will accept an allocation of Firm Capacity of less than it has applied for Premier Transmission shall allocate such Available Firm Capacity to such Shipper; or
  - (b) it will not accept an allocation of Firm Capacity of less than it has applied for no Firm Capacity shall be so allocated to such Shipper.

## **1.10. Annual Review of Firm Capacity – Long Term Use It or Lose It Mechanism**

- 1.10.1 ~~For the purpose of the calculations pursuant to this clause 1.10:~~

- ~~(a) all references to "MDQ" and to a Shippers booked MDQ shall be a reference to MDQ or the Shipper's booked MDQ in respect to Firm Capacity (excluding Daily Capacity); and~~
- ~~(b) references to Firm Capacity and Firm Capacity Applications shall be references to Firm Capacity (excluding Daily Capacity) and Firm Capacity Applications other than Daily Capacity Applications.~~

~~Not later than 30 April in each Gas Year, Premier Transmission shall prepare a usage report(s) in respect of the period starting at the beginning of that Gas Year and ending on 31 March in that Gas Year.~~

#### 1.10.2 ~~If:~~

- ~~(a) the aggregate of any Shipper's Firm Allocated Quantity and Interruptible Allocated Quantity at an Exit Point (a "**Relevant Exit Point**") on each and every Day during the period from the commencement of the Gas Year to one Month before the Mid Year Date is less than 80% of the MDQ of the Shipper on each such Day (a "**Relevant Shipper**"); and~~
- ~~(b) on any Day in the next Gas Year or any subsequent Gas Year (a "**Relevant Day**") any Relevant Shipper has an MDQ of 80% or more than its MDQ on the Day during such period when the aggregate of the Relevant Shipper's Firm Allocated Quantity and Interruptible Allocated Quantity were greatest (the "**Day of Greatest Allocated Quantity**")~~

~~Not later than 31 October in each Gas Year, Premier Transmission shall prepare a usage report(s) in respect of the period starting on 1 April in the immediately preceding Gas Year and ending on 30 September in such preceding Gas Year (each such period, and each such period referred to in section 1.10.1, being a "**Semi-Annual Period**").~~

~~Premier Transmission shall, as soon as reasonably practicable, and in any event not later than:~~

- ~~(i) twenty (20) Business Days before the Mid Year Date inform the Authority and any Relevant Shipper of the quantity of gas so allocated to the Shipper and the Shipper's MDQ on the Day of Greatest Allocated Quantity; and~~
- ~~(ii) ten (10) Business Days after the Mid Year Date, perform the calculation set out in section 1.10.3 and provide a copy of it to the Authority and any Relevant Shipper.~~

#### 1.10.3 ~~Premier Transmission shall calculate whether, if, in respect of each Relevant Day at any Relevant Exit Point:~~

- ~~(a) the aggregate of any Relevant Shipper's MDQs were reduced by 20%;~~
- ~~(b) all applications for Firm Capacity, in accordance with section 1.7, were met; and~~
- ~~(c) all applications to reduce Firm Capacity, in accordance with section 1.11, were met~~
- ~~the aggregate level of MDQs held by all Shippers would increase, reduce or remain the same.~~

~~Premier Transmission shall deliver a copy of each usage report to the Authority. Prior to the delivery of such report to the Authority, Premier Transmission shall consult with the Downstream System Operator (where relevant) and take into account in the usage report submitted to the Authority, any comments made by the Downstream System Operator.~~

- 1.10.4 ~~If such level would increase or remain the same, any Relevant Shipper's MDQ shall, subject to section 1.10.6 to 1.10.11, be reduced by 20% if to do so would facilitate the achievement of the relevant objective as set out in condition 2.4.1 of the Licence (the "Relevant Objective").~~

Each usage report shall state:

- (a) whether or not Premier Transmission has formed the view that there has been a systematic underutilisation of Firm Capacity (within the meaning ascribed in section 1.10.6(b)) by any given Shipper; and
  - (b) (if Premier Transmission has formed such view) the level of such systematic underutilisation by the Shipper(s) in question; and
  - (c) (irrespective of whether or not Premier Transmission has formed such view) the average usage of Firm Capacity with an effective contract duration of more than one year or recurring quarters covering at least two years.
- 1.10.5 ~~If such level would reduce, any Relevant Shipper's MDQ shall, subject to this section 1.10.6 to 1.10.11, be reduced pro-rata to the Relevant Shipper's MDQs on the Relevant Day by such amount as would result in such level not reducing if to do so would facilitate the achievement of the Relevant Objective.~~

The obligation to prepare (and deliver to the Authority) a usage report in respect of any given Semi-Annual Period pursuant to this section 1.10 shall apply irrespective of whether or not there is unfulfilled demand for firm capacity.

- 1.10.6 ~~Premier Transmission shall, in accordance with section 2.4.3 of the Licence, refer to the Authority for its determination the question of whether to do so would achieve the Relevant Objective.~~

It shall be conclusively presumed for all the purposes of this section 1.10 that:

- (a) there is an unfulfilled demand for firm capacity in respect of a given Gas Year if Premier Transmission or the Downstream System Operator has been unable to allocate firm capacity applied for in respect of that Gas Year or part of that Gas Year (other than a Day) other than due to technical or operational limitations associated with or at an Exit Point or an exit point on the BGE (UK) Downstream System; and
- (b) there is a systematic underutilisation of Firm Capacity by a given Shipper if:
  - (i) that Shipper has used less than on average 80% of its contracted capacity, which shall conclusively be presumed to be the case where the aggregate of the Firm Allocated Quantities of that Shipper at a given Exit Point (excluding Belfast Gas Exit Point No. 2 or Belfast Gas Exit Point No. 3) in respect of the Days in any consecutive two Semi-Annual Periods is less than 80 per cent of the aggregate of that Shipper's Long Term Firm Capacity at such Exit Point for each of such Days; or
  - (ii) (during any Semi-Annual Period commencing on or after the FDA UIOLI Implementation Date) the Shipper in question systematically makes Nominations for close to 100 per cent of its Firm Capacity at a given Exit Point (excluding, Belfast Gas Exit Point No. 2, and Belfast Gas Exit Point No. 3) and makes downwards Renominations with a view to circumventing the FDA UIOLI Rules; or
  - (iii) the manner in which the Shipper in question uses (or fails to use) its Firm Capacity at a given Exit Point (excluding Belfast Gas Exit Point No. 2, and Belfast Gas Exit Point No. 3) is such that Premier Transmission concludes (on a ground other than



the grounds indicated in (i) and (ii) above) that the Shipper is systematically underutilising its Firm Capacity at that Exit Point.

- 1.10.7 If the Authority determines, taking into account any representations which the Authority receives from any Relevant Shipper, that the proposed reduction would achieve the Relevant Objective, Premier Transmission shall reduce any Relevant Shipper's MDQ by the amount proposed.

Subject to section 1.10.8, if and when Premier Transmission forms the view that there has been a systematic underutilisation of Firm Capacity by a Shipper or where Premier Transmission has received a BGE (UK) Indicative Firm Capacity Reduction Notice, the following procedures shall apply, namely:

- (a) Premier Transmission shall give notice (an "Indicative Capacity Reduction Notice") to the Shipper in question indicating:

(i) that Premier Transmission intends to reduce that Shipper's Long Term Firm Capacity at an Exit Point with effect from a date which is not earlier than three (3) Months after the date of the notice; and

(ii) the level and duration of such intended reduction;

and such Indicative Capacity Reduction Notice shall, where applicable, reflect the terms of the BGE (UK) Indicative Capacity Reduction Notice in terms of the level and duration of intended reduction:-

- (b) the Long Term Firm Capacity of the Shipper will be reduced in the manner provided for in the Indicative Capacity Reduction Notice if the Shipper agrees to such reduction or:

(i) if the Shipper does not make written submissions ("Written Submissions") to Premier Transmission within a period of 30 Days after the date of the Indicative Capacity Reduction Notice setting out grounds for the Shipper's belief that its systematic underutilisation of Firm Capacity is properly justified (which submission may include evidence that the Shipper in question has sub-let (or used reasonable endeavours to sub-let) under objectively reasonable conditions, the Shipper's Unused Long Term Firm Capacity and the grounds on which the Shipper believes that such evidence constitutes proper justification for the systematic underutilisation of Firm Capacity);

(ii) if, in the case where the Indicative Capacity Reduction Notice has been issued following receipt by Premier Transmission of a BGE (UK) Indicative Firm Capacity Notice, Premier Transmission does not receive from BGE (UK) notice that written submissions have been made to BGE (UK) pursuant to the BGE (UK) Code setting out grounds for the Shipper's belief that its systematic underutilisation of firm capacity on the BGE (UK) Downstream System is properly justified;

- (c) if the Shipper makes Written Submissions within the said period of 30 Days, Premier Transmission shall review the Written Submissions (in conjunction with the Downstream System Operator where a BGE (UK) Indicative Capacity Reduction Notice has been issued) and give notice to the Shipper pursuant to (d) or (e) below within 10 Business Days after its receipt of the Written Submissions;

- (d) the Long Term Firm Capacity of the Shipper will not be reduced if, having reviewed the Written Submissions, Premier Transmission gives notice to the Shipper that it has concluded (in conjunction with the Downstream System Operator (where relevant)) that the Shipper's systematic underutilisation of Firm Capacity is properly justified;

(e) if, having reviewed the Written Submissions (in conjunction with BGE (UK) where relevant), Premier Transmission gives notice to the Shipper that it has not reached the conclusion referred to in (d) above, the Shipper may, within a period of 10 Business Days of receiving such notice, refer for determination by the Authority the question of whether the Shipper's systematic underutilisation of Firm Capacity is properly justified;

(f) if:

(i) no referral is made by the Shipper to the Authority within the said period of 10 Business Days; or

(ii) a referral is made by the Shipper to the Authority within the said period of 10 Business Days and the Authority determines that the systematic underutilisation of Firm Capacity was not properly justified;

the Long Term Firm Capacity of the Shipper will be reduced to the extent and for the duration provided for in the Indicative Capacity Reduction Notice or (if some other extent and / or duration is specified in the Authority's determination) to the extent and / or for the duration so specified;

(g) if a referral is made by the Shipper to the Authority within the said period of 10 Business Days, the determination of the Authority as to whether the Shipper's systematic underutilisation of Firm Capacity is properly justified shall be final and binding on Premier Transmission and the Shipper for all purposes; and

(h) if a Shipper makes a referral to the Authority pursuant to (e) above, there shall be no reduction in the Long Term Firm Capacity of the Shipper (i) unless and until the Authority makes a determination that the Long Term Firm Capacity of the Shipper is to be reduced or (ii) prior to the start of the Month which next follows the Month in which the determination is made.

~~1.10.8 If the Authority determines that any such reduction would not so achieve the Relevant Objective, or makes no determination within 30 Business Days after the Mid Year Date, Premier Transmission shall not so reduce any Relevant Shipper's MDQ.~~

The procedures in section 1.10.7 shall commence within one month following the delivery of a copy of a usage report to the Authority where there is or has been unfulfilled demand for firm capacity [within the meaning ascribed in section 1.10.6(a)] in the Semi-Annual Period to which the usage report relates.

~~1.10.9 Any reduction shall only be proposed to the extent that it would not reduce a Shipper's MDQ on any Day in any Gas Year below a quantity of MDQ equal to the aggregate of the Shipper's Firm Allocated Quantity and Interruptible Allocated Quantity on the Day of Greatest Allocated Quantity.~~

Subject to sections 1.10.10 and 1.10.11, a Shipper from the date of an Indicative Capacity Reduction Notice shall retain all its rights and continue to be bound by all its obligations (including its obligations to pay PS Transmission Amounts) in respect of the LTFC Reduction.

~~1.10.8 1.10.10 If any Relevant Shipper's MDQ is reduced, in accordance with this section 1.10, the level of its MHQ shall be reduced pro-rata to the reduction in its MDQ.~~

If all or any part of a Shipper's LTFC Reduction is allocated to another Shipper, the Shipper whose Long Term Firm Capacity is reduced shall cease to have any rights or obligations in relation to the amount of the LTFC Reduction which is allocated to another Shipper for the period for which such LTFC Reduction (or any part thereof) has been so allocated.

~~1.10.11 Premier Transmission shall not reduce any Relevant Shipper's MDQ, in accordance with this section 1.10, if all applications for Firm Capacity, in accordance with section 1.7, can be met.~~

If only part (whether by quantity and / or duration) of the LTFC Reduction is allocated to another Shipper, the Shipper shall retain all its rights and continue to be bound by all its obligations (including obligations to pay PS Transmission Amounts) with respect to the part of the LTFC Reduction which is not so allocated to another Shipper.

~~1.10.12 Premier Transmission shall issue a Firm Capacity Notice to any Relevant Shipper whose MDQ or MHQ is reduced in accordance with this section 1.10 not later than forty (40) Business Days after the Mid Year Date in the Gas Year in which a Firm Capacity application is made.~~

If all or part of the LTFC Reduction is allocated to another Shipper, Premier Transmission shall (not later than the date on which such capacity is allocated) issue a Firm Capacity Notice to the Shipper whose capacity has been reduced notifying the Shipper of its reduced Firm Capacity at that relevant Exit Point and the duration of such reduction.

~~1.10.13 Any reference in this section 1.10 to a given number of Months after any given date or Day is a reference to a period of such number of Months starting on the first day of the Month which immediately succeeds the Month in which the date or Day falls.~~

~~1.10.14 If a Shipper's MDQ is reduced pursuant to this section 1.10, the level of its MHQ shall be reduced pro rata to the reduction of its MDQ.~~

~~1.10.15 A Shipper's LTFC Reduction shall not be allocated as Daily Capacity however a Shipper's LTFC Reduction may be utilised in connection with any other Shipper's LTFC Reduction including as that term is defined in the Downstream System Operator's Network Code in order to make firm capacity available to another Shipper for a Year or Years.~~

## **1.11. Reduction of Firm Capacity Surrender of Firm Capacity**

1.11.1 A Shipper may apply to Premier Transmission to ~~reduce~~ surrender its Firm Capacity in accordance with this section 1.11.

1.11.2 ~~A Shipper may apply to reduce its Firm Capacity no later than the Mid Year Date in respect of the next Gas Year and at any time in respect of any Gas Year following the next Gas Year. A Shipper may only apply to reduce its Firm Capacity in respect of a whole Gas Year. Any such application shall specify:~~

~~(a) the reduction in the Maximum Daily Quantity and Maximum Hourly Quantity applied for;~~

~~whether or not the Shipper will accept a reduction of Firm Capacity of less than it has applied for;  
and~~

~~the Exit Point in respect of which the application is made.~~

A Shipper may apply to surrender its Firm Capacity no later than the Mid Year Date in respect of the next Gas Year and at any time in respect of any Gas Year following the next Gas Year. A Shipper may only apply to surrender its Firm Capacity in respect of a whole Gas Year. Any such application (a "Surrender Application") shall specify:

- (a) the amount of Firm Capacity (including MDQ) which the Shipper applies to Surrender ;
- (b) the Gas Year in respect of which the application is made;
- (c) the Exit Point in respect of which the application is made;
- (d) whether or not the Shipper will accept a ~~reduction~~ surrender of Firm Capacity of less than it has applied for ; and
- (e) where the Exit Point specified in the application is Belfast Gas Exit Point 2 or Belfast Gas Exit Point 3 confirmation that a corresponding application (the "**Downstream Surrender Application**") to surrender Firm Capacity on the BGE (UK) Downstream System has been submitted to BGE (UK) pursuant to 1.11.3.

~~1.11.3 If, in respect of any Gas Year, the aggregate of the Firm Capacity for which Shippers apply exceeds or is equal to the aggregate of the Firm Capacity which Shippers apply to reduce, Premier Transmission shall accept those applications to reduce Firm Capacity.~~

If a Shipper submits a Surrender Application to reduce the Shipper's Firm Capacity in respect of Belfast Gas Exit Point 2 or Belfast Gas Exit Point 3 the Shipper shall at the same time submit a Downstream Surrender Application to the Downstream ~~System~~ Operator to reduce such Shipper's firm capacity on the BGE (UK) Downstream System and shall provide a copy of such application to Premier Transmission.

~~1.11.31.11.4 If, in respect of any Gas Year, the aggregate of the Firm Capacity for which Shippers apply is less than the aggregate of the Firm Capacity which Shippers apply to reduce, Premier Transmission shall accept those applications to reduce Firm Capacity made by the Shippers which confirmed to Premier Transmission that they would accept a reduction of Firm Capacity of less than it had applied for in accordance with section 1.11.2 (b), pro rata to the amount of Firm Capacity which the relevant applicants applied to reduce.~~

If in respect of any Gas Year, there are no applications for Firm Capacity or acceptance of any Surrender Applications is not required or will not enable Premier Transmission to meet Shippers Applications for Firm Capacity, ~~any application to surrender Firm Capacity~~all Surrender Applications shall be rejected.

~~1.11.41.11.5 If in respect of any Gas Year, there are no applications for Firm Capacity, any application to reduce Firm Capacity shall be rejected.~~

~~If, in respect of any Gas Year, the aggregate of;~~

~~(a) the firm capacity requested by Shippers pursuant to Firm Capacity Application(s); and~~

~~(b) the Firm Capacity booked by Shippers;~~

~~exceeds the Available Firm Capacity (excluding any applicable Oversubscription Capacity) Premier Transmission may accept Surrender Applications in accordance with [section 1.11.6 below](#) in order to allocate Firm Capacity to Shippers who have submitted Firm Capacity Applications.~~

~~1.11.5 Premier Transmission shall not accept any application to reduce Firm Capacity if the level of MHQ for which the Shipper has applied is less than one twenty-fourth of the MDQ for which the Shipper has applied.~~

~~1.11.6 Premier Transmission (where relevant in consultation with the Downstream System Operator) shall consider and accept or reject Surrender Applications (if any) as follows:~~

~~(a) the Surrender Applications (and Downstream Surrender Applications where relevant) which facilitate the allocation of capacity to Shippers who have submitted Firm Capacity Applications may be accepted in whole or in part; and~~

~~(b) where two or more Surrender Applications equally facilitate the allocation of capacity to Shippers who have submitted Firm Capacity Applications Surrender Applications will be accepted in the order in which Surrender Applications were submitted;~~

~~Provided always that;~~

- ~~• (c) if the Downstream System Operator confirms that it has not received a Downstream Surrender Application then any applicable Surrender Application with respect to Belfast Gas Exit Point 2 or Belfast Gas Exit Point 3 shall be rejected; and~~
- ~~• (d) if a Shipper has indicated that it is not willing to accept surrender of an amount of Firm Capacity less than it has applied for then unless Premier Transmission [requires accepts the surrender of](#) all of the Firm Capacity specified in the Shipper's Surrender Application such Shippers' Surrender Application shall be disregarded; and~~
- ~~• (e) if a Shipper has submitted a Surrender Application with respect to Belfast Gas Exit Point 2 or Belfast Gas Exit Point 3, the Surrender Application and the Downstream Surrender Application shall be accepted/rejected in respect of equal amounts.~~

~~1.11.6 Premier Transmission shall issue a Firm Capacity Notice to a Shipper whose Firm Capacity is reduced in accordance with this section 1.11 not later than forty (40) Business Days after the Mid Year Date in the Gas Year in which its application is made.~~

~~1.11.7 All Surrender Applications not accepted in accordance with [1.11.6](#) shall be rejected.~~

~~1.11.8 Following acceptance of a Shipper's Surrender Application (in whole or in part) the Shipper's MHQ shall be deemed to be equal to 1/24<sup>th</sup> of the MDQ of the Shipper's remaining Firm Capacity.~~

1.11.9 Premier Transmission shall issue a Firm Capacity Notice to a Shipper whose Firm Capacity Surrender Application is accepted (in whole or in part) in accordance with this section 1.11 not later than forty (40) Business Days after the Mid Year Date in the Gas Year in which its application is made.

~~1.11.7~~ 1.11.10 The Shipper shall retain all its rights and continue to be bound by all its obligations (including obligations to pay PS Transmission Amounts) with respect to the Firm Capacity which is the subject matter of a Surrender Application save in respect of the amount of the Firm Capacity and the duration for which Firm Capacity is reallocated to another Shipper.

## **1.12. Transfer of Firm Capacity**

1.12.1 A Shipper (a “**Transferor**”) may apply to transfer all or part of its Firm Capacity to another Shipper (a “**Transferee**”) in accordance with this section 1.12 (a “**Capacity Transfer**”).

1.12.2 Capacity allocated in accordance with section 1.5 may not be transferred.

1.12.3 A Capacity Transfer may only be made:

- (a) in respect of a complete Month or complete Months;
- (b) to a Transferee with an Exit Point Registration in respect of the Exit Point in relation to which the Transferee’s Firm Capacity is being acquired or increased.

1.12.4 A Transferor wishing to make a Capacity Transfer shall, jointly with the Transferee, submit to Premier Transmission a capacity transfer application setting out the following in the Prescribed Form (a “**Capacity Transfer Application**”):

- (a) the MDQ and the MHQ which the Transferor wishes to transfer;
- (b) the Month or Months in respect of which Transferor wishes to transfer Firm Capacity;
- (c) confirmation of the identity of the Transferor and the Transferee; and
- (d) if the Transferor wishes to transfer Firm Capacity from one Exit Point to another, the Exit Point from which and to which it wishes to make the Firm Capacity Transfer.

1.12.5 A Capacity Transfer Application in relation to:

- (a) the same Exit Point may not be submitted later than ten (10) Business Days (or any such shorter period as Premier Transmission may, in relation to the relevant application, consent to); and
- (b) a different Exit Point may not be submitted later than thirty (30) Business Days (or any such shorter period as Premier Transmission may, in relation to the relevant application, consent to),

before the commencement of the first Month in respect of which the Transferor is applying to transfer Firm Capacity.

- 1.12.6 Premier Transmission shall reject any Firm Capacity Transfer Application:
- (a) if the requirements of this section 1.12 are not complied with; or
  - (b) if it receives a Direction from the Credit Committee, in accordance with paragraph 6.1 (K) (1) of the Terms of Reference, that it should do so.
- 1.12.7 Premier Transmission shall reject a Capacity Transfer Application to transfer capacity at the same Exit Point if the application is to transfer an MHQ in respect of an MDQ which is different from the MHQ in respect of the MDQ prior to the Capacity Transfer Application.
- 1.12.8 Premier Transmission shall reject a Capacity Transfer Application to transfer Firm capacity from one Exit Point to another Exit Point if:
- (a) the Transferee wishes the MHQ in respect of any Firm Capacity which it acquires to be at any level other than one twenty-fourth the MDQ for which the Shipper has applied;
  - (b) Premier Transmission shall determine that the transfer would result in the Available Firm Capacity being exceeded.
- 1.12.9 Premier Transmission shall, subject to section 1.12.5, issue a Firm Capacity Notice to the Transferor and Transferee within:
- (a) five (5) Business Days of Premier Transmission receiving a Capacity Transfer Application in relation to a transfer in respect of the same Exit Point; and
  - (b) twenty (20) Business Days of Premier Transmission receiving a Capacity Transfer Application in relation to a transfer in respect of a different Exit Point.
- 1.12.10 The Firm Capacity of a Transferee shall be increased and the Firm Capacity of the Transferor shall be decreased by the amount and in respect of the Month or Months and the Exit Point or Exit Points set out in the Capacity Transfer Application.

### **1.13. Sub-letting**

- 1.13.1 A Shipper may, subject to this section 1.13, sub-let part, or all, of its Firm Capacity to any third party from time to time.
- 1.13.2 A Shipper shall, if it sub-lets any Firm Capacity:
- (a) remain liable to Premier Transmission for the performance of all of its obligations under this Code; and
  - (b) be liable to Premier Transmission for and indemnify, defend and hold harmless Premier Transmission from and against any and all Indemnified Liabilities, in respect of any claim which any sub-lessee of a Shipper may make against Premier Transmission arising out of or in connection with any act or omission of Premier Transmission in respect of this Code or the service to which it relates.
- 1.13.3 Premier Transmission shall not be obliged to:
- (a) accept or otherwise recognise any Nomination or Renomination which is submitted by any sub-lessee of a Shipper;



- (b) invoice any sub-lessee of a Shipper; or
- (c) otherwise deal with or acknowledge any sub-lessee of a Shipper.

#### 1.14. Effective date of allocated, transferred and reduced Firm Capacity

Whilst the effective date of allocated, transferred or reduced Firm Capacity shall be the date upon which a Firm Capacity Notice is issued by Premier Transmission, the Firm Capacity shall be capable or cease to be capable (as appropriate) of being utilised with effect from first Day of the first Month or in the case of an allocation of Daily Capacity on, the Gas Flow Day for which the Daily Capacity is allocated as set out in the Firm Capacity Notice. A Shipper shall pay or cease to be liable to pay (as appropriate) PS Transmission Amounts in respect of Firm Capacity in respect of the period from the date on which that Firm Capacity shall be capable or cease to be capable of being utilised and shall be liable for PS Code Charges in accordance with this Code.

#### 1.15. Sub-CSEP Capacity Certificates and Transfer Certificates

Premier Transmission shall, at the request of a Shipper, provide it with a Sub-CSEP Capacity Certificate and a Sub-CSEP Transfer Certificate, from time to time, in relation to NTS Exit Capacity (as each such term is defined in the CSEP Ancillary Agreement dated 25 August 1998 made between BG Transco plc (now called "National Grid plc") and others relating to the GB-Ireland interconnector). Such certificates shall be in respect of an amount not exceeding the lesser of what the Shipper requests and the Shipper's Firm Capacity and a period not exceeding the period in respect of which such Firm Capacity is held.

#### 1.16. ~~Firm Capacity Buyback~~

1.16.1. Where Premier Transmission has allocated Daily Capacity to Shippers in respect of a Day in reliance on the availability of Oversubscription Capacity then, where it becomes necessary in accordance with the OS Scheme, Premier Transmission may purchase Firm Capacity from Shippers in respect of that Day.

1.16.2. Premier Transmission may enter into an Advance Buyback Agreement (an "**Advance Buyback Agreement**") with a Shipper whereby a Shipper ~~commits to sell~~ gives Premier Transmission the right but not the obligation to purchase Firm Capacity to Premier Transmission (when Premier Transmission so requires such Firm Capacity) at a price calculated in accordance with the Advance Buyback Agreement for a Day or Days.

1.16.3. Where Premier Transmission has a requirement, pursuant to the OS Scheme, to purchase Firm Capacity in respect of any given Day it shall notify the Downstream System Operator and it shall publish an invitation (a "**Buyback Invitation**") to Shippers to submit an offer to sell Firm Capacity to Premier Transmission. The Buyback Invitation shall specify:

- (a) the Exit Point(s) in respect of which Firm Capacity is required to be purchased;
- (b) the Day in respect of which the Firm Capacity is required to be purchased;
- (c) the estimated amount of Firm Capacity required to be purchased; and
- (d) the latest time by which Buyback Offers should be submitted.

1.16.4. In response to a Buyback Invitation, and in accordance with the timelines specified in the Buyback Invitation, Shippers may submit an offer (a "Buyback Offer") via the Ancillary Systems provided by Premier Transmission, specifying:

- (a) the identity of the Shipper;
- (b) the Exit Point in respect of which the Buyback Offer is made;
- (c) the Day for which the Firm Capacity is offered;
- (d) the amount of Firm Capacity offered;
- (e) the unit price (in p/kWh) at which the Firm Capacity is offered.

1.16.5. Any Buyback Offer not made in accordance with 1.16.4 shall be rejected and Premier Transmission shall inform the Shipper of such rejection within 30 minutes after the last time for submission of Buyback Offers as specified in the applicable Buyback Invitation. Buyback eOffers which are not rejected shall be considered to be Valid Buyback Offers.

1.16.6. Before committing to purchase Firm Capacity (and notwithstanding that a Buyback Invitation may have been issued) Premier Transmission shall assess whether it may maintain the integrity of the Transportation System in a more cost effective manner by other operational or commercial means.

1.16.7. In accordance with the OS Scheme, Premier Transmission shall and where relevant jointly and in co-ordination with the Downstream System Operator:

- (a) decide whether to accept Valid Buyback Offers and/or to purchase Firm Capacity pursuant to an Advance Buyback Agreement; and
- (b) undertake the acceptance of Valid Buyback Offers and/or the purchase of Firm Capacity pursuant to an Advance Buyback Agreement as decided in accordance with (a) above, and having regard to those Valid Buyback Offers and/or Advanced Buyback aAgreements which best meet the economic and operational requirements of the NI Network.

1.16.8. Premier Transmission may accept a Valid Buyback Offer in whole or in part with respect to the quantity of Firm Capacity which is the subject of the Buyback Offer.

1.16.9. Where Premier Transmission accepts a Buyback Offer or purchases Firm Capacity pursuant to an Advance Buyback Agreement it shall notify the Shipper(s) by issuing a Buyback Notification, specifying:

- (a) the identity of the Shipper;
- (b) the reference number of the Buyback Offer or Advance Buyback Agreement;
- (c) the Exit Point in respect of which the Buyback Offer is accepted and/or Firm Capacity is to be purchased pursuant to an Advance Buyback Agreement;
- (d) the Day for which the Firm Capacity is purchased;
- (e) the amount of Firm Capacity purchased;
- (f) the unit price to be paid for the Firm Capacity purchased; and

~~where applicable the Transporter will send a copy of the Buyback Notification to the Upstream System Operator.~~

~~1.16.10. Where Premier Transmission accepts a Buyback Offer or purchases Firm Capacity pursuant to an Advance Buyback Agreement it shall pay to the Shipper the price specified in the Buyback Offer or Advance Buyback Agreement. The Shipper shall notwithstanding any other provision of the Code remain liable for the PS Transmission Amounts in respect of the Firm Capacity purchased.~~

~~1.16.11. The amount of Firm Capacity purchased by Premier Transmission may vary from the amount specified in the Buyback Invitation.~~

~~1.16.12 Where Premier Transmission issues a Buyback Notification to a Shipper, it shall also issue a Firm Capacity Notice specifying the remaining Firm Capacity of the Shipper in respect of the relevant Day.~~

~~1.16.13. Premier Transmission shall not purchase Firm Capacity in relation to Belfast Gas Exit Point No 2 or Belfast Gas Exit Point No 3. Where the Downstream System Operator, pursuant to the OS Scheme and its network code, issues a Buyback Notification to a Shipper which is exiting the PTL System at Belfast Gas Exit Point No 2 or Belfast Gas Exit Point No 3, Premier Transmission will make a corresponding reduction of the Shipper's Firm Capacity on the PTL System and issue a revised Firm Capacity Notice accordingly.~~

~~1.16.14. This section 1.16 does not apply to Belfast Gas Exit Point No 4 or the Moffat Virtual Exit Point.~~

~~1.16.15 The Transporter's rights and obligations pursuant to Clause section 6 with respect to the declaration of a D-1 Predicted Capacity Shortfall, a Day D Capacity Shortfall issue of Flow Order or with respect to an Emergency shall not be affected by the availability of Oversubscription Capacity and/or the exercise or otherwise of Premier Transmission's right to purchase Firm Capacity in accordance with clause section 1.16.~~

## **1.17 Allocation of Capacity; Priority Order**

~~1.17.1 Premier Transmission shall allocate capacity to Shippers submitting Firm Capacity Applications, utilising capacity available pursuant to this Network Code as follows:~~

- ~~(a) firstly, Available Firm Capacity (excluding Oversubscription Capacity);~~
- ~~(b) secondly, Firm Capacity which becomes available pursuant to Section 1.11 (Surrender of Firm Capacity);~~
- ~~(c) thirdly, Firm Capacity which becomes available pursuant to the operation of procedures in Section 1.10 (Review of Firm Capacity – Long Term Use It or Lose It Mechanism); and~~
- ~~(d) fourthly, Oversubscription Capacity.~~

*Amend Section 12 to read as follows:*

## **12. CHARGES, PAYMENT AND TAX**

### **12.1 Introduction**

12.1.1 Premier Transmission shall, in accordance with the Licence, invoice monthly each Gas Supplier in respect of the PS Transmission Amounts that that Gas Supplier owes it and/or the PS Transmission Amounts that it owes that Gas Supplier in accordance with this section 12.

- 12.1.2 Premier Transmission shall subject to section 12.14 and 12.15, invoice each Shipper monthly in respect of PS Code Charges, ~~STC/VRF-STC/VRF/BB~~ Charges and any other relevant charges which the Shipper owes to it and/or it owes to the Shipper in accordance with this section 12.
- 12.1.3 All monies due under the Licence and this Code shall be invoiced and payable in accordance with this section 12.
- 12.1.4 A Shipper shall, notwithstanding any failure by Premier Transmission to deliver gas for offtake from the Transportation System in accordance with this Code or the Licence for whatsoever reason, be obliged to pay charges and amounts which it has agreed to pay in accordance with section 12.2 of this Code, subject only to section 6.11.12 (*Emergencies*).

## **12.2 Shipper payment obligations**

12.2.1 Subject to section 12.2.2, a Shipper which is a Gas Supplier:

- (a) subject to section 12.9.1, undertakes to pay to Premier Transmission those elements of the PS Transmission Amounts which Premier Transmission is entitled to recover from that Gas Supplier in accordance with the Licence; and
- (b) undertakes to pay to Premier Transmission the PS Code Charges which Premier Transmission is entitled to recover from that Gas Supplier in accordance with this Code; and
- (c) undertakes to pay to Premier Transmission the ~~STC/VRF-STC/VRF/BB~~ Charges which Premier Transmission is entitled to recover from that Gas Supplier in accordance with this Code.

12.2.2 A Transit Shipper:

- (a) shall not, subject to (b) below, be liable to pay Premier Transmission PS Transmission Amounts;
- (b) subject to section 12.9.1, undertakes to pay to Premier Transmission Monthly Postalised Capacity Payments in respect of Firm Capacity (excluding Daily Capacity) held by that Transit Shipper to the extent that that Transit Shipper reserves Firm Capacity on the PTL System, for Natural Gas in respect of which it does not reserve Firm Capacity on the Network of any Downstream System Operator;
- (c) undertakes to pay to Premier Transmission the PS Code Charges which Premier Transmission is entitled to recover from that Transit Shipper in accordance with this Code; and
- (d) undertakes to pay to Premier Transmission ~~STC/VRF-STC/VRF/BB~~ Charges to the extent that the Transit Shipper holds Daily Capacity on the PTL System for Natural Gas in respect of which it has not been allocated Daily Capacity on the Network of any Downstream System Operator.

12.2.3 A Shipper which is not a Gas Supplier undertakes to pay to Premier Transmission:

- (a) those charges which Premier Transmission is entitled to recover from that Shipper in accordance with the Licence;
- (b) the PS Code Charges which Premier Transmission is entitled to recover from that Shipper in accordance with this Code; and
- (c) the ~~STC/VRF-STC/VRF/BB~~ Charges which Premier Transmission is entitled to recover from that Shipper in accordance with this Code.

## 12.3 Premier Transmission payment obligations

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

## 12.4 Content of ~~STC/VRF~~ STC/VRF/BB Invoice

### 12.4.1 Each invoice which Premier Transmission issues to a Shipper in accordance with this section 12 in respect of ~~STC/VRF~~ STC/VRF/BB -Charges, together with any attachments thereto (a "~~STC/VRF~~ STC/VRF/BB Invoice"), shall set out the following:

- (a) the identity of the Shipper;
- (b) the period to which the ~~STC/VRF~~ STC/VRF/BB Invoice relates;
- (c) the information required to be stated in sections 12.4.2 and 12.4.3 and
- (d) a unique number by which the ~~STC/VRF~~ STC/VRF/BB-Invoice may be identified.

### 12.4.2 Each ~~STC/VRF~~ STC/VRF/BB-Invoice shall itemise the amounts due in respect of ~~STC/VRF~~ STC/VRF/BB Charges payable by that Shipper to Premier Transmission 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 12.16.1 (a)
  - (ii) Interruptible VRF Charges as defined in 12.16.1 (b)
  - (iii) Buyback Payments payable to the Shipper by Premier Transmission as defined in 12.16.1 (c); and
  - (iv) Incentive Scheme Payments payable to the Shipper by Premier Transmission as defined in 12.16.1(d); and-
  - (v) Deferred Buyback Payments as defined in 12.4.5;

(the amounts referred to at (i), (ii), (iii) and (iv) being known collectively as "~~STC/VRF~~ STC/VRF/BB Charge Amounts"); and

- (b) the amount payable in accordance with section 12.4.3; and
- (c) for the avoidance of doubt, the amounts identified on a ~~STC/VRF~~ STC/VRF/BB -Invoice which are payable from by the Shipper to Premier Transmission are to be credited by the Shipper to Premier Transmission and no amounts payable on a ~~STC/VRF~~ STC/VRF/BB Invoice are to be credited to the PTL Postalised Network Disbursement Bank Account or the PTL Postalised Network Incentive Scheme Bank Account.

12.4.3 The total amount payable by the Shipper in respect of ~~STC/VRF~~STC/VRF/BB Charge Amounts shall be stated in the ~~STC/VRF~~STC/VRF/BB Invoice and shall be calculated as follows:

- (a) the sum of the amounts detailed in section 12.4.2 (a) (i) and (ii) which are due to Premier Transmission less the sum of the amounts detailed in section 12.4.2 (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 section 12.12

provided that if any payment of ~~STC/VRF~~STC/VRF/BB Charge Amounts due to Premier Transmission under this Code remains unpaid after the Due Date, the next ~~STC/VRF~~STC/VRF/BB Invoice to be issued by Premier Transmission 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.

12.4.3A Where the sum of 12.4.2 (a) (iii) and (iv) exceeds the sum of 12.4.2 (a) (i) and (ii), this section 12.4.3A shall, subject to section 12.11.1, apply instead of section 12.4.3 so that the total amount payable by Premier Transmission 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 section 12.4.2 (a) (iii) and (iv) which are payable to the Shipper; less
- (b) the sum of the amounts detailed in section 12.4.2 (a) (i) and (ii) which are payable to Premier Transmission; plus
- (c) the applicable VAT.

12.4.4 The provisions of this section 12.4 shall be applied, mutatis mutandis, to any Shipper which is not a Gas Supplier and adjusted to reflect those charges which such Shipper has agreed to pay in accordance with section 12.2.3(c).

12.4.5 Premier Transmission 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 Premier Transmission, BGE(UK) and/or Belfast Gas (as the case may be) has not been received in accordance with the provision of the applicable Code or where applicable, the Postalised Network Incentive Payment 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 12.4.3 and 12.4.3A the amount of any Deferred Buyback Payments specified in any STC/VRF/BB Invoice shall be disregarded and the provisions of the relevant clause 12.4.3 and 12.4.3A shall apply as if the Deferred Buyback Payment were excluded from the applicable STC/VRF/BB Invoice.

12.4.6 A Deferred Buyback Payment shall cease to be a Deferred Buyback Payment and shall again be a Buyback Payment when Premier Transmission, BGE(UK) and/or Belfast Gas as the case may be receives the relevant Unpaid OS Amount. Premier Transmission 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 Premier Transmission determines.

## 12.5 Content of PS Invoice

12.5.1 Each invoice which Premier Transmission issues to a Gas Supplier in accordance with this section 12 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 sections 12.5.2, 12.5.3 and 12.5.4; and
- (d) an unique number by which the PS Invoice may be identified

12.5.2 Each PS Invoice shall itemise the amounts due in respect of PS Transmission Amounts payable by that Gas Supplier to Premier Transmission, or by Premier Transmission to that Gas Supplier, and in either case, in accordance with the Licence, by detailing, on a separate line, any sums due for each of the following:

- (a)
  - (i) Monthly Postalised Capacity Payment;
  - (ii) Monthly Postalised Commodity Payment;
  - (iii) Supplemental Payment;
  - (iv) Auxiliary Payment;
  - (v) Debt Payment;
  - (vi) Reconciliation Payment payable by the Gas Supplier to Premier Transmission;
  - (vii) Reconciliation Payment payable by Premier Transmission to the Gas Supplier; and
  - (viii) Debt Repayment;

(known collectively as "**PS Transmission Amounts**")

(b) the amount payable in accordance with section 12.5.3(c) and 12.5.4(c); and

(c) the amount of tax payable in accordance with sections 12.5.3, 12.5.4 and 12.12

provided that if any payment of PS Transmission Amounts due to Premier Transmission under this Code remains unpaid after the Due Date a PS Invoice 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.

12.5.3 Notwithstanding section 12.2 but subject to section 12.5.4, 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 section 12.5.3 as:

- (a) the sum of the amounts detailed in sections 12.5.2(a)(i), (ii), (iii), (iv), (v) and (vi); less
- (b) the sum of the amounts detailed in sections 12.5.2(a)(vii) and (viii); plus
- (c) the applicable VAT; plus



- (d) any tax payable on the sum of (a) less (b) in accordance with section 12.12 (apart from that payable under (c)).
- 12.5.4 Notwithstanding section 12.2 but subject to section 12.11.1, where the sum of the figures referred to in section 12.5.3(a) less those figures referred to in section 12.5.3(b) is a negative value, this section 12.5.4 shall apply instead of section 12.5.3 so that the total amount payable by Premier Transmission in respect of PS Transmission Amounts shall be stated in the PS Invoice and shall be calculated in accordance with this section 12.5.4 as:
- (a) the sum of the amounts detailed in sections 12.5.2(a)(vii) and (viii); less
  - (b) the sum of the amounts detailed in sections 12.5.2(a)(i), (ii), (iii), (iv), (v) and (vi); plus
  - (c) the applicable VAT; plus
  - (d) any tax payable on the sum of (a) less (b) in accordance with section 12.12 (apart from that payable under (c)).
- 12.5.5 The provisions of this section 12.5 shall be applied, *mutatis mutandis*, to any Shipper which is not a Gas Supplier and adjusted to reflect those charges which such Shipper has agreed to pay in accordance with section 12.2.3 (a).

## **12.6 Content of CC Invoice**

- 12.6.1 Each invoice which Premier Transmission issues to a Shipper in accordance with this section 12 in respect of PS 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 sections 12.6.2, 12.6.3 and 12.6.4, and
  - (d) an unique number by which the CC Invoice may be identified.
- 12.6.2 Each CC Invoice shall itemise the amounts due in respect of PS Code Charges payable by that Shipper to Premier Transmission, or by Premier Transmission to that Shipper, by detailing, on separate lines, any sums due from or to the Shipper for each of the following:
- (a) amounts which Premier Transmission shall credit to or debit from the PTL Postalised Network Disbursement Bank Account as set out in Section 5.3.
  - (b) outstanding PS Code Charges;
  - (c) Enhanced Pressure charges;
  - (d) any other sums payable under the Code by or to the Shipper; including any other sums payable under this Code (save PS Transmission Amounts and ~~STC/VRF~~ STC/VRF/BB Charges) and which amounts are not pursuant to this Code to be credited to or debited from the PTL Postalised Network Disbursement Bank Account;
  - (e) the amount payable in accordance with section 12.6.3(c); and

- (f) for the avoidance of doubt, the CC invoice shall identify separately those amounts which are to be credited by the Shipper to the PTL Postalised Network Disbursement Bank Account and those amounts which are to be credited by the Shipper to Premier Transmission.
- 12.6.3 Subject to section 12.6.4, the total amount payable by the Shipper in respect of PS Code Charges, shall be stated in the CC Invoice and shall be calculated as follows:
- (a) the sum of the amounts detailed in section 12.6.2 (a) which are due to Premier Transmission; less
  - (b) the sum of the amounts detailed in section 12.6.2 (a) which are due to the Shipper; plus
  - (c) the applicable VAT.
- 12.6.4 Where the sum of 12.6.3 (a) less 12.6.3 (b) is a negative value, this section 12.6.4 shall, subject to section 12.11.1, apply instead of section 12.6.3 so that the total amount payable by Premier Transmission to the Shipper in respect of PS Code Charges shall be stated in the CC Invoice and shall be calculated as follows:
- (a) the sum of the amounts detailed in section 12.6.2 (a) which are payable to the Shipper; less
  - (b) the sum of the amounts detailed in section 12.6.2 (a) which are payable to Premier Transmission; plus
  - (c) the applicable VAT.

## 12.7 Outstanding PS Code Charges

- 12.7.1 Premier Transmission shall be entitled to recover monies in respect of all PS Code Charges due and owing from a Shipper in accordance with section 12.7.2 from all other Shippers in accordance with this section 12.7.
- 12.7.2 If any payment of PS Code Charges due to Premier Transmission under this Code, remains unpaid in whole or in part, after:
- (a) the Due Date; and
  - (b) Premier Transmission has taken any steps available to it under this 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

Premier Transmission shall, subject to section 12.7.6, be entitled to recover the outstanding payment (the “**Outstanding PS Code Charges**” which expression shall include any sum which Premier Transmission is entitled to recover in accordance with this section 12.7) in accordance with section 12.7.3, 12.7.4 and 12.7.5.

### 12.7.3 Premier Transmission shall:

- (a) be entitled to recover from a Shipper a proportion of the aggregate of all Outstanding PS 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 twelve (12) equal instalments not later than ten (10) Business Days after the end of each Month; and

- (b) deposit any such Outstanding PS Code Charges recovered from a Shipper in a separate interest bearing account and apply all sums, including interest, in such account in accordance with section 12.7.7.
- 12.7.4 The proportion of such amount that Premier Transmission shall recover from each Shipper shall be the proportion that the aggregate of the relevant Shipper's Firm Allocated Quantities and Interruptible Allocated Quantities (if relevant) in respect of the Month in respect of which the relevant payment was not made bears to the aggregate of all Shipper's Firm Allocated Quantities and Interruptible Allocated Quantities (if relevant) in respect of such Month provided that in any Month in which such quantities shall all be zero (0) each Shipper shall be deemed to have a Firm Allocated Quantity of one (1) MWh in relation to each Exit Point in respect of which it has an Exit Point Registration.
- 12.7.5 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 Premier Transmission under this Code in respect of PS Code Charges remaining unpaid after the Due Date shall, upon such event occurring, be an Outstanding PS Code Charge recoverable in accordance with this section 12.7.
- 12.7.6 Premier Transmission shall, to the extent that it recovers any Outstanding PS 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 PS Code Charges was recovered pro rata to the proportions in which the Outstanding PS Code Charges was recovered provided that no Shipper shall be entitled to receive any sum greater than the amount it actually paid to Premier Transmission in respect of such Outstanding PS Code Charges.
- 12.7.7 A Shipper acknowledges that Premier Transmission shall, and Premier Transmission agrees to, apply all sums deposited in and interest earned on the account referred to in section 12.7.3 (b) in making an immediate payment of the Outstanding PS Code Charges due to Premier Transmission; or shall credit the relevant amounts to the PTL Postalised Network Disbursement Bank Account.

## **12.8 Periods of Invoicing**

- 12.8.1 Each Month Premier Transmission shall subject to 12.14. and 12.15, as soon as reasonably practicable and in any event not later than the tenth (10<sup>th</sup>) Business Day after the end of each Month (the "**Invoice Day**"), submit a PS Invoice, a CC Invoice and a ~~STCA/VRF~~ STC/VRF/BB Invoice to each Shipper.
- 12.8.2 The provisions of section 12.8.1 shall be applied, *mutatis mutandis* subject to 12.14 and 12.15, to the invoice to be submitted by Premier Transmission to any Shipper which is not a Gas Supplier in respect of those charges which such Shipper has agreed to pay in accordance with section 12.2.3 (a).

## **12.9 Payment**

- 12.9.1 A Shipper shall:
  - (a) pay to the PoT Account any balance specified in a PS Invoice in accordance with section 12.5.3 by the Due Date provided that this obligation shall not be satisfied by any payment by a Shipper to Premier Transmission of any such balance specified in a PS Invoice; and

- (b) pay to Premier Transmission any balance specified in a CC Invoice in accordance with 12.6.3 by the Due Date; and
- (c) pay to Premier Transmission any balance specified in a ~~STC/VRF~~ STC/VRF/BB Invoice in accordance with 12.4.3 by the Due Date.

12.9.2 Premier Transmission shall:

- (a) pay to a Gas Supplier any balance specified in a PS Invoice in accordance with section 12.5.4 by the eighth (8<sup>th</sup>) Business Day following the Due Date; and
- (b) pay to the Shipper any balance specified in a CC Invoice in accordance with section 12.6.4 by the Due Date.
- (c) pay to the Shipper any balance specified in a STC/VRF/BB Invoice in accordance with section 12.4. by the Due Date.

12.9.3 All payments made under this 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 Premier Transmission 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) the PTL Postalised Network Disbursement Bank 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 Premier Transmission may, from time to time, give a Shipper written notice:  
  
Account name: The Disbursement Account  
  
Bank: [to be notified in writing]  
  
Sort Code: [to be notified in writing]  
  
Account number: [to be notified in writing]
- (c) Premier Transmissions account shall be made in Pounds Sterling by direct bank transfer or equivalent instantaneous transfer of funds to such account as Premier Transmission may from time to time give a Shipper written notice of:-  
  
Account Name: [to be notified in writing];

12.9.4 Any payment under this 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 Premier Transmission written notice.

12.9.5 All amounts payable under this 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 this 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.

12.9.6 The provisions of this section 12.9 shall be applied, *mutatis mutandis*, to payments of each invoice to be submitted by Premier Transmission to any Shipper which is not a Gas Supplier in respect of those charges which such Shipper has agreed to pay in accordance with section 12.2.3 (a) save that such invoiced amounts shall be paid to Premier Transmission and to such account (not, for the avoidance of doubt, being the PoT Account) as Premier Transmission may, from time to time, give the Shipper written notice of.

## 12.10 Interest

If a Shipper or Premier Transmission fails to pay any sum due in accordance with this section 12 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 section 12.11.3), interest on such overdue amount shall accrue, both before and after judgement, at LIBOR plus 3% compounded monthly from the Due Date until the date payment is made.

## 12.11 Set off and disputed invoices

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

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

12.11.3 Where any sum invoiced in a CC Invoice is the subject of a bona fide dispute and the Shipper provides Premier Transmission with full details of the reasons as to why the disputed portion is disputed within fourteen (14) Business Days of receipt by the Shipper of the CC Invoice to which the dispute relates, the Shipper or Premier Transmission, 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 seven (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 judgement) at LIBOR plus 3% compounded monthly from such Due Date until the date payment is made.

## 12.12 Taxes and withholdings

12.12.1 If, in respect of any payment to be made to the PoT Account or Premier Transmission 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 Premier Transmission, as appropriate, such additional amounts as will ensure that the net aggregate amount received into the PoT Account or by Premier Transmission will be equal to that which would have been received had no deduction or withholding been made.
- 12.12.2 All amounts expressed as payable by a Shipper under this 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.
- 12.12.3 A Shipper shall be responsible for the payment of any taxes, duties or other levies imposed on Premier Transmission, whether or not at the time of entering into this Code, in relation to the delivery, transportation, offtake, supply, or other disposition of its gas in connection with this Code other than Premier Transmission's corporation tax.
- 12.12.4 A Shipper shall indemnify, keep indemnified and hold harmless Premier Transmission 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 12.12.3 and any fines, penalties, or interest which may be charged to or claimed or demanded from Premier Transmission in connection with the non-payment or delayed payment of such taxes by the Shipper.
- 12.12.5 A PS Invoice, a CC Invoice and a ~~STC/VRF~~ **STC/VRF/BB** Invoice shall include the amount of any fiscal imposts, taxes, VAT (or similar imposts), duties or levies imposed, whether or not in effect at the time of the parties entering into this Code, upon delivery, transportation, offtake, supply, appropriation or other disposition of a Shipper's gas.
- 12.12.6 If Premier Transmission is required to pay any sum to a Shipper in accordance with this 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.

### **12.13 Audit**

- 12.13.1 A Shipper or PS Gas Supplier may, upon reasonable notice and during reasonable hours, subject to section 19 (Confidentiality) and any obligations of confidentiality to which Premier Transmission is subject, have an independent auditor of international repute, examine the books and records of Premier Transmission to the extent necessary to verify the accuracy of any accounting statement, charge or computation made in accordance with this Code provided that:
- (a) the Shipper or PS Gas Supplier has exercised its right under this section 12.13 by giving written notice to Premier Transmission whilst it is, or within twenty-four (24) months of it ceasing to be, a Shipper;
  - (b) such books and records need not be preserved longer than a period of six (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 Premier Transmission shall within forty (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 Premier Transmission or the Shipper or PS Gas Supplier (as appropriate) shall, within fourteen (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.



12.13.2 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 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).

#### **12.14 Charges, Payment and Tax at Belfast Gas Exit Point No 2, Belfast Gas Exit Point No 3 and Belfast Gas Exit Point No 4**

12.14.1 Premier Transmission shall not invoice monthly Shippers at Belfast Gas Exit Point No 2, Belfast Gas Exit Point No 3 and Belfast Gas Exit Point No 4 in accordance with this section 12 in respect of;

- (i) Balancing Charges;
- (ii) Scheduling Charges;
- (iii) monies to be charged or credited to such Shippers in respect of the purchase or sale of Balancing Gas;
- (iv) Disbursement Amounts;
- (v) Daily Capacity Charges, and
- (vi) Interruptible VRF Charges

BGE(UK) shall invoice such charges monthly to Shippers exiting the PTL System at Belfast Gas Exit Point No 2, Belfast Gas Exit Point No 3 and Belfast Gas Exit Point No 4 under the BGE(UK) Code in respect of Entry and Exit to the NI Network and in agreement with section 7 of the NINOA.

12.14.2 In the event that BGE(UK) does not invoice monthly Shippers exiting the PTL System at Belfast Gas Exit Point No 2, Belfast Gas Exit Point No 3 and/or Belfast Gas Exit Point No 4 in respect of charges under section 12.14.1, Premier Transmission shall apply section 12 to such Shippers in respect of the PTL System.

12.14.3 For the avoidance of doubt Premier Transmission shall be entitled to assume that BGE(UK) has not invoiced charges under section 12.14.1 if Premier Transmission does not receive written confirmation from BGE(UK) that BGE(UK) has so invoiced such charges by the twelfth (12<sup>th</sup>) day after the month end, (“M+12”).

12.14.4 Premier Transmission shall not invoice monthly Shippers at Belfast Gas Exit Point No 1 in respect of ~~STC/VRF~~~~STC/VRF/BB~~ Charges. Belfast Gas shall invoice ~~STC/VRF~~~~STC/VRF/BB~~ Charges monthly to Shippers exiting the PTL System at Belfast Gas Exit Point No 1 under the Belfast Gas Code and in accordance with its Licence.

12.14.5 Premier Transmission shall invoice monthly Shippers at Belfast Gas Exit Point No 1 in respect of PS Code Charges in accordance with section 12.6.

#### **12.15 Invoicing Unauthorised Flow Charges at Belfast Gas Exit Point No 2, Belfast Gas Exit Point No 3, Belfast Gas Exit Point No 4 and the Lisburn Exit Point**

12.15.1 Premier Transmission shall request BGE(UK) to invoice Unauthorised Flow Charges calculated



under section 4.6 in respect of Shippers Exiting the PTL System at Belfast Gas Exit Point No 2, Belfast Gas Exit Point No 3, and Belfast Gas Exit Point No 4.

12.15.2 In the event that BGE(UK) does not invoice monthly Shippers exiting the PTL System at Belfast Gas Exit Point No 2, Belfast Gas Exit Point No 3 and Belfast Gas Exit Point 4 in respect of charges under section 12.15.1, Premier Transmission shall apply 12.15.1 to such Shippers.

12.15.3 For the avoidance of doubt Premier Transmission shall be entitled to assume that BGE(UK) has not invoiced charges under section 12.15.2 if Premier Transmission does not receive written confirmation from BGE(UK) that BGE(UK) has so invoiced such charges by the twelfth (12<sup>th</sup>) day after the month end, ("M+12").

12.15.4 Upon receipt of a request from BGE(UK), Premier Transmission may invoice a Shipper for any Unauthorised Flow Charge calculated pursuant to the BGE(UK) Code in respect of the Lisburn Exit Point. Premier Transmission shall invoice such a charge to the party holding Capacity at Belfast Gas Exit Point 1.

## 12.16 ~~STC/VRF~~ STC/VRF/BB Charges

12.16.1 In this Code, ~~STC/VRF~~ STC/VRF/BB Charges comprise:

- (a) **"Daily Capacity Charges"** which shall be payable in respect of capacity which is applied for and allocated in accordance with sections 1.4 and 1.5 respectively, 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 to make Interruptible VRF Nominations;:-
- (c) "Buyback Payments" which shall be payable by Premier Transmission to a Shipper in respect of Firm Capacity which is purchased in accordance with section 1.16 and for the avoidance of doubt is not otherwise a PS Transmission Amount; and
- (d) "Incentive Scheme Payments" which shall be payable by Premier Transmission to a Shipper in accordance with the OS Scheme.

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

## 12.17 PTL Postalised Network Incentive Scheme Bank Account

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

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

- (ii) all monies received from BGE(UK) and/or Belfast Gas in accordance with the Postalised Network Incentive Payments Procedure for the purpose of reconciling the PTL Postalised Network Incentive Scheme Bank Account, the Belfast Gas 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 PTL Postalised Network Incentive Scheme Bank Account; and
  - (iv) any other monies which Premier Transmission reasonably determines should be credited thereto;-
- (b) pay from the PTL 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) and/or Belfast Gas in accordance with the Postalised Network Incentive Payments Procedure for the purpose of reconciling the PTL Postalised Network Incentive Scheme Bank Account, the Belfast Gas Postalised Network Incentive Scheme Bank Account and the BGE(NI) Postalised Network Incentive Scheme Bank Account;
  - (iv) any interest payable in respect of the PTL Postalised Network Incentive Scheme Bank Account or in respect of amounts to be discharged therefrom; and
  - (v) any other monies which Premier Transmission reasonably determines should be so debited.
- (c) The Postalised Network Incentive Payments Procedure shall include provisions whereby:
- (i) the revenues received by Premier Transmission in respect of Oversubscription Capacity (which are invoiced as part of Daily Capacity Charges pursuant to section 12.4) shall be calculated;
  - (ii) the Incentive Scheme Payments payable to shippers on the ~~Postalised System~~NI Network (including Shippers) shall be calculated;
  - (iii) the Incentive Scheme Payments payable to Premier Transmission, Belfast Gas and BGE(NI) shall be calculated; and
  - (iv) reconciliation amounts between the PTL Postalised Network Incentive Scheme Bank Account, the Belfast Gas Postalised Network Incentive Scheme Bank Account and the BGE(NI) Postalised Network Incentive Scheme Bank Account shall be calculated.

### 13: CREDIT PROCEDURES

*Amend Sections 13.2 to 13.5 to read as follows*

#### 13.2 Calculation of Required Level of Credit Support

13.2.1 Subject to section 13.2.4 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 twelve (12) Months on the PTL System calculated in accordance with section 13.2.2; plus
- (b) a forecast of the PS Code Charges that the Prospective Shipper or Shipper will incur during the next twelve (12) Months on the NI network calculated in accordance with section 13.2.3; plus
- (c) a forecast of the ~~STCA/VRF~~ STC/VRF/BB Charges that the Prospective Shipper or Shipper will incur during the next twelve (12) Months on the PTL System calculated in accordance with section 13.2.4.

13.2.2 Premier Transmission shall forecast the Forecast Postalised Charges that a Shipper or Prospective Shipper is likely to incur in the next twelve (12) Months (the “**Credit Period**”) based only upon the following:

- (a) the sum of:
  - (i) the higher of:
    - (aa) the Shipper's or Prospective Shipper's estimate forecast in accordance with section 13.1.2 (a); and
    - (bb) the Forecast Supplier Quantity which Premier Transmission reasonably estimates that the Shipper or Prospective Shipper will Exit from Premier Transmission's System during the Credit Period; and
  - (ii) the higher of:
    - (aa) the Shipper's or Prospective Shipper's forecast in accordance with section 13.1.2 (b); and
    - (bb) the Firm Capacity (not including Daily Capacity) which Premier Transmission reasonably estimates that the Shipper or Prospective Shipper will hold during the Credit Period;
- (b) Premier Transmission'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 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 Exited 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 Licence.

- 13.2.3 Premier Transmission shall calculate forecast PS Code Charges as an amount equal to 80% of the Forecast Supplier Quantity calculated in accordance with section 13.2.2(a)(i) and section 7 of the NINOA plus the sum of the Shipper's Forecast VRF Quantity as provided by the Shipper or Prospective Shipper in accordance with 13.1.2 (e) multiplied by the Average PS Code Charge.
- 13.2.4 Premier Transmission shall calculate forecast ~~STC/VRF~~ **STC/VRF/BB** Charges as an amount equal to the Daily Capacity Charges which are likely to be incurred in accordance with sections 12.16.1(a) and 12.16.2 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 section 13.1.2 (d); and
  - (b) the Daily Capacity which Premier Transmission reasonably estimates that the Shipper or Prospective Shipper will hold in the Credit Period.
- 13.2.5 For the avoidance of doubt, a Transit Shipper's Required Level of Credit Support shall be calculated solely in accordance with section 13.2.3 and 13.2.4.

#### **Duration of Required Credit Support**

- 13.2.6 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 Premier Transmission 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 Premier Transmission 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.

### **13.3 Establishing a Provided Level of Credit Support**

#### **Acceptable forms of credit support**

- 13.3.1 Premier Transmission 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 section 13.3.2, 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 section 13.3.4;

- (b) subject to section 13.3.2, 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 section 13.3.4, which guarantee must, in any event, be given substantially in the form of the guarantee set out in Appendix 4, 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 there under 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 Premier Transmission and the Shipper;
  - (ii) require the signatures of a duly authorised representative of Premier Transmission in order to authorise any withdrawals;
  - (iii) revert in title to Premier Transmission in the event of Shipper default to the extent of amounts accrued and due to Premier Transmission 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 thirty (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 Premier Transmission in the form set out in appendix 4 parts I and II respectively or such other form as Premier Transmission may agree; and
- (e) depositing with Premier Transmission 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 Premier Transmission treasury bills with a maximum remaining term of no more than twelve (12) Months,

where "**Equivalent Agency**" means Fitch, IBCA, or Standard and Poors 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 Allowed Unsecured Credit**

13.3.2 The maximum amount of credit which Premier Transmission 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 section 13.3.3 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 section 13.3.3 under the column heading “Maximum Allowed Unsecured Credit” on the row corresponding to that Securer’s Notional S&P Credit Rating as determined by Premier Transmission in accordance with section 13.3.5,

where the “**Securer**” is the Shipper or Prospective Shipper (whichever is applicable) if the Unsecured Credit Support is provided under section 13.3.1(a), or the guarantor if the Unsecured Credit Support is provided under section 13.3.1(b).

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

Moody’s Credit Rating	Standard & Poor 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

13.3.4 Unsecured Credit Support provided by a Securer under 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 section 13.3.5:

- (a) Ratio ranges for Transmission Utilities

Ratio ranges for Transmission Utilities			
Accounting Ratio	Notional S&P Credit Rating		
	<u>AA</u>	<u>A</u>	<u>BBB</u>
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 Utilities

Ratio ranges for Distribution Utilities			
Accounting Ratio	Notional S&P Credit Rating		
	<u>AA</u>	<u>A</u>	<u>BBB</u>
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		
	<u>AA</u>	<u>A</u>	<u>BBB</u>
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		
	<u>AA</u>	<u>A</u>	<u>BBB</u>
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

13.3.5 Premier Transmission, acting reasonably, and taking into account a Securer's submissions under section 13.3.6(c), shall decide which Utility Categorisation applies to the Securer, shall reference the applicable table in 13.3.4(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
- (d) 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.

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

- (a) its most recently published set of annual audited accounts;
- (b) calculations of the Accounting Ratios specified in 13.3.4 cross referenced to such accounts;
- (c) a submission requesting one of the Utility Categorisations in 13.3.4 to be applied to it, based on the information set out in its annual audited accounts; and
- (d) any other information that Premier Transmission might reasonably request.

13.3.7 Premier Transmission shall provide to each Shipper and PS Gas Supplier and to the Authority annually on the first Business Day of October and on the demand of any Shipper or PS Gas Supplier within ten (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.

13.3.8 Premier Transmission, a Designated Pipe-line Operator or a Shipper may, at any time, call a Credit Committee meeting in accordance with 13.5.2, 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.

13.3.9 The Maximum Allowed Unsecured Credit values in this section 13.3 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 same month in the preceding Gas Year;

and increasing the Maximum Allowed Unsecured Credit figures listed in section 13.3.3, as amended for any previous Gas Years in accordance with this section 13.3.9, by that percentage difference.



- 13.3.10 Where a Shipper provides any form of Unsecured Credit Support as security it shall notify Premier Transmission 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.
- 13.3.11 If the Maximum Allowed Unsecured Credit permitted under section 13.3.2 (as adjusted from time to time under section 13.3.9) is less than the Required Level of Credit Support notified to the Shipper in accordance with section 13.4, the Shipper shall provide an amount of Secured Credit Support equal to at least the difference between those two figures.

**Maximum allowed secured credit**

- 13.3.12 The maximum amount of credit which Premier Transmission may grant to a Shipper or Prospective Shipper based on Secured Credit Support shall be limited to the value of the Secured Credit Support.

**Drawing on credit support**

- 13.3.13 If there is a downgrading in credit rating as described in section 13.6.2, the relevant Shipper shall (if Premier Transmission determines that the Shipper's Provided Level of Credit Support is less than the Required Level of Credit Support) comply with its obligations under section 13.4.2.
- 13.3.14 Premier Transmission 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~~ STC/VRF/BB Charge Amounts but not including PS Transmission Amounts) due by the relevant Shipper under the Code or its Accession Agreement; or
  - (c) the issuer of the guarantee or letter of credit ceases to hold the minimum credit rating specified in 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 in section 13.3.1(b) or 13.3.1(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 fifty (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 (1) Month prior to the scheduled date of expiry of such guarantee or letter of credit (or of any replacement or extension), Premier Transmission 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.

13.3.15 Premier Transmission 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.

13.3.16 Such part of the Excess Amount as is equal to the overdue amounts referred to in Section 13.3.14 (b) shall be paid into such bank account of Premier Transmission as is determined by Premier Transmission.

13.3.17

- (a) Premier Transmission shall procure that any balance of an Excess Amount (following payment of the sums specified in section 13.3.16, above) which remains after the making of the payment described in Section 13.3.16 shall be credited to an interest bearing account of Premier Transmission in the United Kingdom with a clearing bank and shall at all times be segregated from all other monies of Premier Transmission and shall be free from any encumbrance arising or subsisting in favour of any person other than Premier Transmission. Such amounts (and all interest thereon) shall be held on trust by Premier Transmission for the benefit of the Shipper and Premier Transmission 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.
- (b) Premier Transmission shall be entitled to withdraw amounts from such account and apply the same in each of the circumstances where Premier Transmission would otherwise have been entitled to make a demand under a letter of credit or guarantee pursuant to section 13.3.14 (a) or (b) had such an instrument been issued in its favour at such time but in no other circumstances. If notwithstanding this section (b) Premier Transmission withdraws any amount from the escrow account other than in such circumstances, Premier Transmission 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.
- (c) If at any time at which monies are so held by Premier Transmission on trust for the Shipper the Shipper provides to Premier Transmission a letter of credit or a guarantee for the amount then held on such trust which conforms with the provisions of Section 13.3.1(b) or 13.3.1(d), then Premier Transmission shall return to the Shipper all monies then so held by Premier Transmission on such trust. 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 Premier Transmission on such trust shall be returned to the Shipper.
- (d) The perpetuity period under the rule against perpetuities, if applicable to any trust arising pursuant to this section, shall be the period of eighty (80) years from the date of such trust arising.

#### **13.4 Determination of whether Required Level of Credit Support has been established**

13.4.1 Within ten (10) Business Days of receipt of a Credit Application (or from time to time pursuant to section 13.6) Premier Transmission shall determine and inform the Shipper or Prospective Shipper of that determination by issuing to it a notice in accordance with section 20.5 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.
- 13.4.2 A Shipper or Prospective Shipper whose Provided Level of Credit Support is less than its Required Level of Credit Support from time to time (including where Premier Transmission makes a determination to that effect following a re-assessment under section 13.6.2 (a), (b), (c), (d), (e) and/or (f)) shall, within ten (10) Business Days from the issue of such notice by Premier Transmission, provide such additional security as is required to meet the Required Level of Credit Support, failing which (an “**LPC Default**”) Premier Transmission may exercise any rights which are or become available to it under section 13.3.14 and, in the case of:
- (a) a Prospective Shipper, its Credit Application shall be rejected; and
  - (b) a Shipper, Premier Transmission shall convene a meeting of the Credit Committee in accordance with section 13.5.1(b).
- 13.4.3 A Shipper or Prospective Shipper whose Provided Level of Credit Support is less than its Required Level of Credit Support from time to time (where Premier Transmission makes a determination to that effect following a reassessment under section 13.6.1 (g)) shall have its application for Daily Capacity rejected 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 Premier Transmission's reassessment in accordance with section 13.6.1 (g).
- 13.4.4 In addition to section 13.4.3 in the case of a Shipper or Prospective Shipper who makes an application to Premier Transmission for Daily Capacity at the Belfast Gas Exit Point No 1 it shall be presumed that:
- (a) the Shipper's or Prospective Shipper's Provided Level of Credit Support is less than its Required Level of Credit Support if Belfast Gas notifies Premier Transmission in writing (following the re-assessment of Credit Support by Belfast Gas pursuant to the Belfast Gas Code and the Capacity Booking Optimisation Methodology in the context of the application) that the Provided Level of Credit Support (within the meaning of the Belfast Gas Code) of the Shipper or Prospective Shipper is less than its Required Level of Credit Support (within the meaning of the Belfast Gas Code); and
  - (b) if it is presumed pursuant to this section 13.4.4 that the Provided Level of Credit Support for a given Shipper is less than its Required Level of Credit Support in the context of any given application for Daily Capacity, Premier Transmission shall reject the application to the extent that its' prevailing Provided Level of Credit Support is less than its Required Level of Credit Support as advised by Belfast Gas.

## 13.5 Credit Committee

- 13.5.1 Without limitation to any party's rights and obligations to call meetings of the Credit Committee under other sections of this Code, Premier Transmission 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 PS Code Charge or ~~STC/VRF~~ STC/VRF/BB Charge Amount by any Shipper (an “**NPTP Default**”, an “**NPCC Default**” and an “~~NPSTC/VRF~~ NPSTC/VRF/BB **Default**” respectively); and/or
  - (b) if an LPC Default occurs in relation to that Shipper.

## 16: TERMINATION

*Amend Sections 16.2 to 16.5 to read as follows:*

### 16.2 Termination by Premier Transmission

16.2.1 Premier Transmission shall declare a **"Termination Default"**, if the Shipper:

- (a) fails to pay any sum due to Premier Transmission under a CC Invoice which is not the subject of a bona fide dispute in accordance with section 12.11:
  - (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 CC Invoices;
- (b) fails to pay any sum due to Premier Transmission under a PS Invoice:
  - (i) within fifteen (15) Business Days of the 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 PS Invoices;
- (bb) fails to pay any sum due to Premier Transmission under an ~~STC/VRF~~ 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~~ STC/VRF/BB Invoices;
- (c) having failed to submit a Nomination to Premier Transmission for a period exceeding twelve (12) months, does not hold at the relevant time any Firm Capacity, provided that Premier Transmission shall have first consulted with the Shipper and obtained its agreement or the agreement of the Authority to such termination;
- (d) having an Exit Point Registration in respect of an Exit Point in Northern Ireland, ceases to hold a valid Gas Supply Licence unless that Shipper has prior written consent from the Authority to either:
  - (i) hold Firm Capacity; or
  - (ii) have entitlement to Exit gas from the NI Network as if it had a Gas Supply Licence,

provided that the Shipper submits to Premier Transmission a copy of such consent from the Authority;

- (e) having 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.

- (f) is in LPC Default.

16.2.2 Within two (2) Business Days of a Termination Default occurring, Premier Transmission 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.

16.2.3 Notwithstanding the foregoing, where, within fifteen (15) Business Days of the date on which the Meeting Notice was sent by Premier Transmission under section 16.2.2, the Credit Committee has failed to decide Directions in respect of that Termination Default, Premier Transmission shall be entitled, with the Authority's consent, to terminate the relevant Accession Agreement by written notice.

16.2.4 Without limiting any other rights to terminate an Accession Agreement which Premier Transmission has under this Code, Premier Transmission shall be entitled to terminate any Accession Agreement with 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 section 16.2.1(c) with the relevant Shipper's consent, forthwith; and
- (d) if Premier Transmission's Licence is terminated, forthwith.

### 16.3 Termination by either party for breach

16.3.1 If Premier Transmission or a Shipper is in breach of section 16.3.2 (the "**Defaulting Party**") the party which is not in 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. Where the relevant breach is not to be referred to the Credit Committee as provided in this section, either party may terminate the relevant Accession Agreement in accordance with this section 16.3.

16.3.2 Premier Transmission or a Shipper is in breach of this section 16.3.2 if it is in breach of any of its obligations under this Code and that breach has a material adverse effect on the Non-Defaulting Party.

- 16.3.3 Subject to sections 16.3.1 and 16.3.4, at a meeting convened pursuant to section 16.3.1 the Credit Committee may direct the Non-Defaulting Party to send the Defaulting Party a notice (a **“Termination Notice”**) specifying the date on which the Accession Agreement is to be terminated.
- 16.3.4 If the breach, the subject of the Meeting Notice sent in accordance with section 16.3.1, is in the opinion of the Credit Committee capable of being remedied as determined in a Direction, 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 thirty (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 such Direction or in the Termination Notice in accordance with (b), above.
- 16.3.5 If the breach, the subject of the Meeting Notice sent in accordance with section 16.3.1, is not, in the opinion of the Credit Committee, capable of being remedied as determined in a Direction, the Termination Notice may, with the Authority’s consent, specify that the relevant Accession Agreement shall terminate forthwith or on any date thereafter.
- 16.3.6 Notwithstanding the foregoing, where, within fifteen (15) Business Days of the date on which the Meeting Notice was sent by Premier Transmission under section 16.3.1, the Credit Committee has failed to decide Directions in respect of that Termination Default, Premier Transmission shall be entitled, with the Authority’s consent, to terminate the relevant Accession Agreement by written notice.

#### **16.4 Termination by either party on liquidation**

- 16.4.1 Either party shall be entitled by written notice to the other to terminate the Accession Agreement forthwith in the event that:
- (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 or any security granted by the other party becomes enforceable;
  - (b) the other 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 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 thirty (30) Business Days;
  - (d) the other 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 section 16.4 occurs in relation to the other 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 a Direction of the Credit Committee shall have first been sought and fully complied with.

## **16.5 Consequences of termination**

16.5.1 Termination of an Accession Agreement in accordance with this section 16, shall not extinguish or relieve either party to that agreement from the performance of any obligation accrued under this Code as at the time of termination.

16.5.2 Upon termination by Premier Transmission under sections 16.2, 16.3 or 16.4 the following payments shall immediately fall due and payable by the Shipper (and the “**Due Date**” in relation to such payments shall for the purposes of this Code be the date of termination):

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



provided that, for the avoidance of doubt, in relation to a Transit Shipper, only amounts referred to in section 16.5.2(a)(ii), 16.5.2(a)(iii) and 16.5.2 (b) (iv) shall fall due and payable by that Transit Shipper.

## 20. GENERAL

*Amend Section 20.1 to read as follows:*

### **Communications**

#### **20.1 Gas Transportation Management and Billing System**

- 20.1.1 Premier Transmission proposes to establish an information exchange system for the purposes of supporting the implementation of this Code or any operational procedures established in respect of this Code or the operation of the PTL System (a **"GTMB System"**).
- 20.1.2 Premier Transmission proposes to establish an Ancillary System (the **"Ancillary System"**) for the purposes of supporting the implementation of the Capacity Booking Optimisation Methodology and the provision of Firm Capacity Notices in relation to Daily Capacity and Firm Capacity purchase pursuant to section 1.16. The Ancillary System shall, for the purposes of the Code, form part of the GTMB System.
- 20.1.3 Premier Transmission may, from time to time, prescribe which communications shall be made by the parties in respect of this Code or the operation of the PTL System using the GTMB System (a **"GTMBS Communication"**) and the form of any GTMBS Communication. For the avoidance of doubt, communications using the Ancillary System shall, for the purposes of the Code, be GTMBS Communications.
- 20.1.4 Subject to section 20.2, If Premier Transmission does so prescribe that a communication shall be a GTMBS Communication and the form of the GTMBS Communication, the communication may only be given by a Shipper by that means and in that form and any communication given by a Shipper by any other means or in any other form shall be deemed to have not been given for the purposes of this Code the operation of the PTL System.
- 20.1.5 Premier Transmission and each Shipper agrees that any GTMBS Communication shall have legal effect for the purposes of this Code.
- 20.1.6 The GTMB System may, upon giving a Shipper reasonable notice, be reasonably modified from time to time by Premier Transmission.

Amend Appendix 1 to read as follows

## APPENDIX 1

### DEFINITIONS AND INTERPRETATION

#### Part I - Definitions

In this Code:

<b>"Accession Agreement"</b>	means an agreement between Premier Transmission and a Shipper pursuant to which the Shipper agrees to be bound by this Code and which relates to the transportation of gas from the Moffat Entry Point to a single Exit Point;
<b>"Accounting Ratios"</b>	means FFO Interest Coverage and FFO to Total Debt;
<b>"Actual Monthly Charge"</b>	has the meaning given to it in Condition 2.1.5 of the Licence;
<b>"Adjusted Final Allocation at Entry"</b>	has the meaning given to it in section 9.1.2 (a);
<b>"Adjusted Final Allocation at Exit"</b>	has the meaning given to it in section 9.1.2 (b);
<b>"Adjusted Monthly Charge"</b>	has the meaning given to it in Condition 2.1.5 of the Licence;
<b>"Adjustment Amount"</b>	has the meaning given to it in section 12.13.2;
<b><u>"Advance Buyback Agreement"</u></b>	<u>has the meaning given to it in section 1.16.2;</u>
<b>"Affected Party"</b>	has the meaning given to it in section 15.1;
<b>"Affiliate"</b>	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 736 of the Companies Act 1985 as amended from time to time save that the expression in the section "a majority" shall be deemed to be "one half";
<b>"Aggregate Nominated Quantity"</b>	has the meaning given to it in section 2.1.4 (b) and <b>"Aggregate Nominated Quantities"</b> shall be construed accordingly;
<b>"Agg VRF Nom"</b>	has the meaning given to it in section 3.4.2 (b);
<b>"Allocated"</b>	means that quantity of gas allocated to a Shipper in respect of a Gas Flow Day, after any adjustment to the allocation, in accordance with section 3 and <b>"Allocation"</b> shall be construed accordingly;

<b>“Ancillary System”</b>	has the meaning given to it in section 20.1.2;
<b>“Authority”</b>	means the Northern Ireland Authority for Energy Regulation;
<b>"Auxiliary Payment"</b>	shall have the meaning given to it in the Licence;
<b>“Available Firm Capacity”</b>	has the meaning given to it in section 1.1.2 (a);
<b>"Available Interruptible Capacity”</b>	has the meaning given to it in section 2.1.4 (a);
<b>"Available Interruptible VRF Capacity”</b>	has the meaning given to it in section 2.1.4 (aa);
<b>"Average PS Code Charges"</b>	means the mean average Code Charge cost per unit of gas Exited from the NI Network, calculated in accordance with the procedure developed pursuant to the NINOA.
<b>“Balance”</b>	has the meaning given to it in section 4.1.1(e);
<b>"Balancing Charge"</b>	has the meaning given to it in section 4.1.1(b);
<b>“Balancing Gas”</b>	has the meaning given to it in section 5.2.1;
<b>“Ballylumford Exit Point”</b>	means the Exit Point located at Ballylumford power station from which gas is offtaken for the supply of gas to the power station;
<b>“Ballylumford Nomination”</b>	has the meaning given to it in section 2.1.4 (d);
<b>"bar"</b>	has the meaning given to it in ISO 1000: 1981 (E);
<b>“Belfast Gas”</b>	means Belfast Gas Transmission Limited;
<b>“Belfast Gas Code”</b>	means the network code prepared by Belfast Gas pursuant to its Licence;
<b>“Belfast Gas Exit Point No 1”</b>	means a notional point at the point of offtake from the Transportation System at Ballylumford shown in part II of appendix 3 in respect of which, inter alia, capacity is allocated for the purposes of submitting Belfast Gas Exit Point No 1 Nominations;
<b>“Belfast Gas Exit Point No 2”</b>	means a notional point at the point of offtake from the Transportation System at Ballylumford shown in part II of appendix 3 in respect of which, inter alia, capacity is allocated for the purposes of submitting Belfast Gas Exit Point No 2 Nominations;
<b>“Belfast Gas Exit Point No 3”</b>	means a notional point at the point of offtake from the Transportation System at Ballylumford shown in part II of appendix 3 in respect of which, inter alia, capacity is allocated for the purposes of submitting Belfast Gas Exit Point No 3 Nominations;

**“Belfast Gas Exit Point No 4”** means a notional point at the point of offtake from the PTL System at Ballylumford shown in part II of appendix 3 in respect of which, inter alia, capacity is allocated for the purposes of submitting Belfast Gas Exit Point No 4 Nominations;

**“Belfast Gas Exit Point No 1 Nomination”** has the meaning given to it in section 2.1.4 (f);

**“Belfast Gas Exit Point No 2 Nomination”** has the meaning given to it in section 2.1.4 (g);

**“Belfast Gas Exit Point No 3 Nomination”** has the meaning given to it in section 2.1.4 (h);

**“Belfast Gas Exit Point No 4 Interruptible VRF Nomination”** has the meaning given to it in section 2.1.4 (hh);

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

**“Belfast Gas System”** means the gas pipeline owned by Belfast Gas which connects the PTL System at Ballylumford in Northern Ireland to the BGE (UK) Downstream System at the Carrickfergus Connected Systems Point and Phoenix’s distribution network in the Greater Belfast area;

**“Belfast Network Exit Point”** means the points in Belfast at which gas exits the NI Network;

**“Belfast Metering Agreement”** means a deed of agreement made between Premier Transmission and Belfast Gas relating to the use of certain meter reading equipment;

**“BGE (NI) Postalised Network Disbursement Account”** has the meaning given to it in the BGE (UK) Code;

**“BGE (NI) Postalised Network Incentive Scheme Bank Account”** has the meaning given to it in the BGE (UK) Code;

**“BGE (UK)”** means BGE (UK) Limited;

**“BGE (UK) CODE”** means the Code governing the relationship between BGE (UK) Limited and its Shippers in respect of the BGE (UK) Downstream System;

**“BGE (UK) Downstream System”** means the pipeline owned and operated by BGE (UK) which connects the Belfast Gas System at the Carrickfergus Connected Systems

Point to the north west of Northern Ireland and to the South-North Interconnection Point;

**"BGE (UK) Indicative  
Firm Capacity Reduction  
Notice"**

means an indicative capacity reduction notice issued by BGE (UK) pursuant to the BGE (UK) ~~Network Code~~ in respect of a ~~Shipper~~ which holds firm capacity pursuant to the BGE (UK) ~~Network Code~~ and Firm Capacity at Belfast Gas Exit Point 2 or Belfast Gas Exit Point 3;

**"BGE (UK) Shipper"**

means a person shipping gas on the BGE (UK) Downstream System;

**"BGE (UK) Upstream System"**

means the pipeline and associated facilities operated by BGE (UK) connecting the national gas transmission system at Moffat to, inter alia, Twynholm in Scotland through which BGE (UK) transports gas for Premier Transmission pursuant to the BGE (UK) Transportation Agreement;

**"BGE (UK) Transportation Agreement"**

means the agreement dated 21 August 1996 made between BGE (UK) and Premier Transmission pursuant to which BGE (UK) transports gas for Premier Transmission through the BGE (UK) Upstream System;

**"Business Day"**

means a day (other than a Saturday or Sunday) on which banks are generally open for business in Belfast;

**"Buyback Cap"**

has the meaning given to it in the OS Scheme;

**"Buyback Invitation"**

has the meaning given to it in section 1.16.3;

**"Buyback Offer"**

has the meaning given to it in section 1.16.4;

**"Buyback Notification"**

has the meaning given to it in section 1.16.8;

**"Buyback Payments"**

has the meaning given to it in section 12.16.1 (c)

**"Calorific Value"**

means that number of Megajoules produced by the complete combustion at a constant absolute pressure of 1.01325 bar of 1 Cubic Meter 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 at 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);

**"Capacity Booking**

**Optimisation Methodology"**

means the document of that name in a form from time to time approved by the Authority and published by the Designated Pipeline

	Operators in the form so approved which sets out the principles for the allocation of Daily Capacity;
<b>"Capacity Shortfall Year"</b>	has the meaning given to it in section 1.8.2;
<b>"Capacity Transfer"</b>	has the meaning given to it in section 1.12.1;
<b>"Capacity Transfer Application"</b>	has the meaning given to it in section 1.12.4;
<b>"Carrickfergus Connected Systems Point"</b>	means the point at Carrickfergus at which the Belfast Gas System connects with the BGE (UK) Downstream System;
<b>"Carrickfergus Virtual Entry Point"</b>	has the meaning given to it in section 7.1.3;
<b>"Charges"</b>	means any charge payable to/from Premier Transmission either under its Licence or this Code and/or in accordance with the Charging Methodology Statement;
<b>"Charging Methodology Statement"</b>	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 so approved which sets out the basis for the calculation of <del>STC/VRF</del> <u>STC/VRF/BB</u> Charges;
<b>"CC Invoice"</b>	has the meaning given to it in section 12.6.1;
<b>"Code" or "Transportation Code"</b>	means this code governing the relationship between Premier Transmission and a Shipper in relation to the transportation of gas on the Transportation System;
<b>"Competent Authority"</b>	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 Premier Transmission or a Shipper regarding the subject matter of this Code;
<b>"Confidential Information"</b>	has the meaning given to it in section 19.1.1;
<b>"Connected Facilities"</b>	means the facilities immediately downstream of an Exit Point whether or not owned by a Shipper;
<b>"Connected System"</b>	means any transportation system connected to the Transportation System;
<b>"Connected System Operator"</b>	means the operator of a Connected System;

<b>"CPI"</b>	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;
<b>“Credit Application”</b>	has the meaning given to it in section 13.1.2;
<b>"Credit Committee"</b>	shall have the meaning given in the Terms of Reference;
<b>"Credit Period"</b>	shall have the meaning given it in Section 13.2.2;
<b>"D"</b>	has the meaning given to it in section 3.2.1;
<b>"D-1 "</b>	has the meaning given to it in section 2.4.3 (b);
<b>“D-1 Predicted Capacity Shortfall”</b>	has the meaning given to it in section 6.2.1;
<b>"D+1"</b>	has the meaning given to it in section 3.2.1;
<b>"D+5"</b>	has the meaning given to it in section 3.2.2;
<b>“Daily Capacity”</b>	has the meaning given to it in section 1.1.2 (b);
<b>“Daily Capacity Application Window”</b>	has the meaning given to in section 1.4.1;
<b><u>"Daily Capacity Charges"</u></b>	<u>has the meaning given to it in <a href="#">section 12.16.1 (a)</a></u>
<b>"Daily Gas Price"</b>	has the meaning given to it in section 4.1.1 (a);
<b>“Daily Gas Quantity”</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>“Daily Profile”</b>	has the meaning given to it in section 2.12.2 and 2.12.3;
<b>"Day"</b>	means a period beginning at 06:00 hours on any day and ending at 06:00 hours on the following day;
<b>“Day D Capacity Shortfall”</b>	has the meaning given to it in section 6.3.1;
<b>"Day of Greatest Allocated Quantity"</b>	has the meaning given to it in section 1.10.1 (b);
<b>"Debt Notice"</b>	shall have the meaning given to it in the Licence;
<b>"Debt Payment"</b>	shall have the meaning given to it in the Licence;
<b>"Debt Repayment"</b>	shall have the meaning given to it in the Licence;
<b>“Default”</b>	has the meaning given to it in section 13.5.1;



<b>“Default Nomination Notice”</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>“Default Renomination Notice”</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>“Defaulting Party”</b>	has the meaning given to it in section 16.3.1;
<b><u>“Deferred Buyback Payment”</u></b>	<u>has the meaning given to it in section 12.4.5;</u>
<b>“Delivery Characteristics”</b>	means the characteristics of gas delivered or tendered for delivery to the Transportation System in respect of which Gas Specification apply;
<b>"Designated Pipe-line Operator"</b>	means a person licensed to convey gas under Article 8(1)(a) of the Order through the Postalised System;
<b>"Designation Date"</b>	shall have the meaning given to it in the Licence;
<b>"Directions"</b>	means any direction made by the Credit Committee in accordance with the Terms of Reference;
<b>"Directive"</b>	means any present or future directive, regulation, request, requirement, instruction, code of practice, direction or rule of any Competent Authority (but only, if not having the force of law, if it is reasonable in all the circumstances for it to be treated as though it had legal force), and any modification, extension or replacement thereof;
<b>“Disbursement Amount”</b>	shall mean a Shippers share of the excess or deficit in the PTL Postalised Network Disbursement Bank Account and the BGE(NI) Postalised Network Disbursement Account calculated in accordance with the NINOA and the Postalised Network Disbursement Procedure;
<hr/>	
<b>"Disclosing Party"</b>	has the meaning given to it in section 19.1.2;
<b>"Dispute"</b>	has the meaning given to it in section 21.2.1;
<b>"Dispute Notice"</b>	has the meaning given to it in section 21.2.2;
<b>"Distribution Utility"</b>	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;
<b>“Downstream Load Category”</b>	has the meaning given to it in section 4.2.1 and <b>"Downstream Load Category No 1"</b> and so on shall be construed accordingly;
<b>“Downstream Load Statement”</b>	has the meaning given to it in section 17.7.1;

<b>"Downstream Supplier"</b>	means a Gas Supplier which is downstream of a Connected System;
<b>"Downstream System Operator"</b>	means the operator of a system which is downstream of a Connected System;
<b><u>"Downstream Surrender Application"</u></b>	<u>has the meaning given to it in section 1.11.3;</u>
<b>"Due Date"</b>	means the date on which payment of an invoice in respect of any PS Transmission Payment, PS Code Charges and <del>STC/VRF</del> <u>STC/VRF/BB</u> 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 Section 16 has the meaning therein;
<b>"Eligible Pass-Through Cost"</b>	has the meaning given to it in the Licence;
<b>"Emergency"</b>	has the meaning given to it in section 6.5.2;
<b>"Emergency Steps"</b>	has the meaning given to it in section 6.6.1;
<b>"End User"</b>	means any person listed in part I of appendix 3;
<b>"Enhanced Pressure"</b>	has the meaning given to it in section 8.3.2;
<b>"Entry Allocations"</b>	means the quantities of gas Allocated to Shippers in respect of an Entry Point;
<b>"Entry Point"</b>	has the meaning given to it in section 7.1.4;
<b>"Entry Point Adjustment Day"</b>	has the meaning given to it in section 9.1.2 (c);
<b>"Exit Point Registration Extension Application"</b>	has the meaning given to it in section 17.4.8;
<b>"Entry Quantity"</b>	has the meaning given to it in section 9.2.1;
<b>"Equivalent Agencies"</b>	has the meaning set out in section 13.3.1;
<b>"Equivalent Agency"</b>	shall have the meaning given to it in section 13.3.1;
<b>"Equivalent Rating"</b>	shall have the meaning given to it in section 13.3.1;
<b>"Excess Amount"</b>	has the meaning given to it in section 13.3.15;
<b>"Existing Transportation Agreement"</b>	has the meaning given to it in section 20.13;
<b>"Exit Point"</b>	has the meaning given to it in section 8.1.3;
<b>"Exit Point Adjustment Day"</b>	has the meaning given to it in section 9.6.2;

<b>"Exit Point Adjustment Quantity"</b>	has the meaning given to it in section 9.6.2(a);
<b>"Exit Point Registration"</b>	has the meaning given to it in section 17.4.1;
<b>"Exit Point Registration Application"</b>	has the meaning given to it in section 17.4.3;
<b>"Exit Point Tolerance"</b>	has the meaning given to it in section 4.2.1;
<b>"Exit Quantity"</b>	has the meaning given to it in section 9.5;
<b>"Expert"</b>	means an expert appointed in accordance with section 21.2.4;
<b>"Expert Determination"</b>	has the meaning given to it in section 21.2.4;
<b><u>"FDA UIOLI"</u></b>	<u>means the firm day-ahead use-it-or-lose-it mechanism set out in point 2.2.3 of Annex 1 to Regulation (EC) No. 715 / 2009, as amended by a Commission Decision of 24 August 2012;</u>
<b><u>"FDA UIOLI Implementation Date"</u></b>	<u>means the date on which Premier Transmission brings FDA UIOLI into effect in respect of its network (which cannot be later than 1 July 2016);</u>
<b><u>"FDA UIOLI Rules"</u></b>	<u>means the rules which are (or, as the context requires, are to be) embodied in this Code with respect to FDA UIOLI with effect from the FDA UIOLI Implementation Date;</u>
<b>"FFO Interest Coverage"</b>	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;
<b>"FFO to Total Debt"</b>	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;
<b>"FPCapCt"</b>	has the meaning given to it in section 4.5.1;
<b>"Final Allocation"</b>	has the meaning given to it in section 3.2.2;
<b>"Firm Allocated Quantity"</b>	has the meaning given to it in section 3.3.1 and <b>"Firm Allocated Quantities"</b> shall be construed accordingly;
<b>"Firm Capacity"</b>	has the meaning given to it in section 1.1.2(c);
<b>"Firm Capacity Application"</b>	has the meaning given to it in section 1.3.2;
<b>"Firm Capacity Notice"</b>	has the meaning given to it in section 1.1.2 (d);

<b>"Firm Nominated Quantity"</b>	has the meaning given to it in section 2.2.1 and <b>"Firm Nominated Quantities"</b> shall be construed accordingly;
<b>"Five Year Statement"</b>	has the meaning given to it in section 11.1.1;
<b>"Flow Order"</b>	has the meaning given to it in section 6.1.2 (b);
<b>"Flow Rate"</b>	means the instantaneous rate of flow of gas expressed in MW;
<b>"Forecast Postalised Charges"</b>	means, with respect to a Shipper, that Shipper's Forecast Postalised Capacity Charge and Forecast Postalised Commodity Charge as defined in the Licence;
<b>"Forecast Supplier Quantity"</b>	shall have the meaning given to it in the Licence;
<b>"Forecast VRF Quantity"</b>	means the the quantity of gas which a Shipper forecasts it will exit from the NI Network as a result of Interruptible VRF Nominations;
<b>"Force Majeure"</b>	has the meaning given to it in section 15.1.1;
<b>"GB Uniform Network Code"</b>	means the network code as in force from time to time, which governs the operation of the national gas transmission system in Great Britain, such network code having been prepared pursuant to the public gas transporters licence granted or treated as granted pursuant to section 7 of the Gas Act 1986, as amended from time to time (and which licence is held by National Grid Gas plc as at May 2012).
<b>"gas"</b>	means any hydrocarbons or mixture of hydrocarbons and all associated gases consisting primarily of methane which at 15°C and at atmospheric pressure is (or are) predominantly in a gaseous state;
<b>"Gas Flow Day"</b>	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;
<b>"Gas Specification"</b>	has the meaning given to it in section 7.3.1;
<b>"Gas Supplier"</b>	shall have the meaning given to it in the Licence, section 2A.1.1 Definitions;
<b>"Gas Supply Licence"</b>	means a licence to supply gas granted under Article 8 (1) (b) of the gas (Northern Ireland) Order 1996;
<b>"Gas Year"</b>	shall mean the period of time beginning at 06:00 hours from 1 October in any calendar year to 06:00 hours on 1 October in the next succeeding calendar year;
<b>"Generation Utility"</b>	means a utility involved in the production of electricity;
<b>"GTMBs Communication"</b>	has the meaning given to it in section 20.1.2;

<b>"GTMB System"</b>	has the meaning given to it in section 20.1.1;
<b><u>"Incentive Scheme Payments"</u></b>	<u>has the meaning given to it in section 12.16.1 (d);</u>
<b>"Incremental Capacity Period"</b>	has the meaning given to it in section 20.14.1;
<b>"Indemnified Liabilities"</b>	means liabilities, actions, proceedings, claims, losses, costs, demands, damages, expenses and fines of every kind and nature, including legal expenses;
<b>"Indicative Application for Firm Capacity"</b>	has the meaning given to it in section 1.2.2;
<b>"Initial Allocation"</b>	has the meaning given to it in section 3.2.1;
<b><u>"Indicative Capacity Reduction Notice"</u></b>	<u>has the meaning given to it in section 1.10.7;</u>
<b>"Initial Capacity Reservation Period"</b>	has the meaning given to it in section 20.14.1;
<b>"Integrated Utility"</b>	means a utility which operates both as a Distribution Utility and Transmission Utility;
<b>"Interruptible Allocated Quantity"</b>	has the meaning given to it in section 3.3.2 and <b>"Interruptible Allocated Quantities"</b> shall be construed accordingly;
<b>"Interruptible Nomination for Ballylumford"</b>	has the meaning given to it in section 6.1.2 (c);
<b>"Interruptible Nominated Quantity"</b>	has the meaning given to it in section 2.2.2 and shall be construed accordingly and <b>"Interruptible Nominated Quantities"</b> shall be construed accordingly;
<b>"Interruptible VRF Charges"</b>	has the meaning given to it in section 12.16.1 (b);
<b>"Interruptible VRF Allocated Quantity"</b>	has the meaning given to it in section 3.3.3. For the avoidance of doubt (and as provided for in Condition 2A.2.1.8 of the Licence) this quantity is not subject to the commodity charge element of the Postalised Charges defined in the Licence;
<b>"Interruptible VRF Nomination"</b>	has the meaning given to it in section 2.1.4 (cc);
<b>"Interruptible VRF Nominated Quantity"</b>	has the meaning given to it in section 2.2.3;

<b>"Invoice Day"</b>	has the meaning given to it in Section 12.8.1;
<b>"Joule"</b>	means the joule as defined in ISO 1000 - 1981 (E);
<b>"Legal Requirement"</b>	means any law, statute or Directive that is in force in the jurisdiction where the Transportation System is situated from time to time;
<b>"LIBOR"</b>	means the rate which is the average of the figure or figures published by the Financial Times representing the mid-point of the rates (bid and ask) applicable to one month Interbank Sterling Interest Rates in the London Interbank Market on each fifteenth day of each month occurring between the date on which the unpaid amount(s) should have been paid to Premier Transmission and the date on which it is settled. If the LIBOR rate is available on any fifteenth day but is not published in the Financial Times in respect of such day for any reason, the LIBOR rate chosen shall be that offered by Barclays Bank plc to other leading banks in the London Interbank Market for one month Sterling deposits. If such fifteenth day is not a day on which LIBOR rates are quoted in the London Interbank Market, the LIBOR rate to be used shall be that quoted on the next following day on which such rates are quoted;
<b>"Licence"</b>	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 Premier Transmission at that time.
<b>"Licence Charges"</b>	means the charges which Premier Transmission is entitled by virtue of its Licence to recover from any Shipper;
<b>"Licensed Software and Materials"</b>	has the meaning given to it in section 20.3.1;
<b>"Licensee Unpredictable Operating Costs"</b>	has the meaning given to it in the Licence;
<b>"Lisburn Exit Point"</b>	is the point at which gas can flow out of the BGE (UK) Downstream System and into a distribution pipe-line owned and operated by Phoenix. The Lisburn Exit Point is owned and operated by BGE (UK)
<b><u>"Long Term Firm Capacity Reduction"</u> <u>(or "LTFC Reduction")</u></b>	<u>means the amount as specified in the Indicative Capacity Reduction Notice by which the Long Term <del>Fixed</del> Firm Capacity of a given Shipper is liable to be reduced pursuant to section 1.10;</u>
<b><u>"Long Term Firm Capacity"</u></b>	<u>means Firm Capacity with an effective contract duration of more than one year;</u>
<b><u>"Long Term Use It or Lose It Mechanism"</u></b>	<u><del>has the meaning given to it</del> means the mechanism described in section 1.10;</u>
<b>"LPC Default"</b>	has the meaning given to it in section 13.4.2;

<b>"M+5"</b>	has the meaning given to it in section 3.2.2 (b);
<b>"M+12"</b>	has the meaning given to it in section 12.14.3;
<b>"MAA Rights"</b>	has the meaning given to it in section 18.4.1;
<b>"Maintenance"</b>	has the meaning given to it in section 10.1.2 (a);
<b>"Maintenance Days"</b>	has the meaning given to it in section 10.1.2 (b);
<b>"Maintenance Programme"</b>	has the meaning given to it in section 10.2.2;
<b>"Matched Matrix"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Matching Matrix"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Matching Nominations"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Matching Renominations"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Maximum Allowed Unsecured Credit"</b>	shall have the meaning given to it in section 13.3.2;
<b>"Maximum Available Interruptible VRF Capacity (Carrickfergus)"</b>	means the maximum amount of Available Interruptible VRF Capacity which shall be available at Carrickfergus Connected Systems Point as approved from time to time by the Authority and published by Premier Transmission;
<b>"Maximum Available Interruptible VRF Capacity (Moffat Virtual Exit Point)"</b>	means the maximum amount of Available Interruptible VRF Capacity which shall be available at Moffat Virtual Exit Point as published by Premier Transmission from time to time;
<b>"Maximum Daily Quantity"</b>	and <b>"MDQ"</b> have the meanings given to them in section 1.1.2 (e);
<b>"Maximum Hourly Quantity"</b>	and <b>"MHQ"</b> have the meanings given to them in section 1.1.2 (f), the Maximum Offtake Quantity;
<b>"Maximum Offtake Rate"</b>	means the maximum rate at which gas may be offtaken at an Exit Point as set out in part I of appendix 3;
<b>"Measurement Equipment"</b>	has the meaning given to it in section 9.1.2 (d);
<b>"Meeting Notice"</b>	shall have the meaning given to it in paragraph 3 of the Terms of Reference;



<b>"Megajoule"</b>	means one million Joules;
<b>"Megawatt" and "MW"</b>	means one Megajoule per second;
<b>"Megawatt Hour" and "MWh"</b>	means 3600 Megajoules;
<b>"Mid Year Date"</b>	means 30 April;
<b>"Minimum Pressure"</b>	has the meaning given to it in section 8.3.1;
<b>"Mismatched Firm Delivery"</b>	has the meaning given to it in section 14.1.1;
<b>"Mismatched Interruptible Delivery"</b>	has the meaning given to it in section 14.2.1;
<b>"Moffat Administration Agreement"</b>	means the agreement dated 13 October 1998 under which BGE (UK) is appointed by persons shipping gas to and from the Moffat Entry Point as Moffat Agent for the purposes, inter alia, of matching nominations and allocating quantities of gas at the Moffat Entry Point;
<b>"Moffat Agent"</b>	means the person appointed as an agent pursuant to the Moffat Administration Agreement;
<b>"Moffat Agent Default Registration Form"</b>	means a Moffat Agent Default Registration Form as set out in the Moffat Administration Agreement;
<b>"Moffat Entry Point"</b>	means the flange, weld or other agreed mark at the final outlet from the delivery facilities, owned and operated by National Grid at Moffat in Scotland, connecting with facilities of BGE (UK) at the point at which gas enters the Transportation System;
<b>"Moffat-related Nominated Quantity"</b>	means a Shipper's Nominated Quantity in respect of an Exit Point, or where a Shipper has Nominated Quantities at multiple Exit Points, the Aggregate Nominated Quantity which will be delivered to the Transportation System at Moffat Entry Point in respect of those Exit Points;
<b>"Moffat Virtual Exit Point"</b>	has the meaning given to in section 8.1.4;
<b>"Moffat Virtual Exit Point Interruptible VRF Nomination"</b>	has the meaning given to it in section 2.1.4 (hhh);
<b>"Month"</b>	means a period beginning at 06: 00 hours on the first day of any calendar month and ending at 06: 00 hours on the first day of the next succeeding calendar month and the word <b>"Monthly"</b> shall be construed accordingly;
<b>"Monthly Postalised Capacity Payment"</b>	shall have the meaning given to it in the Licence;

<b>"Monthly Postalised Commodity Payment"</b>	shall have the meaning given to it in the Licence;
<b>"MSCMD"</b> and <b>"mscmd"</b>	means million(s) Standard Cubic Metre(s) per day;
<b>"MSCMH"</b> and <b>"mscmh"</b>	means million(s) Standard Cubic Metre(s) per hour;
<b>"National Grid"</b>	means National Grid plc which is responsible for the transportation of gas in the NTS;
<b>"Negative Balance"</b>	has the meaning given to it in section 4.1.1(c);
<b>"Net Assets"</b>	means, on any particular date, Total Assets minus Total Liabilities, as of such date;
<b>"Network Code"</b>	means the Network Code prepared by BG Transmission plc pursuant to the public gas transporters licence granted or treated as granted to it pursuant to section 7 of the Gas Act 1986 (as amended by the Gas Act 1995) as from time to time modified;
<b>"NI Network"</b>	means the BGE (UK) Downstream System, the Belfast Gas System and the PTL System;
<b>"NI Network Exit Point"</b>	means an exit point at which gas exits a part of the NI Network other than the PTL System;
<b>"NI Pressure/Capacity Report"</b>	has the meaning given to it in Section 11.4.1;
<b>"NI Network Operating Agreement" or "NINOA"</b>	means the agreement made between BGE (UK), Belfast Gas and Premier Transmission entered into on or around 1 October 2004 relating to certain issues connected with the NI Network;
<b>"Nomination"</b>	has the meaning given to it in section 2.1.4 (c) and <b>"Nominated"</b> shall be construed accordingly;
<b>"Nomination Mismatch"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Nomination Mismatch Notice"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Non-Compliant Gas"</b>	has the meaning given to it in section 7.3.2;
<b>"Non-Defaulting Party"</b>	has the meaning given to it in section 16.3.1;
<b>"Northern Ireland Network Emergency Co-ordinator"</b>	has the meaning given to it in the Gas Safety (Management) Regulations (NI) 1997;

<b>“NPCC Default”</b>	has the meaning given to it in section 13.5.1 (a);
<b><u>“NPSTCVRFPSTCVRFB”</u> Default</b>	has the meaning given to it in section 13.5.1 (a);
<b>“NPTP Default”</b>	has the meaning given to it in section 13.5.1 (a);
<b>“NTS”</b>	means the national transmission system and has the meaning given to it in the GB Uniform Network Code
<b>“NTS Shipper”</b>	means a holder of a gas shipper's licence granted or treated as granted under the Gas Act 1986 (as amended by the Gas Act 1995);
<b>“Off-Spec Gas”</b>	has the meaning given to it in section 8.4.2;
<b>“Offtake Rate”</b>	means the Flow Rate of gas expressed in MW for offtake of gas at an Exit Point;
<b><u>“OS Scheme”</u></b>	<u>is the Scheme which sets out the joint arrangements with the Downstream System Operator and the Connected System Operators for the sale of Oversubscription Capacity and the purchase of Firm Capacity in accordance with the Licence;</u>
<b><u>“Oversubscription Capacity”</u></b>	<u>has the meaning given to it in section 1.1.2 (g);</u>
<b>“Other Party”</b>	has the meaning given to it in section 15.1;
<b>“Outstanding PS Code Charges”</b>	has the meaning given to it in section 12.7.2;
<b>“party”</b>	means either Premier Transmission or a Shipper and <b>“parties”</b> means Premier Transmission and a Shipper or Shippers;
<b>“Permitted Purpose”</b>	has the meaning given to it in section 19.1.3;
<b>“Permitted Range”</b>	has the meaning given to it in section 9.1.2 (e);
<b>“Phoenix”</b>	means Phoenix Natural Gas Limited;
<b>“Phoenix Distribution System”</b>	means the distribution system owned and operated by Phoenix;
<b>“Positive Balance”</b>	has the meaning given to it in section 4.1.1(d);
<b>“Postalised Network Disbursement Procedure”</b>	has the meaning given to it in section 5.3.1;
<b><u>“Postalised Network Incentive Payments Procedures”</u></b>	<u>has the meaning given to it in section 12.7.1;</u>
<b><u>“PTL Postalised Network Disbursement”</u></b>	

**Bank Account** has the meaning given to it in section 5.3.1;

**“PTL Postalised  
Network Incentive Scheme**

**Bank Account** has the meaning given to it in section 12.7.1;

**"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 12.9.1(a);

**"Premier Transmission"** means Premier Transmission Limited;

**~~“PTL Postalised  
Network Disbursement~~**

**~~Bank Account~~** has the meaning given to it in section 5.3.1;

**~~“PTL Postalised  
Network Incentive Scheme~~**

**~~Bank Account~~** has the meaning given to it in section 12.7.1;

**"Prescribed Form"** means, in relation to any notice or other document referred to in this Code, the form reasonably prescribed by Premier Transmission from time to time;

**"President of the IGEM"** has the meaning given to it in section 21.4.1(b);

**"Profile Nomination"** means a nomination or renomination to Premier Transmission of an aggregate quantity of gas to be offtaken in each hour over the relevant Day at an Exit Point;

**"Prospective Shipper"** has the meaning given to it in section 17.1;

**"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 Premier Transmission in accordance with section 13;

**"PS Code Charges"** means Balancing Charges, Scheduling Charges, any Enhanced Pressure charge or any other charge the basis of which is set out in this Code (and not the Licence) from time to time, but not including ~~STC/VRF~~ ~~STC/VRF/BB~~ Charges;

**"PS Gas Supplier"** means any person who is entitled to exit gas from the Postalised System;

**"PS Invoice"** shall have the meaning given to it in section 12.5.1;

**"PS Transmission Amounts"** shall have the meaning given to it in section 12.5.2(a);

**"PTL Ballylumford Virtual Entry Point"** means 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 as defined in the Belfast Gas Code);

<b>"PTL System"</b>	means the gas pipeline system and associated facilities, owned and operated by Premier Transmission, connecting Twynholm in Scotland, to Ballylumford in Northern Ireland by an on-shore and sub-sea pipeline and Stranraer in Scotland by an on-shore pipeline;
<b>"Quantity"</b>	means a quantity of gas expressed in MWh calculated by multiplying the volume by the applicable calorific value and <b>"quantities"</b> shall be construed accordingly;
<b>"Quarter"</b>	shall mean a period of 3 calendar months, with each successive Quarter commencing at 06:00 hrs on 1 October, 1 January, 1 April and 1 July respectively;
<b>"Quarterly Exit Quantities"</b>	shall have the meaning given to it in the Licence;
<b>"Reallocation"</b>	has the meaning given to it in section 3.6.1;
<b>"Reasonable and Prudent Operator"</b>	means a person acting in good faith with the intention of performing its contractual obligations under this Code and who in so doing 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;
<b>"Receiving Party"</b>	has the meaning given to it in section 19.1.4;
<b>"Recognised Standard"</b>	means any technical, engineering or other standard, issued or published by any governmental body of professional or other institution, and generally recognised as applying to the gas industry in the United Kingdom or the European Union, as from time to time applicable;
<b>"Reconciliation Payment"</b>	shall have the meaning given to it in the Licence;
<b>"Relevant Day"</b>	has the meaning given to it in section 1.10.2 (b);
<b>"Relevant Exit Point"</b>	has the meaning given to it in section 1.10.2 (a);
<b>"Relevant Objective"</b>	has the meaning given to it in section 1.10.4;
<b>"Relevant Shipper"</b>	has the meaning given to it in section 1.10.2 (a);
<b>"Renomination"</b>	has the meaning given to it in section 2.1.4 (d);
<b>"Renomination Mismatch Notice"</b>	has the meaning given to it in the Moffat Administration Agreement;
<b>"Required Level of Credit Support"</b>	means in respect of a Shipper or Prospective Shipper the minimum level of credit which Premier Transmission shall require such Shipper

	or Prospective Shipper to establish and maintain in accordance with section 13;
<b>"Retiring Shipper"</b>	shall have the meaning given to it in clause 17.8.1;
<b>"Revised Power Station Nominations"</b>	has the meaning given to it in section 6.2.2;
<b>"ROI System"</b>	is the transportation system which is connected to the BGE(UK) Downstream System at the South-North Interconnection Point;
<b>"RPI"</b>	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 <b>"Monthly Digest of Statistics"</b> or any successor to such Index published by such Office or any Department of HM Government;
<b>"RPI<sub>n</sub>"</b>	shall mean and be calculated annually to be the arithmetic average of the monthly values of RPI for the 12 months up to and including June of each year;
<b>"RPI<sub>0</sub>"</b>	shall mean the arithmetic average of the monthly values of RPI for the 12 months for the preceding end of June covering the period July 1993 to June 1994 (inclusive) and which is agreed to be 142.4;
<b>"Semi-Annual Period"</b>	<a href="#">has the meaning given to it in section 1.10.2;</a>
<b>"Scheduled Maintenance"</b>	has the meaning given to it in section 10.1.2 (c);
<b>"Scheduling Charge"</b>	has the meaning given to it in section 4.4.1;
<b>"Second Due Date"</b>	shall have the meaning given to it in section 16.2.1(a)(i);
<b>"Secured Credit Support"</b>	shall have the meaning given to it in section 13.3.1;
<b>"Securer"</b>	shall have the meaning given to it in section 13.3.2;
<b>"Shared Exit Point"</b>	has the meaning given to it in section 3.5.1;
<b>"Shipper"</b>	means a person other than Premier Transmission who, for the time being, has acceded to and is bound by this Code by an Accession Agreement;
<b>"Shipper's Allocation Arrangement"</b>	has the meaning given to it in section 3.7.1;
<b>"Shortfall in Price"</b>	has the meaning given to it in section 6.11.4 (b);
<b>"Shrinkage Gas"</b>	has the meaning given to it in section 5.1;
<b>"SONI"</b>	means S.O.N.I. Limited the operator of the electricity transmission system in Northern Ireland and a subsidiary of Viridian Group plc;

<b>“South-North Entry Point”</b>	is the point at the South-North Interconnection Point at which which gas may flow into the BGE(UK) Downstream System from the ROI System;
<b>“South-North Interconnection Point”</b>	is the point of interconnection between the BGE(UK) Downstream System and the ROI System at which gas may flow into the BGE(UK) Downstream System from the ROI System;
<b>“South-North Virtual Exit Point”</b>	is a notional point at the point of interconnection between the BGE(UK) Downstream System and the ROI System at which gas may be deemed to flow from the BGE(UK) Downstream System into the ROI System;
<b>"Standard Cubic Metre"</b>	when applied to gas shall mean that quantity which is free of water vapour at fifteen degrees Celsius (1 5°) and, at an absolute pressure of one decimal zero one three two five (1.01325) bar, occupies the volume of one (1) cubic metre;
<del><b>“STC/VRF Invoice”</b></del>	<del>has the meaning given to it in section 12.4.1;</del>
<del><b>“STC/VRF Charge Amounts”</b></del>	<del>has the meaning given to it in section 12.4.2;</del>
<del><b>“STC/VRF Charges”</b></del>	<del>has the meaning given to it in section 12.16;</del>
<del><b>“STC/VRF/BB Invoice”</b></del>	<del>has the meaning given to it in section 12.4.1;</del>
<del><b>“STC/VRF/BB Charge Amounts”</b></del>	<del>has the meaning given to it in section 12.4.2;</del>
<del><b>“STC/VRF/BB Charges”</b></del>	<del>has the meaning given to it in section 12.16;</del>
<b>“Stranraer Exit Point”</b>	means the Exit Point located outside Stranraer from which gas is offtaken for the supply of gas to Stranraer;
<b>“Stranraer Nomination ”</b>	has the meaning given to it in section 2.1.4 (g);
<b>“Sum DLS”</b>	has the meaning given to it in section 17.7.5;
<b>“Sum MDQ”</b>	has the meaning given to it in section 17.7.5;
<b>"Supplemental Payment"</b>	shall have the meaning given to it in the Licence;
<b><u>“Surrender Application”</u></b>	<u>has the meaning given to it in section 1.11.2;</u>
<b>“Termination Default”</b>	has the meaning given to it in <u>s</u> Section 16.2.1;
<b>“Termination Invoice”</b>	has the meaning given to it in <u>s</u> Section 16.5.3;
<b>“Termination Notice”</b>	has the meaning given to it in section 16.3.1;
<b>"Terms of Reference"</b>	means the Terms of Reference appended to this Code in Appendix 5;



<b>"Total Assets"</b>	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;
<b>"Total Liabilities"</b>	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;
<b>"Transferee"</b>	has the meaning given to it in section 1.9.1;
<b>"Transferor"</b>	has the meaning given to it in section 1.9.1;
<b>"Transit Shipper"</b>	means a Shipper which only ships gas through the Transportation System for exit into another part of the Postalised System (and which does not exit gas from the Transportation System into a pipeline outside of the Postalised System);
<b>"Transmission Utility"</b>	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;
<b>"Transportation System"</b>	means the PTL System and the capacity held by Premier Transmission in the BGE (UK) Upstream System;
<b>"UF"</b>	has the meaning given to it in section 4.5.1;
<b>"UFC"</b>	has the meaning given to it in section 4.5.1;
<b>"Unauthorised Flow Charge"</b>	has the meaning given to it in section 4.5.1;
<b>"Uniform Offtake Rate"</b>	means in respect of a Day the Aggregate Nominated Quantity divided by twenty four (24) and in respect of part of a Day the Aggregate Nominated Quantity less the quantity of gas which has been offtaken, if any, divided by the number of hours in the Day remaining;
<b><u>"Unpaid OS Amount"</u></b>	<u>has the meaning given to it in section 12.4.5;</u>
<b>"Unsecured Credit Support"</b>	shall have the meaning given to it in section 13.3.1; and
<b><u>"Unused Long Term Firm Capacity"</u></b>	<u>means, in respect of any given Day, any Long Term Firm Capacity held by a Shipper which is not used by the Shipper;</u>
<b>"Utility Categorisation"</b>	means the categorisation of a utility as one of the following: a Transmission Utility, a Distribution Utility, an Integrated Utility or a Generation Utility;
<b>"US Default"</b>	has the meaning given to it in section 13.5.2;

**“validate”** has the meanings given to them in section 9.1.2 (f) and **“validation”** and **“validated”** shall be construed accordingly;

**“Valid Buyback Offer”** has the meaning given to it in section 1.16.5;

**“Value Added Tax”** means the tax applied pursuant to the Value Added Tax Act 1994;

**“Verifying Accountant”** has the meaning given to them in section 6.11.4;

**“Wilful Misconduct”** means in relation to either party an intentional and conscious disregard of any obligation owed by a party under this Code or any act or failure to act by a party which is in reckless disregard of the consequences such party knew such act or failure to act would have but shall not in either case include an error of judgement or mistake made in good faith:-

**“Written Submissions”** has the meaning given to it in section 1.10.7 (b);

**“Y”** has the meaning given to it in section 13.2.6 (a);

**“Y+1”** has the meaning given to it in section 13.2.6 (b);

.....

*Amend Appendix 5 sections 1 to 5 to read as follows:*

## APPENDIX 5

### 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”**), a PS Code Charge (an **“NPCC Default”**) and/or ~~STC/VRF~~ **STC/VRF/BB** Charge Amounts (an **“~~NPSTCVRF~~NPSTCVRFBB Default”**);

(B) a **“Termination Default”** which shall occur in any of the following circumstances, in accordance with section 16 of the Network Code:

- (1) if the Provided Level of Credit Support fails to meet the Required Level of Credit Support from time to time (an **“LPC Default”**);
- (2) the non-payment of all or part of a PS Invoice by a PS Gas Supplier by the Second Due Date;

- (3) the non-payment of all or part of any three or more PS Invoices by a PS Gas Supplier by their respective Due Dates;
- (4) the non-payment of all or part of a CC Invoice by a PS Gas Supplier by the Second Due Date;
- (5) the non-payment of all or part of any three or more CC Invoices by a PS Gas Supplier by their respective Due Dates;
- (6) 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;
- (7) 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;
- (8) 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 Pipe-line Operator a copy of such consent from the Authority;
- (9) 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.
- (10) if there is a breach of section 16.3.2 of the Network Code and such breach is referred to the Credit Committee in accordance with the provisions of section 16.3.1 of the relevant Network Code,
- (11) the non-payment of all or part of an ~~STC/VRF~~ STC/VRF/BB Invoice by a Shipper by the Second Due Date;
- (12) the non-payment of all or part of any three or more ~~STC/VRF~~ STC/VRF/BB Invoices by a Shipper by their respective Due Dates;

provided that, in respect of (4) or (5), none of the CC Invoices to which they relate, is subject to a bona fide dispute in accordance with section 12.11.3 of the Network 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 13.5.2 of the Network 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 These Terms shall come into effect on 01 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:

<b>“Business Hours”</b>	means any time between the hours of 09:00 and 17:00 Greenwich Mean Time on a Business Day;
<b>“PS Code Charges”</b>	means any amounts payable by a PS Gas Supplier under a CC Invoice in accordance with a Designated Pipe-line Operator’s Network Code;
<b>“Defaulting Shipper”</b>	has the meaning given to it in paragraph 1.3;
<b>“Direction”</b>	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 of these Terms;
<b>“Licence”</b>	means the licence to convey gas held by the relevant Designated Pipe-line Operator;
<b>“Meeting Notice”</b>	means a notice of a Credit Committee meeting containing all information listed in paragraph 3.3 of these Terms (if available);

<b>“Members”</b>	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;
<b>“Network”</b>	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;
<b>“Network Code”</b>	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;
<b>“Postalised System”</b>	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;
<b>“Primary DPO”</b>	has the meaning given to it in paragraph 1.4;
<b>“PSA”</b>	has the meaning given to that term in each Designated Pipe-line Operator’s Licence;
<b>“PS Gas Supplier”</b>	means any person who is entitled to exit gas from the Postalised System; and
<b>“PS Transmission Payments”</b>	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.
<b>“Shipper”</b>	has the meaning given to it in Appendix 1 Definitions and Interpretations;
<b>“<del>STC/VRF</del> STC/VRF/BB Charges”</b>	means any amounts payable by a Shipper under an <del>STC/VRF</del> STC/VRF/BB Invoice in accordance with a 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.

#### 3.2 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 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 requisitioners; 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:

- (i) only one PS Gas Supplier is eligible to vote on such matters, in which case the quorum shall be that PS Gas Supplier; or
- (ii) 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:
  - (1) 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;
  - (2) appropriate steps to be taken by the Primary DPO to remedy the Default, with reference to the Licence and the relevant Network Code; and
  - (3) 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;



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