

Proposed Modification & Initial Modification Report No.33

Invoicing and Credit

15th June 2015

Please find attached details of Proposed Modification 33 and Initial Modification Report 33 raised by Premier Transmission Ltd (PTL) as required under Section 2 and 3 of the PTL Transportation Code Modification Rules.

A Description of the nature and purpose of the modification

This proposal is being made to address Invoicing and Credit arrangements as a result of the implementation of EU Codes. It provides for the invoicing for new capacity products, (the charges for which are determined in accordance with the Licence) and the removal of the old 'STC/VRF/BB' invoice which is no longer required. Under the entry-exit model, Shippers will have a single imbalance position which is to be calculated across the whole of the NI Network. It has been agreed that Premier Transmission shall invoice for PS Code Charges (which include Imbalance Charges and Scheduling Charges) and manage the NI Disbursement Account on behalf of all the NI TSOs and Shippers. This Modification Proposal therefore clarifies these revised arrangements.

The Modification Proposal updates the credit arrangements to cover the new IP Capacity products, clarifying some process steps and in particular addressing the determination and placement of credit in relation to Short Term Capacity Products and, where necessary, credit for Traders (who do not hold any capacity). It also provides some amendments to the Credit Committee Terms of Reference to reflect the requirements arising from the introduction of Capacity Auctions.

B How the modification better facilitates the relevant objective

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. This change will contribute to the secure, safe, reliable, efficient and economic development of the Network by ensuring that the arrangements for credit and invoicing to support the entry-exit regime are introduced into the Northern Irish regime in time to enable compliance and co-ordination whilst maintaining the Postalised Regime in Northern Ireland and minimising the level of process change required for Shippers.

C The clauses of the Transportation Code that require amendment

This proposal will amend sections 12 and 13 of the PTL Code. It will also introduce Transition section 6 which deals with the implementation of the changes in section 12 and 13 and the associated definitions, and makes some supporting changes to Appendix 4 (Pro-forma Documents) and Appendix 5 (Credit Committee Terms of Reference).

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

Premier Transmission has worked with BGTL and GNI (UK) to develop a co-ordinated approach to the Codes, and the NI TSOs are aiming to keep the changes to the GNI (UK) Code and the Premier Transmission Code as aligned/identical as possible. GNI (UK) is issuing a corresponding Modification Proposal, and the necessary changes will be introduced into the BGTL Code via a Modification Proposal later this summer

E The date proposed for implementation

PTL suggests that the proposed implementation date is 31st August 2015.

F How to Respond

Please send responses no later than 10th July 2015 to:

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G. Further Information on the Modification Proposal

Introduction

The text of this proposal has been developed following Industry Consultation on the draft Business Rules published on 27th April 2015. One response to the Consultation was received, and the NI TSOs have published a response document addressing the points raised. None has led to any change relative to the business rules, other than to ensure that the Code Text drafting is clear as requested (in relation to timescales for processing changes to credit levels, and in relation to itemisation on invoices).

Overview

In developing this proposed Code Text, the main changes to the existing Code Text are:

- in section 12, to introduce the new terms needed as a result of the introduction of entry capacity products sold by auction and the removal of the references to the STC/VRF/BB Invoice which is no longer needed; and in the GNI (UK) Code, references to PS Code Charges Invoices have been amended since these will now be issued by Premier Transmission only, on behalf of all the NI TSOs;
- in section 13, to add in and clarify the new and existing process steps for dealing with credit.

CMP in Section 12

The Business Rules for the Revision of the Code for CMP (Congestion Management Procedures) to apply in relation to IPs have been consulted on separately and will be the subject of a separate Code Modification. However, since this remains an EU requirement, it will continue to be necessary to make the relevant charges/payments for CMP capacity. Therefore the terms in section 12.5.2 have been updated to reflect the fact that revenues associated with CMP Capacity will now be invoiced via the PS Transmission Charges invoice (and not on the STC/VRF/BB invoice). Terms relating to Deferred Buyback payments have also been retained, since they will continue to be required even though the charging will be via a different invoice. References to the OS Incentive Scheme Bank Accounts have also been amended, since the NI TSOs will in future operate separate schemes in relation to each of the IPs.

Section 13 Drafting Approach

The revisions to the existing text in section 13 are such that it has been necessary to renumber the section, and it is therefore presented here as a clean new section for ease of reading, although much of the text remains unchanged. The most significant additions are in sections 13.2 and 13.3.

It should be noted that the NI TSOs have not defined the 'Available Credit' term or 'Used Value' which appeared in the Business Rules in the Code in relation to credit for Short Term Capacity Products on PRISMA. Instead sections 13.4.3 to 13.4.9 describe how the NI TSOs will update the PRISMA platform with the Shipper's STPLCS (which is the PRISMA Credit Limit described in the Business Rules) and clarifies that the NI TSOs will not monitor or otherwise police the level of credit on PRISMA. The platform will automatically calculate {Available Credit = PRISMA Credit Limit – Used Value} before and during each Monthly and Daily Auction in which the Shipper participates, but this is covered by the CPO Rules and Processes and so is not explicitly set out in the Code.

Acceptable Credit

As set out in the Business Rules,

- Supplier Utilities have been included alongside Distribution Utilities at 13.3.7 (b)
- Text has been added after the table at 13.3.6 to clarify that numerical modifiers (or +/- modifiers) appended to Moody's or S & P Credit Ratings shall not be taken into consideration
- The definitions of FFO Interest Coverage and FFO to Total Debt have been moved from the Appendix 1 into the main body of the text at 13.3.7 (e) and clarified to ensure that the treatment of intercompany interest is covered accurately.

Credit Committee Powers

The NI TSOs have identified the need to update the Terms of Reference for the Credit Committee (Appendix 5) along with the proformas for Parent Company Guarantees and Letters of Credit in Appendix 4. The updates are to terminology for entry-exit and to reflect Premier Transmission undertaking the invoicing for PS Code Charges.

Credit for Traders

It should be noted that, in line with the Business Rules, any party who intends to be a Trader (i.e. to only use the NI BP and not hold any capacity) will be covered by the requirements of 13.3.3, but a Shipper who also wishes to trade at the NIBP will not have to place any extra credit in relation to its NIBP trades. It should also be noted that any party wishing to be a Trader will need to accede to the PTL Code (since PTL will be issuing Code Charging invoices).

Transition Section T6

This brings the revisions to the Code text into force, and Shippers will wish to be aware of the timescales set out, since, if implemented, they will govern the details of placement of Credit for the Gas Year starting October 2015.

Legal Text

Please find below the full legal text for this Code Modification Proposal, set out in the following order:

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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/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).

~~12.1.5 For the avoidance of doubt, pursuant to section 1A.4.6, Premier Transmission shall not invoice any amounts in respect of Interconnected System Capacity.~~

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/BB Charges which Premier Transmission is entitled to recover from that Gas Supplier in accordance with this Code.~~

12.2.2 ~~not~~ Not uUsed 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; and~~

~~(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/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;~~ and

(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/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 IP Capacity and Exit Capacity Pricing and Payments

12.4.1 The “Payable IP Capacity Price” for IP Capacity is:

(a) the Auction Premium (bid in the relevant Auction under which the Shipper was allocated the IP Capacity) multiplied by the percentage share agreed between Premier Transmission and the Adjacent Transporter in accordance with section 1A.4.7; plus

(b) the relevant NI Reserve Price.

12.4.2 For the avoidance of doubt, the NI Reserve Price applicable at the time of an Auction may not be the same as the NI Reserve Price used in the determination of the Payable IP Capacity Price, as described in the Charging Methodology Statement.

~~12.4.3 For Exit Capacity, the “Payable Exit Capacity Price” in respect of Gas Year Y is the Forecast Postalised Annual Capacity Charge for Gas Year Y as determined in accordance with the Licence.~~

~~12.4.4 The amounts payable (the “Payable Amount”) for each IP Capacity Product for the IP Capacity Period of Month M which are to be invoiced monthly under section 12.5.2 will be determined by multiplying the relevant Payable IP Capacity Price by the quantity of IP Capacity allocated to the Shipper in the relevant Auction in respect of all Gas Flow Days in Month M, in accordance with the Charging Methodology Statement.~~

~~12.4.5 The amounts payable for Exit Capacity which are to be invoiced monthly for Month M under section 12.5.2(a)(ii) will be determined by multiplying the relevant Payable Exit Capacity Price by the quantity of Exit Capacity allocated to the Shipper in respect of all Gas Flow Days in Month M, in accordance with the Charging Methodology Statement.~~

~~12.4.6 Reconciliation Payments payable or to be paid under sections 12.5.2(a)(xiii) and 12.5.2(a)(xiv) shall be determined using Year-End Postalised Charges in accordance with the Licence and as described in the Charging Methodology Statement.~~

Content of 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/BB Charges, together with any attachments thereto (a “STC/VRF/BB Invoice”), shall set out the following:~~

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

~~12.4.2 Each STC/VRF/BB Invoice shall itemise the amounts due in respect of 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);~~
 - ~~(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/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/BB Invoice which are payable by the Shipper to Premier Transmission are to be credited by the Shipper to Premier Transmission and no amounts payable on a 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/BB Charge Amounts 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) (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/BB Charge Amounts due to Premier Transmission under this Code remains unpaid after the Due Date, the next 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).~~

12.5 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) a 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~~ Yearly IP Entry Capacity Payment;
- (ii) ~~Monthly Postalised Commodity Payment~~; Monthly Postalised Exit Capacity Payment;
- (iii) Monthly Postalised Quarterly IP Entry Capacity Payment;
- (iv) Monthly Postalised Monthly IP Entry Capacity Payment;
- (v) Monthly Postalised Daily IP Entry Capacity Payment;
- (vi) Monthly Postalised Interruptible VRF IP Exit Capacity Payment;
- (vii) IP Entry Capacity Overrun Payment;
- (viii) Exit Ratchet Payment;
- (ix) Monthly Postalised Commodity Payment;
- ~~(iii)(x)~~ Supplemental Payment;
- ~~(iv)(xi)~~ Auxiliary Payment;
- ~~(v)(xii)~~ Debt Payment;
- ~~(vi)(xiii)~~ Reconciliation Payment payable by the Gas Supplier to Premier Transmission;
- ~~(vii)(xiv)~~ Reconciliation Payment payable by Premier Transmission to the Gas Supplier; ~~and~~
- ~~(viii)(xv)~~ Debt Repayment payable by Premier Transmission to the Gas Supplier;
- (xvi) Surrender Payment payable by Premier Transmission to the Gas Supplier;
- (xvii) Buyback Payments payable by Premier Transmission to the Gas Supplier; and
- (xviii) Incentive Scheme Payments payable by Premier Transmission to the Gas Supplier.

(known collectively as “PS Transmission Amounts”)

- (b) the amount of VAT payable in accordance with sections 12.5.3(c) and 12.5.4(c); and
- (c) the amount of tax payable in accordance with sections 12.5.3(d), 12.5.4(d) 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), ~~(vi), (vii), (viii), (ix), (x), (xi), (xii) and (xiii)~~ and ~~(vi)~~; less
- (b) the sum of the amounts detailed in sections 12.5.2(a)~~(vii) and (viii)~~(xiv), (xv), (xvi), ~~(xvii) and (xviii)~~; 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)~~(xiv), (xv), (xvi), (xvii) and (xviii); less
- (b) the sum of the amounts detailed in sections 12.5.2(a)(i), (ii), (iii), (iv), (v), ~~(vi), (vii), (viii), (ix), (x), (xi), (xii) and (xiii)~~ 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).

Deferred Buyback Payments

~~12.4.55.6~~ 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 provisions of ~~the applicable this~~ Code or where applicable, the PTL Postalised Network Incentive Payments Procedure. The amount of any Buyback Payments which are deferred ("**Deferred Buyback Payments**") shall be identified as such in the relevant STC/VRF/BBPS 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.~~

~~12.4.65.7~~ 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/BBPS~~ invoice issued to the Shipper or at such earlier date as Premier Transmission determines.

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) a 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-NI~~ Postalised Network Disbursement Bank Account as set out in ~~Section-section~~ 5.3;
- (b) ~~outstanding~~ 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/BB Charges~~) and which amounts are not pursuant to this Code ~~to be credited to or debited from the PTL-NI~~ 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-NI~~ 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 sections 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 ~~m~~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 ~~relevant Shipper's Aggregate Throughput 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 ~~Total System Aggregate Throughput 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~~Final Exit Allocation of one (1) kWh in relation to each Exit Point in respect of which it has an Exit Point Registration and each IP in respect of which it has an IP 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-NI 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 (10th)~~ Business Day after the end of each Month (the “**Invoice Day**”), ~~submit-issue~~ a PS Invoice, ~~and~~ a CC Invoice ~~and a 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-issued~~ 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/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 (8th)~~ 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-NI~~ 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 Transmission's 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~~ issued 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/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/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.

12.11.13 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, and a CC Invoice ~~and a 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 issue 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 Costs~~ Licensee Unpredictable 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 ~~and~~, Belfast Gas Exit Point No 3 ~~and Belfast Gas Exit Point No 4~~

12.14.1 ~~In accordance with the NINOA,~~ Premier Transmission shall, on behalf of BGE(UK) ~~not~~ invoice monthly Shippers at Belfast Gas Exit Point No 2 ~~and~~, Belfast Gas Exit Point No 3 ~~and Belfast Gas Exit Point No 4~~ in accordance with this section 12 in respect of;

- (i) ~~Balancing Charge~~ Imbalance Charges;
- (ii) Scheduling Charges;
- (iii) monies to be charged or credited to such Shippers in respect of the purchase or sale of Balancing Gas; ~~and~~

(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) Premier Transmission~~ does not invoice monthly Shippers ~~Exiting the PTL System at Belfast Gas Exit Point No 2~~ ~~and~~, 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~~ BGE(UK) shall be entitled to apply ~~section 12~~ the relevant provisions of the BGE(UK) Code to such Shippers in respect of the PTL System.

12.14.3 For the avoidance of doubt ~~Premier Transmission~~ BGE(UK) shall be entitled to assume that ~~BGE(UK) Premier Transmission~~ has not invoiced charges under section 12.14.1 if ~~Premier Transmission~~ BGE(UK) does not receive written confirmation from ~~BGE(UK) Premier Transmission~~ that ~~BGE(UK) it~~ has so invoiced such charges by ~~the twelfth (12th) 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/BB Charges. Belfast Gas shall invoice 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.~~

12.14.45 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 ~~and~~; Belfast Gas Exit Point No 3, ~~and Belfast Gas Exit Point No 4.~~

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

12.15.3 For the avoidance of doubt ~~Premier TransmissionBGE(UK)~~ shall be entitled to assume that ~~BGE(UK)Premier Transmission~~ has not invoiced charges under section 12.15.1~~2~~ if ~~BGE(UK) Premier Transmission~~ does not receive written confirmation from ~~BGE(UK)Premier Transmission~~ that ~~BGE(UK) it~~ has so invoiced such charges by ~~the twelfth (12th) 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~~ DNO holding Exit Capacity at Belfast Gas Exit Point 1.

12.16 ~~STC/VRF/BB Charges Not Used~~

~~12.16.1 In this Code, 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/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 ~~its’ Licence, 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
- ~~(iiiiv)~~ 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;~~
- ~~(iiiiv)~~ any interest payable in respect of the PTL Postalised Network Incentive Scheme Bank Account or in respect of amounts to be discharged therefrom; and
- (iv) any other monies which Premier Transmission reasonably determines should be so debited.

12.17.2 The **"PTL Postalised Network Incentive Payments Procedure"** shall include provisions whereby_;

- (a) 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;
- (b) the Incentive Scheme Payments payable to shippers on the NI Network (including Shippers) shall be calculated; and
- (c) 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.~~

Remove existing section 13 and replace it with the text below to read as follows:

13. CREDIT PROCEDURES

13.1 Application to determine Required Level of Credit Support

13.1.1 A Prospective Shipper shall request Premier Transmission to determine the Required Level of Credit Support that the Prospective Shipper is required to establish in order for it to reserve and utilise IP Entry Capacity, Exit Capacity and/or Interruptible VRF IP Exit Capacity and/or for it to trade at the Trading Point.

13.1.2 Where:

- (a) a Prospective Shipper requests a determination by Premier Transmission in accordance with section 13.1.1; or
- (b) a re-assessment is required pursuant to one or more of sections 13.6.1(a) to (e) or where a Shipper requests a re-assessment pursuant to section 13.6.1(f) within a Gas Year to which the re-assessment relates,

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

13.1.3 Such a Prospective Shipper or Shipper shall provide, together with its Credit Application, a copy of its most recent audited accounts and such further information as Premier Transmission may reasonably require for the purposes of determining a Prospective Shipper's or Shipper's Required Level of Credit Support.

13.2 Calculation of Required Level of Credit Support

13.2.1 In this Code:

- (a) "**Commodity Value of Trades**" means:
 - (i) the forecast total quantity of Trade Buy Nominations that the Trader will submit in Gas Year Y; multiplied by
 - (ii) the Average PS Code Charge;
- (b) "**Forecast Supplier Quantity**" has the meaning given to it in the Licence and, for the avoidance of doubt, such forecast does not include quantities of gas nominated to be offtaken at a VRF IP Exit Point or South-North VRF IP Exit Point;
- (c) "**Forecast VRF IP Exit Quantity**" means the quantity of gas that a Shipper estimates it will nominate to be offtaken at a VRF IP Exit Point and/or South-North VRF IP Exit Point in respect of Gas Year Y;
- (d) "**Total Forecast Commodity Quantity**" means the sum of Forecast Supplier Quantity and Forecast VRF IP Exit Quantity; and

- (e) **“Credit Period”** means Gas Year Y or where a Credit Application is received within a Gas Year, the remainder of that Gas Year.
- 13.2.2 In respect of a Credit Period, the Required Level of Credit Support that a Shipper or Prospective Shipper shall be required to establish shall be of a value equal to 80 per cent of the sum of:
- (a) a forecast of the Forecast Postalised Charges that the Shipper or Prospective Shipper will incur during Gas Year Y on the PTL System calculated in accordance with section 13.2.5; plus
 - (b) a forecast of the PS Code Charges that the Prospective Shipper or Shipper will incur during Gas Year Y on the NI Network calculated in accordance with section 13.2.6.
- 13.2.3 In respect of a Credit Period, the Required Level of Credit Support that a Trader shall be required to establish shall be of a value equal to 80 per cent of the Commodity Value of Trades.
- 13.2.4 For the avoidance of doubt:
- (a) section 13.2.3 shall not apply to Shippers who have an IP Registration or an Exit Point Registration and hold (or are forecast to hold in Gas Year Y) IP Capacity or Exit Capacity, where the Required Level of Credit Support shall be determined in accordance with section 13.2.2; and
 - (b) Shippers who also trade at the Trading Point shall not be required to establish the Required Level of Credit Support set out in section 13.2.3 in addition to the Required Level of Credit Support set out in section 13.2.2.
- 13.2.5 Each year, before the 10th Business Day in August, Premier Transmission shall forecast the Forecast Postalised Charges that a Shipper or Prospective Shipper is likely to incur in the Credit Period based only upon the following:
- (a) the sum of:
 - (i) the higher of:
 - (aa) the Shipper’s or Prospective Shipper’s estimated Total Forecast Commodity Quantity as set out in its Credit Application; and
 - (bb) the Total Forecast Commodity Quantity which Premier Transmission reasonably estimates that the Shipper or Prospective Shipper will nominate to be offtaken from Premier Transmission’s System during the Credit Period; plus
 - (ii) the higher of:
 - (aa) the Shipper’s or Prospective Shipper’s forecast of IP Capacity and Exit Capacity it will hold during the Credit Period as set out in its Credit Application; and

- (bb) the IP Capacity and Exit 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 IP Capacity and Exit 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 nominated to be offtaken by the Shipper or Prospective Shipper in the Credit Period as determined in accordance with (a)(i) above,

which shall in each case be calculated in accordance with the Licence.

- 13.2.6 In respect of a Credit Period, Premier Transmission shall calculate forecast PS Code Charges as an amount equal to 80 per cent of the Total Forecast Commodity Quantity calculated in accordance with section 13.2.5(a)(i) multiplied by the Average PS Code Charge determined in accordance with section 13.2.7.
- 13.2.7 The "**Average PS Code Charge**" for Gas Year Y is determined as the sum of all Shippers' PS Code Charges incurred in Y-1 divided by the sum of all Shippers' Exit Allocations for Y-1.

Calculation of Short Term Required Level of Credit Support

- 13.2.8 In this Code:
- (a) "**Forecast Short Term Charges**" means the forecast charges for Short Term Capacity Products;
 - (b) "**Forecast Other Charges**" comprises forecast charges for:
 - (i) Forecast Postalised Commodity Charges;
 - (ii) Exit Capacity;
 - (iii) Yearly IP Entry Capacity;
 - (iv) Quarterly IP Entry Capacity; and
 - (v) PS Code Charges;
 - (c) "**Short Term Capacity Products**" means Monthly IP Entry Capacity, Daily IP Entry Capacity and Interruptible VRF IP Exit Capacity.
- 13.2.9 Where a Shipper forecasts in its Credit Application that it will use Short Term Capacity Products, Premier Transmission shall calculate the minimum value of the Shipper's total Required Level of Credit Support which is required to cover Forecast Short Term Charges as 80 per cent of the Forecast Short Term Charges ("**STRLCS_{min}**").

Duration of Required Credit Support

- 13.2.10 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 Gas Year Y from the date on which Premier Transmission issues its determination of the Required Level of Credit Support in accordance with section 13.2.11 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 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 for Gas Year Y and the invoicing of Reconciliation Payments for Gas Year Y.

Notification of the Required Level of Credit Support

- 13.2.11 By no later than the 10th Business Day in August each year, and within 10 Business Days of any receipt of any submission of a revised Credit Application, Premier Transmission shall determine and inform a Shipper (including a Trader) of its' Required Level of Credit Support by providing a form setting out:
- (a) the total Required Level of Credit Support;
 - (b) the STRLCS_{min} (if applicable); and
 - (c) to what extent the Required Level of Credit Support may be met through the provision of Unsecured Credit Support and the amount, if any, of Secured Credit Support required to make up any deficiency,
- in the Prescribed Form (a "RLCS Form").

Credit Support for IP Capacity Transfers and Exit Capacity Transfers

- 13.2.12 For the avoidance of doubt, Premier Transmission shall have no obligations or liability in relation to credit support for:
- (a) IP Capacity Transfers and/or Exit Capacity Transfers; and
 - (b) transfers of gas between Shippers at the Trading Point,
- and such matters shall be addressed directly between Shippers.

13.3 Establishing a Provided Level of Credit Support

Treatment of Short Term Provided Level of Credit Support

- 13.3.1 Where Premier Transmission has determined a $STRLCS_{min}$ in accordance with section 13.2.9, part of a Shipper's Provided Level of Credit Support shall be treated as being provided for credit support in relation to Forecast Short Term Charges (the "**STPLCS**"). The STPLCS must be equal to or greater than the $STRLCS_{min}$ at all times.
- 13.3.2 That part of the Provided Level of Credit Support which is not treated as being the STPLCS shall be treated as being provided for credit support in relation to Forecast Other Charges (the "**OCPLCS**").
- 13.3.3 Notwithstanding the subdivision of the Provided Level of Credit Support for Forecast Short Term Charges and Forecast Other Charges, a Shipper shall establish a Provided Level of Credit Support that is at least equal to its total Required Level of Credit Support, in a form that is acceptable to Premier Transmission.

Acceptable forms of credit support

- 13.3.4 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 13.3.5, 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 13.3.7;
 - (b) subject to section 13.3.5, 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 13.3.7, 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 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 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

13.3.5 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 13.3.6 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 13.3.6 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 13.3.8,

where the "**Securer**" is the Shipper or Prospective Shipper (whichever is applicable) if the Unsecured Credit Support is provided under section 13.3.4(a), or the guarantor if the Unsecured Credit Support is provided under section 13.3.4(b).

13.3.6 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

and numerical or other modifiers to Moody's Credit Rating or Standard & Poor's Credit Rating shall be disregarded.

13.3.7 Unsecured Credit Support provided by a Securer under sections 13.3.4(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 13.3.8:

(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 and Supplier Utilities

Ratio ranges for Distribution Utilities and Supplier 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

(e) In this Code:

- (i) **“FFO Interest Coverage”** means the ratio of profit after tax from continuing operations plus depreciation, amortisation, deferred income taxes and other non-cash items and gross interest, to gross interest (including inter-company interest whether or not paid); and
- (ii) **“FFO to Total Debt”** means the profit after tax from continuing operations plus depreciation, amortisation, deferred income taxes and other non-cash items divided by total debt (including all inter-company debt), expressed as a percentage.

- 13.3.8 Premier Transmission, acting reasonably, and taking into account a Securer's submissions under section 13.3.9(c), shall decide which Utility Categorisation applies to the Securer, shall reference the applicable table in section 13.3.7(a), (b), (c) or (d) accordingly and:
- (a) in the event that both the FFO Interest Coverage ratio and the FFO to Total Debt ratio for that Securer yield values that fall within the ranges listed under the same Notional S&P Credit Rating column value, shall ascribe to the Securer that Notional S&P Credit Rating; or
 - (b) in the event that the FFO Interest Coverage ratio and the FFO to Total Debt ratio for that Securer yield values that do not fall within the ranges listed under the same Notional S&P Credit Rating, shall ascribe to the Securer that Notional S&P Credit Rating that will yield the lower Maximum Allowed Unsecured Credit value.
- 13.3.9 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 section 13.3.7 cross referenced to such accounts;
 - (c) a submission requesting one of the Utility Categorisations in section 13.3.7 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.
- 13.3.10 Premier Transmission shall provide to each Shipper and PS Gas Supplier and to the Authority on the request of the Credit Committee and on the demand of any Shipper or PS Gas Supplier within 10 Business Days, a list of all Shippers that meet some or all of their Required Level of Credit Support through the provision of Unsecured Credit Support detailing the form of that Unsecured Credit Support, the extent to which it is provided and any information provided along with the Credit Application by each such Shipper.
- 13.3.11 Premier Transmission, a Designated Pipe-line Operator or a Shipper may, at any time, call a Credit Committee meeting in accordance with section 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.
- 13.3.12 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 13.3.6, as amended for any previous Gas Years in accordance with this section 13.3.12, by that percentage difference.

- 13.3.13 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.
- 13.3.14 If the Maximum Allowed Unsecured Credit permitted under section 13.3.5 (as adjusted from time to time under section 13.3.12) 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

- 13.3.15 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.

Placing or updating a Provided Level of Credit Support

- 13.3.16 Subject to section 13.2.10, a Shipper shall place or update its Provided Level of Credit Support for Gas Year Y with Premier Transmission by no later than the 3rd Business Day in September in Y-1.
- 13.3.17 A Shipper or Prospective Shipper placing or updating a Provided Level of Credit Support with Premier Transmission shall submit a form specifying:
- (a) the total value of the Provided Level of Credit Support which is being provided (which may be greater than the Required Level of Credit Support);
 - (b) the means by which the Provided Level of Credit Support is being provided, including the value of any Unsecured Credit Support and the duration of any time-limited component of the Provided Level of Credit Support; and
 - (c) where the Provided Level of Credit Support exceeds the Required Level of Credit Support, the Shipper's requested split of the Provided Level of Credit Support between the STPLCS and the OCPLCS (provided always that the STPLCS must not be less than the $STRLCS_{min}$ as determined in accordance with section 13.2.9),
- in the Prescribed Form (a "**PLCS Form**").
- 13.3.18 When a Shipper becomes aware that the information provided in its Credit Application needs to be updated within Gas Year Y, or if a Shipper wishes to increase its Provided Level of Credit Support in order to establish a higher level of Provided Level of Credit Support than its Required Level of Credit Support, then it shall submit a revised Credit Application to Premier Transmission and a PLCS Adjustment Form in accordance with section 13.3.19.
- 13.3.19 At any time within Gas Year Y a Shipper may adjust its Provided Level of Credit Support by submitting a form to Premier Transmission specifying:
- (a) the additional value of Provided Level of Credit Support and the resulting total Provided Level of Credit Support;

- (b) the means by which the Provided Level of Credit Support is being provided, including the value of any Unsecured Credit Support and the duration of any time-limited component of the Provided Level of Credit Support; and
- (c) where the Provided Level of Credit Support exceeds the Required Level of Credit Support, the Shipper's requested split of the Provided Level of Credit Support between the STPLCS and the OCPLCS (provided always that the STPLCS must not be less than the $STRLCS_{min}$ as determined in accordance with section 13.2.9),

in the Prescribed Form (a "**PLCS Adjustment Form**").

- 13.3.20 If at any time a Shippers' Provided Level of Credit Support exceeds its Required Level of Credit Support and it has not specified the split of Provided Level of Credit Support between the STPLCS and the OCPLCS in accordance with sections 13.3.17(c) or 13.3.19(c), Premier Transmission shall deem the Provided Level of Credit Support to be split in the proportion to the ratio of the Shippers' Forecast Short Term Charges and Forecast Other Charges and update the Capacity Platform accordingly.
- 13.3.21 For the avoidance of doubt, where Premier Transmission determines the STPLCS, it shall not include any amounts in respect of any Auction Premium which a Shipper may choose to bid in an Auction.

Drawing on credit support

- 13.3.22 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.
- 13.3.23 Premier Transmission shall be entitled to make a demand up to the full amount under a letter of credit referred to in section 13.3.4(d) or a guarantee referred to in section 13.3.4(b) or 13.3.4(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 in respect of PS Code Charges 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 13.3.4(b) or 13.3.4(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 13.3.4(b) or 13.3.4(d) or a letter of credit has been delivered for a Shipper pursuant to the Code; and
 - (ii) such guarantee or letter of credit (or replacement or extension thereof) has a scheduled expiry date earlier than the date which falls 50 days after the end of the period for which IP Capacity or Exit Capacity has been booked by the Shipper; and

- (iii) the Shipper fails to procure that, not later than 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.

13.3.24 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.

13.3.25 Such part of the Excess Amount as is equal to the overdue amounts referred to in section 13.3.23(b) shall be paid into such bank account of Premier Transmission as is determined by Premier Transmission.

13.3.26

- (a) Premier Transmission shall procure that any balance of an Excess Amount which remains after the making of the payment described in section 13.3.25 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 13.3.23(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 13.3.26(b) or 13.3.23(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 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 The Required Level of Credit Support shall be established when Premier Transmission verifies the information provided in the PLCS Form and is satisfied that the Provided Level of Credit Support has been placed. Such verification may take up to 10 Business Days.

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 (f)) shall, within 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 13.3.23 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).

Placement of the STPLCS on the Capacity Platform

13.4.3 Monitoring of the STPLCS shall be carried out on the Capacity Platform by the Capacity Platform Operator and such activity is not within the scope of the Aligned System.

13.4.4 Each September, where a Shipper has Forecast Short Term Charges, following receipt of a PLCS Form in accordance with section 13.3.17 and once Premier Transmission is satisfied that a Required Level of Credit Support has been established in accordance with section 13.4.1, Premier Transmission shall record the amount of the STPLCS on the Capacity Platform within 5 Business Days.

13.4.5 If, at any time during a Gas Year, Premier Transmission receives a PLCS Adjustment Form from a Shipper, Premier Transmission shall, once it is satisfied that a Provided Level of Credit Support has been established by the Shipper, update the Capacity Platform with the revised STPLCS within 5 Business Days.

13.4.6 The Capacity Platform Operator shall monitor the value of the STPLCS and the value of a Shipper’s Bids in any given Auction of Short Term Capacity Products (“**Short Term Auction**”) and determine (in accordance with the CPO Rules and Processes) whether or not the value of the STPLCS constitutes a sufficient Provided Level of Credit Support for a Shipper’s Bids in a Short Term Auction in accordance with sections 1A.8.24 or 1A.9.14 as applicable.

13.4.7 Where in any Short Term Auction a Shipper’s STPLCS does not constitute a sufficient Provided Level of Credit Support for any particular Bid, such Bid and any further Bids in any Short Term Auction may be rejected by the Capacity Platform Operator, acting pursuant to section 1A.6.3, until such time as:

- (a) the Shipper notifies Premier Transmission that it wishes to increase its STPLCS in accordance with section 13.3.19;
 - (b) Premier Transmission is satisfied that sufficient STPLCS is established in accordance with section 13.4.1; and
 - (c) Premier Transmission updates the Capacity Platform with the revised STPLCS in accordance with section 13.4.5.
- 13.4.8 Premier Transmission shall not monitor, and has no obligation to monitor, whether or not Bids are rejected on the Capacity Platform pursuant to section 13.4.7.
- 13.4.9 Any Bid rejection by the Capacity Platform Operator under sections 1A.8.25 or 1A.9.15 shall be final and binding.

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 by any Shipper (an "**NPTP Default**", and an "**NPCC Default**" respectively); and/or
 - (b) if an LPC Default occurs in relation to that Shipper.
- 13.5.2 If any of Premier Transmission, any other Designated Pipe-line Operator or a PS Gas Supplier reasonably believes that a Shipper or Prospective Shipper should not be allowed to provide or to continue to provide any or all of its Provided Level of Credit Support by way of Unsecured Credit Support on the basis that allowing such support by such means would result in an unacceptable material increase in risk to the economic security of the Postalised System, it may, at any time, call a Credit Committee meeting to propose that the Credit Committee give a Direction disallowing that Shipper or Prospective Shipper from being able to provide all or any of its Provided Level of Credit Support by way of Unsecured Credit Support (an "**US Default**").
- 13.5.3 If any of Premier Transmission or a PS Gas Supplier reasonably believes that failure by Premier Transmission or another Designated Pipe-line Operator to re-assess a PS Gas Supplier's Required Level of Credit Support and/or PS Gas Supplier's Provided Level of Credit Support would result in an unacceptable material increase in risk to the security of the Postalised System, it may, at any time, call a Credit Committee meeting to propose that the Credit Committee give a Direction requiring such re-assessment.
- 13.5.4 A Shipper shall use reasonable endeavours to ensure that the Credit Committee shall operate and shall conduct itself in accordance with the Terms of Reference.
- 13.5.5 Premier Transmission and each Shipper shall promptly and fully comply with all Directions of the Credit Committee (including but not limited to the execution of any documents and performance of any actions required for the enforcement of any security provided by the Shipper, if instructed in the relevant Direction) provided that, where such Directions require the approval of the Authority, such approval has been given expressly in writing.

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

13.6.1 Premier Transmission will re-assess a Shipper's Required Level of Credit Support in any of the following circumstances:

- (a) annually by no later than the 10th Business Day in August;
- (b) a Shipper gaining an additional Exit Point Registration or an additional IP Registration;
- (c) a Shipper seeking to acquire additional Exit Capacity from Premier Transmission;
- (d) a Shipper's Total Actual Commodity Quantity exceeding the level it estimated in its Credit Application;
- (e) the Credit Committee directing Premier Transmission to make a re-assessment; or
- (f) on request (by way of a revised Credit Application) from that Shipper at any time.

13.6.2 Premier Transmission will re-assess a Shipper's Provided Level of Credit Support in any of the following circumstances:

- (a) annually by no later than the 5th Business Day in September;
- (b) in the event of any form of Unsecured Credit Support being disallowed by the Credit Committee;
- (c) a period of 1 Month before the expiry of a guarantee or any form of Secured Credit Support provided by or for such Shipper unless, before the start of such period, that guarantee or Secured Credit Support is renewed to the satisfaction of Premier Transmission on substantially the same terms for an extended term;
- (d) a downgrading in the Shipper's, its guarantor's or any issuer of a letter of credit's credit rating or there being a material adverse change in the Shipper's its guarantor's or any issuer of a letter of credit's Accounting Ratios from time to time;
- (e) the Credit Committee directs Premier Transmission to make a re-assessment; or
- (f) where a Shipper submits a PLCS Form or a PLCS Adjustment Form at any time within the Gas Year.

13.6.3 Such re-assessments of a Shipper's Required Level of Credit Support and Provided Level of Credit Support shall be conducted in accordance with the preceding provisions of this section 13 as if a new Credit Application were submitted on the date of occurrence of any of the events specified in section 13.6.

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

Forecasts and information relating to following Gas Years

13.7.1 A Shipper shall, each Gas Year, provide the forecasts and information detailed in section 11 of this Code to Premier Transmission and such forecasts and information shall be

utilised in relation to the calculation of Charges on the NI Network in accordance with section 11.2.1.

13.7.2 A Shipper shall use its reasonable endeavours to ensure that all forecasts and information supplied in accordance with section 13.7.1 are as accurate as possible having regard to the information and forecasts available to that Shipper and shall provide with such forecasts a full breakdown and reasoning as to how it has calculated those forecasts.

13.7.3 A Shipper shall promptly submit to Premier Transmission any further information, explanation and access to relevant documents and records, in each case as Premier Transmission reasonably requires in respect of the Forecast Supplier Quantity in order to satisfy its obligation to present similar information under Condition 2A.2.3.1 of its Licence.

13.8 Shippers which are not Gas Suppliers

The provisions of this section 13 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.

.....

Amend section 17.2.2 to read as follows:

17.2.2 A Prospective Shipper shall provide to Premier Transmission:

- (a) the Accession Agreement, signed by the Prospective Shipper for execution by Premier Transmission;
- (b) a completed Shipper Forecast Information Request form;
- (c) confirmation of its Provided Level of Credit Support;
- (d) completed 24 hour emergency contact information form; and
- (e) a copy of its Gas Supply Licence (or where appropriate, a copy of consent from the Authority to ~~Enter gas to or exit~~Exit gas from the NI Network as if the party had a Gas Supply Licence).

.....

Amend section 17.8.6 to read as follows:

17.8.6 Termination of a Registration does not relieve a Shipper of its obligations in relation to maintain its Provided Level of Credit Support in accordance with section ~~13.2.6~~13.2.10.

.....

Amend section 17.9.6 to read as follows:

17.9.6 At the discretion of Premier Transmission, this section 17.9 shall not apply in respect of any Shipper, or Prospective Shipper, that does not have a Gas Supply Licence, but does with the Authority's prior written consent to either:

- (a) hold Exit Capacity; or
- (b) have entitlement to ~~Enter gas to or exit~~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.

Insert new section T6 immediately after section T5 to read as follows:

Transition Section T6

T6.1 Introduction

T6.1.1 This section T6 sets out the provisions which will apply to Shippers from the T6 Implementation Date and sets out when:

- (a) the modified section 12 (*Charges, Payment and Tax*) (“**Modified Section 12**”);
- (b) the new section 13 (*Credit Procedures*) (“**Modified Section 13**”);
- (c) the modified section 17.8.6 (“**Modified Section 17.8.6**”);
- (d) the modified Appendix 1 (*Definitions and Interpretation*) (“**Invoicing and Credit Modified Appendix 1**”);
- (e) the modified Appendix 4 (*Proforma Documents*) (“**Modified Appendix 4**”) and
- (f) the modified Appendix 5 (*Credit Committee Terms of Reference*) (“**Modified Appendix 5**”);

all as set out in Code Modification 33 shall be effective. Existing sections of the Code in force prior to Code Modification 33 becoming effective in accordance with this section T6 are referred to in this section T6 as “**Unmodified**”.

T6.1.2 In this section T6:

- (a) “**T6 Implementation Date**” means the date of implementation of this section T6 which shall be 31st August 2015 or, if later, the date the Authority approves Code Modification 33;
- (b) “**Invoicing Operational Date**” means 1st October 2015;
- (c) “**Credit Operational Date**” means a date, determined and published by Premier Transmission, not earlier than the T6 Implementation Date and not later than 18th September 2015;

T6.2 Commencement of Modified Section 12

T6.2.1 The provisions of Modified Section 12 shall apply from the Invoicing Operational Date and for all Days thereafter.

T6.3 Commencement of Modified Section 13

T6.3.1 The provisions of Modified Section 13 shall apply from the T6 Implementation Date for the Gas Year commencing 1st October 2015, subject to section T6.3.2, and for each subsequent Gas Year.

T6.3.2 For the Gas Year commencing 1st October 2015 only:

- (a) in respect of modified section 13.2, Premier Transmission shall perform the calculation of Required Level of Credit Support using the information provided in the Shipper Forecast Information Request required under section T1.15;

- (b) in respect of modified section 13.2.11, Premier Transmission shall provide Shippers with the RLCS Form as soon as possible after the T6 Implementation Date;
- (c) in respect of modified section 13.3.17, Shippers shall be required to place their Provided Level of Credit Support and submit a PLCS Form in accordance with modified section 13.3.17 no later than the Credit Operational Date;
- (d) a Shipper shall be permitted to submit a PLCS Adjustment Form at any time following the Credit Operational Date;
- (e) Premier Transmission may, at its sole discretion, record the amount of any STPLCS on the Capacity Platform in such shorter timescales as may be feasible;
- (f) where a Shipper fails to place a sufficient Provided Level of Credit Support by the Credit Operational Date, Premier Transmission shall inform the Shipper, and if a Provided Level of Credit Support is not established within 2 Business Days, this shall constitute an LPC Default and, for the avoidance of doubt, the Terms of Reference at Modified Appendix 5 shall apply and Premier Transmission may convene a meeting of the Credit Committee at the earliest opportunity

T6.3.3 Unmodified section 13 shall apply in respect of the Gas Year ending 30th September until the completion of invoicing of Reconciliation Payments for that Gas Year.

T6.4 Commencement of Invoicing and Credit Modified Appendix 1

T6.4.1 From the T6 Implementation Date, the terms set out in Invoicing and Credit Modified Appendix 1 shall, subject to T6.5, become effective as and when use of each of those terms is required by the coming into force of the provisions set out in this section T6 and shall continue to apply thereafter.

T6.5 Successional Changes to Appendix 1

T6.5.1 “**CAM Modified Appendix 1**” and “**CAM Effective Date**” have the meanings given to them in section T2 implemented or to be implemented in accordance with Code Modification 28, “**Nominations Modified Appendix 1**” has the meaning given to it in section T4 implemented or to be implemented in accordance with Code Modification 31, and “**Allocations Modified Appendix 1**” has the meaning given to it in section T5 implemented or to be implemented in accordance with Code Modification 32.

T6.5.2 Invoicing and Credit Modified Appendix 1 adds new defined terms to the Code and where relevant modifies terms set out in CAM Modified Appendix 1, Nominations Modified Appendix 1 and Allocations Modified Appendix 1.

T6.5.3 Terms contained in Unmodified Appendix 1 which are not otherwise amended or deleted by CAM Modified Appendix 1, Nominations Modified Appendix 1, Allocations Modified Appendix 1, or Invoicing and Credit Modified Appendix 1 or any other subsequent Code Modifications shall continue to apply in this Code after the CAM Effective Date.

T6.6 Commencement of Modified Section 17.8.6, Modified Appendix 4 and Modified Appendix 5

T6.6.1 The provisions of Modified Section 17.8.6, Modified Appendix 4 and Modified Appendix 5 shall apply from the T6 Implementation Date for the Gas Year commencing 1st October

2015 as required by the provisions of Modified Section 13 coming into force in accordance with section T6.3 and shall continue to apply thereafter.



Amend Appendix 1 to include new terms (and modify existing terms) to read as shown in the list below:

APPENDIX 1

DEFINITIONS AND INTERPRETATION

“Aggregate NI Entry Allocation”	has the meaning given to it in section 3.4.2 <u>and “Aggregate NI Entry Allocations” shall be construed accordingly;</u>
“Aggregate NI Exit Allocation”	has the meaning given to it in section 3.10.2 <u>and “Aggregate NI Exit Allocations” shall be construed accordingly;</u>
“Aggregate Throughput”	<u>means, in respect of a Month, the sum of a Shipper’s Aggregate NI Entry Allocations and the Shippers’ Aggregate NI Exit Allocations for that Month;</u>
“Average PS Code Charges”	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 <u>has the meaning given to it in section 13.2.7;</u>
“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;
“Buyback Cap”	<u>has the meaning given to it in the PTL Postalised Network Incentive Payments Procedure;</u>
“Buyback Payment”	<u>means a payment which shall be payable by Premier Transmission to a Shipper in respect of IP Capacity in accordance with the OS Scheme and “Buyback Payments” shall be construed accordingly;</u>
“Commodity Value of Trades”	<u>has the meaning given to it in section 13.2.1(a);</u>
“Credit Period”	has the meaning given to it in S section 13.2.1(e)2;
“Daily Capacity Charges”	has the meaning given to it in section 12.16.1 (a)
“Deferred Buyback Payment”	has the meaning given to it in section 12.4.5– 12.5.6 and <u>“Deferred Buyback Payments” shall be construed accordingly;</u>
“Directions”	means any direction made by the Credit Committee in accordance with the Terms of Reference <u>and “Direction” shall be construed accordingly;</u>
“Disbursement Amount”	shall mean a Shippers share of the excess or deficit in the PTL-NI Postalised Network Disbursement Bank Account and the BGE(NI) Postalised Network Disbursement Amount <u>calculated in accordance</u>

with the NINOA and the Postalised Network Disbursement Procedure and **“Disbursement Amounts”** shall be construed accordingly;

“Due Date” means the date on which payment of an invoice in respect of any PS Transmission Payment ~~and~~ PS Code Charges ~~and STG/VRF/BB Charges~~ falls due, being the ~~tenth-10th~~ Business Day in the month next after the month in which the relevant invoice was issued and for the purpose of ~~Section-section~~ 16 has the meaning therein;

~~“Equivalent Agencies”~~ has the meaning set out in section 13.3.1;

~~“Enter”~~ has the meaning given to it in the Licence and **“Entering”** shall be construed accordingly;

“Equivalent Agency” shall ~~have~~ has the meaning given to it in section 13.3.14;

“Equivalent Rating” shall ~~have~~ has the meaning given to it in section 13.3.14;

“Excess Amount” has the meaning given to it in section 13.3.1524;

~~“Exit”~~ has the meaning given to it in the Licence and **“Exiting”** shall be construed accordingly;

~~“Exit Ratchet Payment”~~ means any Ratchet Charges determined under section 1B.12 and as described in the Charging Methodology Statement;

“FFO Interest Coverage” ~~means the ratio of net income from continuing operations plus depreciation, amortisation, deferred income taxes and other non-cash items and gross interest, to gross interest~~ has the meaning given to it in section 13.3.7(e)(i);

“FFO to Total Debt” ~~means the net income from continuing operations plus depreciation, amortisation, deferred income taxes and other non-cash items divided by total debt, expressed as a percentage~~ has the meaning given to it in section 13.3.7(e)(ii);

~~“Forecast Other Charges”~~ has the meaning given to it in section 13.2.8(b);

“Forecast Postalised Charges” ~~means, with respect to a Shipper, that Shipper’s Forecast Postalised Capacity Charge and Forecast Postalised Commodity Charge as defined in the Licence;~~ has the meaning given to it in the Licence;

~~“Forecast Postalised Commodity Charge”~~ has the meaning given to it in the Licence and **“Forecast Postalised Commodity Charges”** shall be construed accordingly;

~~“Forecast Short Term Charges”~~ has the meaning given to it in section 13.2.8(a);

“Forecast Supplier Quantity” shall ~~have~~ has the meaning given to it in ~~the Licence~~ section 13.2.1(b);

~~“Forecast VRF IP Exit Quantity”~~ has the meaning given to it in section 13.2.1(c);

~~“Gas Products and Time Factors Table”~~ has the meaning given to it in the Licence;

“Imbalance Charge” means the charge payable to a Shipper in respect of a Positive Imbalance or the charge payable by a Shipper in respect of a Negative Imbalance and **“Imbalance Charges”** shall be construed accordingly;

“Incentive Scheme Payments” ~~has the meaning given to it in section 12.16.1(d)~~ means payments which shall be payable by Premier Transmission to a Shipper in accordance with the OS Scheme;

~~**“Interruptible VRF Charges”**~~ has the meaning given to it in section 12.16.1 (b);

“IP Capacity Product” means as described in the Gas Products and Time Factors Table;

“IP Entry Capacity Overrun Payment” means the sum of the Overrun Charges due for each day in Month M for which the invoice is payable, as described in the Charging Methodology Statement;

“Licensee Unpredictable Operating Cost” has the meaning given to it in the Licence;

“M+12” ~~has the meaning given to it in section 12.14.3;~~ means the 12th day of the Month following M;

~~**“Monthly Postalised Capacity Payment”**~~ shall have the meaning given to it in the Licence;

“Maximum Allowed Unsecured Credit” ~~shall have~~has the meaning given to it in section 13.3.25;

“Monthly Postalised Commodity Payment” means a monthly payment for gas quantities allocated to a Shipper determined in accordance with section 12.4 as set out in the Charging Methodology Statement;

“Monthly Postalised Daily IP Entry Capacity Payment” means a monthly payment for Daily IP Entry Capacity determined in accordance with section 12.4 as set out in the Charging Methodology Statement;

“Monthly Postalised Exit Capacity Payment” means a monthly payment for Exit Capacity determined in accordance with section 12.4 as set out in the Charging Methodology Statement;

“Monthly Postalised Interruptible VRF IP Exit Capacity Payment” means a monthly payment for Interruptible VRF IP Exit Capacity determined in accordance with section 12.4 as set out in the Charging Methodology Statement;

“Monthly Postalised

<u>Monthly IP Entry Capacity Payment</u>	means a monthly payment for Monthly IP Entry Capacity determined in accordance with section 12.4 as set out in the Charging Methodology Statement;
<u>“Monthly Postalised Quarterly IP Entry Capacity Payment”</u>	means a monthly payment for Quarterly IP Entry Capacity determined in accordance with section 12.4 as set out in the Charging Methodology Statement;
<u>“Monthly Postalised Yearly IP Entry Capacity Payment”</u>	means a monthly payment for Yearly IP Entry Capacity determined in accordance with section 12.4 as set out in the Charging Methodology Statement;
<u>“Negative Imbalance”</u>	means in respect of a Gas Flow Day, where a Shipper’s Aggregate NI Entry Allocation is less than its’ Aggregate NI Exit Allocation;
<u>“Network”</u>	has the meaning given to it in the Terms of Reference;
<u>“PTLNI Postalised Network Disbursement Bank Account”</u>	has the meaning given to it in section 5.3.1 means a separate bank account set up by Premier Transmission pursuant to the NINOA into which PTL shall pay into and pay from the amounts detailed in section 5.3 of this Code in accordance with the Postalised Network Disbursement Procedure;
<u>“Notional S&P Credit Rating”</u>	means a credit rating assigned to a Shipper in accordance with section 13.3.7;
<u>“NPCC Default”</u>	has the meaning given to it in section 13.5.1-(a);
<u>“NPSTCVRFBB Default”</u>	has the meaning given to it in section 13.5.1 (a);
<u>“NPTP Default”</u>	has the meaning given to it in section 13.5.1-(a);
<u>“OCPLCS”</u>	has the meaning given to it in section 13.3.2;
<u>“OS Scheme”</u>	is the scheme which sets out arrangements for the sale of Oversubscription Capacity and the purchase of IP Entry Capacity by Premier Transmission in accordance with the Licence;
<u>“Oversubscription Capacity”</u>	means Additional IP Entry Capacity over and above the Technical IP Entry Capacity that may be made available by Premier Transmission as a result of the application of the OS Scheme;
<u>“Payable Amount”</u>	has the meaning given to it in section 12.4.4;
<u>“Payable Exit Capacity Price”</u>	has the meaning given to it in section 12.4.3;

<u>“Payable IP Capacity Price”</u>	has the meaning given to it in section 12.4.1;
<u>“PLCS Adjustment Form”</u>	has the meaning given to it in section 13.3.19;
<u>“PLCS Form”</u>	has the meaning given to it in section 13.3.17;
<u>“Positive Imbalance”</u>	means in respect of a Gas Flow Day, where Shipper’s Aggregate NI Entry Allocation is greater than its’ Aggregate NI Exit Allocation on a Gas Flow Day D;
“Postalised Network Disbursement Procedure”	means the procedure established pursuant to the NINOA for the purpose of the administration of the NI Postalised Network Disbursement Bank Account; has the meaning given to it in section 5.3.1;
<u>“Postalised System”</u>	has the meaning given to it in the Terms of Reference;
“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);
“PS Code Charges”	means Balancing Charges <u>Imbalance Charges</u> , 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/BB Charges;
“PTL Postalised Network Incentive Scheme Bank Account”	has the meaning given to it in section 12.17.1;
<u>“PTL Postalised Network Incentive Payments Procedure”</u>	has the meaning given to it in section 12.17.42;
“Reconciliation Payment”	shall have the meaning given to it in the Licence <u>and “Reconciliation Payments” shall be construed accordingly;</u>
<u>“RLCS Form”</u>	has the meaning given to it in section 13.2.11;
“Scheduling Charge”	has the meaning given to it in section 4.4.1 and <u>“Scheduling Charges” shall be construed accordingly;</u>
“Secured Credit Support”	shall have <u>has</u> the meaning given to it in section 13.3.14;
“Securer”	shall have <u>has</u> the meaning given to it in section 13.3.25;
<u>“Short Term Auction”</u>	has the meaning given to it in section 13.4.6;
<u>“Short Term Capacity Products”</u>	has the meaning given to it in section 13.2.8(c);
“South-North Virtual VRF IP Exit Point”	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;

<u>“STC/VR/BB Invoice”</u>	has the meaning given to it in section 12.4.1 ;
<u>“STC/VR/BB Charge Amounts”</u>	has the meaning given to it in section 12.4.2 ;
<u>“STC/VR/BB Charges”</u>	has the meaning given to it in section 12.16 ;
<u>“STPLCS”</u>	has the meaning given to it in section 13.3.1 ;
<u>“STRLCS_{min}”</u>	has the meaning given to it in section 13.2.9 ;
<u>“Supplier Utility”</u>	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;
<u>“Surrender Payment”</u>	means a payment which shall be payable from Premier Transmission to a Shipper in respect of IP Capacity which is accepted for surrender in accordance with the OS Scheme;
<u>“Total Actual Commodity Quantity”</u>	means the sum of a Shipper's Final Exit Allocations exceeding the level it estimated in its Credit Application;
<u>“Total Forecast Commodity Quantity”</u>	has the meaning given to it in section 13.2.1(d) ;
<u>“Total System Aggregate Throughput”</u>	means, in respect of a Month, the sum of all Shippers' Aggregate NI Entry Allocations and all Shippers' Aggregate NI Exit Allocations for that Month;
<u>“Trade Buy Nomination”</u>	has the meaning given to it in section 2.13.2(b) and <u>“Trade Buy Nominations”</u> shall be construed accordingly;
<u>“Trader”</u>	has the meaning given to it in section 17.4.4 and <u>“Traders”</u> shall be construed accordingly;
<u>“Unauthorised Flow Charge”</u>	has the meaning given to it in section 4.5.4-2 and <u>“Unauthorised Flow Charges”</u> shall be construed accordingly;
<u>“Unpaid OS Amount”</u>	has the meaning given to it in section 12.4.5-12.5.6 ;
<u>“Unsecured Credit Support”</u>	shall have has the meaning given to it in section 13.3.14 ;
<u>“Value Added Tax or VAT”</u>	means the tax applied pursuant to the Value Added Tax Act 1994;
<u>“Year-End Postalised Charges”</u>	has the meaning given to it in the Licence;

Amend Appendix 4 to read as follows:

APPENDIX 4

PROFORMA DOCUMENTS

Part I - Form of Guarantee (section 13.3.4-4(b))

THIS GUARANTEE is made the [] day of [] 20[] by [] a company [registered in England and having its registered office] [whose principal place of business is] at [] (the "**Guarantor**") in favour of Premier Transmission Limited a company registered in Northern Ireland (Number N.I.26421) having its registered office at ~~Ballylumford, Islandmagee, Larne, County Antrim BT40 3RS~~ First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH ("**Premier Transmission**").

WHEREAS

- (A) [] a company [registered in England and having its registered office] [whose principal place of business is] at [] (the "**Shipper**") is a party to an Accession Agreement dated [] (the "**Accession Agreement**") by which it has agreed to be bound by the terms of the Transportation Code.
- (B) This Guarantee is made pursuant to the Transportation Code for the purposes of providing security for indebtedness of the Shipper in respect of its payment obligations under the Transportation Code.
- (C) The Guarantor has capacity to enter into this Guarantee and has taken all steps necessary to ensure that this Guarantee is valid and binding upon it in accordance with the terms hereof.

[NOW THIS DEED WITNESSETH and the Guarantor hereby agrees] [IT IS AGREED] as follows:

1 In this Guarantee:

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

"**Payment Default**" means any failure by the Shipper to pay an amount properly due under an invoice issued in accordance with the Transportation Code by the Due Date;

"**Demanded Sum**" means a Demanded Overdue Sum or a Demanded Security Default Sum;

"**Demanded Overdue Sum**" means the sum specified in a written demand from Premier Transmission pursuant to clause 2 of this Guarantee representing the amount unpaid by the

Shipper under an invoice issued in accordance with the Transportation Code by the Due Date;

"**Demanded Security Default Sum**" means the full amount of this Guarantee where the Shipper has failed to procure the provision of security replacing this Guarantee to Premier Transmission by the time and in the manner contemplated in sections 13.3.13-22 and/or 13.3.14-23 and/or 13.4.2 of the Transportation Code (and so that the expression "the full amount of this Guarantee" shall mean the amount stated in Clause 5, less the amounts previously paid by the Guarantor to Premier Transmission pursuant to this Guarantee); and

"**Security Default**" means a failure such as is referred to in the definition of Demanded Security Default Sum in this Clause 1.

- 2 Subject to clause 3, below, *[In consideration of the payment of £1 payable on demand by Premier Transmission to the Guarantor]* if and whenever there is a Payment Default the Guarantor shall, as primary obligor and not merely as surety, within [14] days of receipt of a written demand from Premier Transmission pay *[the Demanded Overdue Sum] [.% of the Demanded Overdue Sum]* into the following bank account:- **[Note: This will be the PoT Account.]**.
- 3 Notwithstanding the provisions of clause 2, if the written demand referred to in that clause is accompanied by a certificate signed by or on behalf of Premier Transmission stating that the Demanded Overdue Sum exceeds any PS Transmission Amounts (as defined in the Transportation Code) which are overdue for payment by the Shipper at the time of such written demand, the Guarantor will make payment of the excess to such other account(s) as may be specified by Premier Transmission in such written demand.
- 4 *[In consideration of the payment of £1 payable on demand by Premier Transmission to the Guarantor, if]* If there is a Security Default, the Guarantor shall within [14] days of receipt of a written demand from Premier Transmission pay the Demanded Security Default Sum to such bank account of Premier Transmission as is specified in such written demand.
- 5 The Guarantor's aggregate liability to Premier Transmission hereunder in respect of Demanded Overdue Sums and Demanded Security Default Sums shall not be greater than *[£.]*
- 6 Amounts payable by the Guarantor under this Guarantee shall be paid free of any restriction, reservation or condition and, except to the extent required by law, without deduction or withholding in respect of tax or on account of any amount due or becoming due to the Guarantor whether by way of set-off, counterclaim or otherwise provided that if any such payment is subject to any such deduction or withholding, the Guarantor shall forthwith pay to Premier Transmission such further amounts as may be necessary to ensure that Premier Transmission receives an amount equal to that which would have been received had no deduction or withholding been made.
- 7 This Guarantee is a continuing guarantee and shall remain in effect until *[Date.]* or until terminated by or with the consent of Premier Transmission *[or until the Shipper has arranged the release of the Guarantor in accordance with the provisions of the Transportation Code (which shall apply to this Guarantee as though incorporated herein)]* whichever occurs first but without prejudice to any rights then accrued under this Guarantee.
- 8 The obligations of the Guarantor under this Guarantee are in addition to and not in substitution for any other security which Premier Transmission may now or in the future hold in relation to the payment obligations of the Shipper under the Transportation Code ("**Liabilities**") or any of them and may be enforced without Premier Transmission first having recourse to any such security and without Premier Transmission first taking steps or proceedings against the Shipper.
- 9 Neither the obligations of the Guarantor under this Guarantee nor the rights, powers and remedies conferred upon Premier Transmission by this Guarantee or by law shall be discharged, impaired or otherwise affected, in whole or in part, by:-
 - (a) the winding-up, dissolution, administration or reorganisation of the Shipper or any change in its status, functions, control or ownership;

- (b) any of the Liabilities or any of the obligations of the Shipper under the Accession Agreement or the Transportation Code or any security in respect of the Liabilities being or becoming illegal, invalid or unenforceable in any respect;
 - (c) time or other indulgence being granted or agreed to be granted by Premier Transmission or any other person to, or any composition or other arrangement made with or accepted from (i) the Shipper in respect of the Liabilities or any of them or (ii) any person in respect of any such security;
 - (d) any amendment to, or any variation, waiver or release of any of the Accession Agreement, the Transportation Code, the Liabilities or any such security;
 - (e) any failure to enforce, realise or fully to realise the value of, or any release, discharge, exchange of substitution or any such security;
 - (f) any failure (whether intentional or not) to take, or fully to take, or perfect any security now or hereafter agreed to be taken in relation to the Liabilities or any of them;
 - (g) the release of any other person under the terms of any composition or arrangement with any creditor thereof; or
 - (h) any other act, event or omission (whether or not known to the Guarantor or Premier Transmission) which, but for this Clause 9, would or might operate to discharge, impair or otherwise affect any of the obligations of the Guarantor under this Guarantee or any of the rights, powers or remedies conferred upon Premier Transmission by law to the intent that the Guarantor's obligations under this Guarantee shall remain in full force and this Guarantee shall be construed accordingly as if there were no such act, event or omission.
- 10 Where any settlement or discharge (whether in respect of the obligations of the Shipper or otherwise) is made in whole or in part, or any arrangement is made on the faith of any payment, security or other disposition which is avoided or has to be repaid on bankruptcy, liquidation or otherwise without limitation, the liability of the Guarantor under this Guarantee shall continue and Premier Transmission shall be entitled to recover the value or amount of such obligations subsequently as if such settlement or discharge or arrangement had not occurred. Premier Transmission shall be entitled to concede or compromise any claim that any payment, security or other disposition is liable to avoidance or repayment.
- 11 Until all amounts which may be or become payable under the Transportation Code or this Guarantee have been irrevocably paid in full:-
- (a) the Guarantor shall not as a result of this Guarantee or any payment or performance under this Guarantee be subrogated to any right or security of Premier Transmission or, in competition with Premier Transmission, claim or prove against the Shipper or any other person or demand or accept repayment of any monies or claim any right of contribution, set-off or indemnity and any sums received by the Guarantor or the amount of any set-off exercised by the Guarantor in breach of this provision shall be held by the Guarantor in trust for and shall be promptly paid to Premier Transmission; and
 - (b) the Guarantor shall not hold any security from the Shipper in respect of this Guarantee and any such security which is held in breach of this provision shall be held by the Guarantor in trust for and shall promptly be transferred to Premier Transmission.
- 12 The Guarantor represents and warrants to Premier Transmission as follows:-
- (a) it has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of, this Guarantee and the transactions contemplated hereby;
 - (b) this Guarantee constitutes its legal, valid and binding obligation enforceable against it;

- (c) the entry into and performance by it of, and the transactions contemplated by, this Guarantee do not and will not:-
 - (i) conflict with any existing law or regulation or judicial or official order; or
 - (ii) conflict with its constitutional documents; or
 - (iii) conflict with any document which is binding upon it or any of its assets;
 - (d) all authorisations required to be obtained by it in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, this Guarantee have been obtained or effected (as appropriate) and are in full force and effect;
 - (e) it has not entered into this Guarantee in reliance upon, nor has it been induced to enter into this Guarantee by any representation, warranty or undertaking made by or on behalf of Premier Transmission (whether express or implied) which is not set out in this Guarantee.
- 13 Any notice to or demand on the Guarantor under this Guarantee may be delivered or sent by first class recorded delivery post or facsimile transmission to the Guarantor at its address appearing in this Guarantee or at such other address as it may have notified to Premier Transmission at the address for Premier Transmission stated in this Guarantee (or such other address as is notified by it to the Guarantor from time to time).
- 14 Premier Transmission shall be entitled by notice in writing to the Guarantor to assign the benefit of this Guarantee at any time to any person to whom it assigns or transfers its rights under the Accession Agreement without the consent of the Guarantor being required and any such assignment shall not release the Guarantor from liability under this Guarantee.
- 15 The invalidity, illegality or unenforceability in whole or in part of any of the provisions of this Guarantee shall not affect the validity, legality and enforceability of the remaining part or provisions of this Guarantee.
- 16 This Guarantee shall be governed by and construed in accordance with the laws of England and the Guarantor hereby submits to the exclusive jurisdiction of the Courts of England *[and appoints/insert name and address of person/company registered/resident in UK as its agent for service of notices and other communications under or relating to this Guarantee]*.
- 17 [The Guarantor shall be [jointly and severally liable] together with [insert name of other guarantor(s) of the Shipper] to pay [each and every Demanded Sum] [severally liable to pay to Premier Transmission such percentage as is specified in clause 2 or 3 of this Guarantee of each and every Demanded Sum].]

[IN WITNESS] *whereof the Guarantor has caused this Guarantee to be executed as its deed the day and year first before written.*

The Common Seal of [.] was hereunto affixed in the presence of:

[.] Director

[.] Director/Company Secretary

[Alternative if consideration included in clause 2:]

IN WITNESS whereof, this Guarantee has been executed for and on behalf of *[Guarantor]* the day and year first before written

Signature.....

Name

Position

In the presence of

Signature

Name

Position

Part II - Form of Letter of Credit
(section 13.3.~~14~~(d))

To: Premier Transmission Limited

~~100 Thames Valley Park Drive~~

~~READING~~

~~Berkshire RG6 1PT~~

First Floor, The Arena Building

85 Ormeau Road

Belfast

BT7 1SH

Date: . 200[.]

- 1 We, by this letter, establish in your favour our irrevocable standby letter of credit No [.] ("**this letter of credit**") for the account of [.] (the "**Shipper**") available for drawing in one or more amounts. This letter of credit is issued in connection with the Shipper's payment obligations under the Transportation Code (the "**Code**") and Accession Agreement to which Premier Transmission Limited and the Shipper are *[about to become]* parties (together the "**Documents**" which term shall include any document, as from time to time modified, which is by virtue of such Code or Accession Agreement made binding on the Shipper).
- 2 We understand that amendments or other variations or extensions may from time to time be made to the terms of the Documents and our obligations under this letter of credit, as set out below, will apply notwithstanding any such amendments or other variations or extensions provided that our maximum aggregate liability to you under this letter of credit shall not exceed [£.] and that we shall not be required to pay claims made by you under this letter of credit which are received by us after the expiry date of this letter of credit.
- 3 Subject to paragraph 4 below, we shall make all payments under this letter of credit into the following bank account:- [**Note: This will be the PoT Account**] on your first written demand for payment when such demand is presented to us at [.] accompanied by your certificate that the Shipper:
 - (a) has failed to meet its payment obligations under the Documents; or
 - (b) has failed to procure the provision of replacement security to you by the time and in the manner contemplated in Sections 13.3.~~13-22~~ and/or 13.3.~~14-23~~ and/or 13.4.2 of the Code.

The amount of your demand under this letter of credit shall not, where your demand is accompanied by a certificate in the form described in (a) above, be greater than the total amount of sums then due and payable by the Shipper pursuant to the Documents.

- 4 Notwithstanding the provisions of paragraph 3, if the written demand referred to in that paragraph is accompanied by a certificate signed by or on your behalf stating that the amount demanded exceeds the PS Transmission Amounts (as defined in the Code) which are overdue for payment by the Shipper at the time of such written demand, we will make payment of the excess under this letter of credit to such other account(s) as may be specified by you in such written demand.

- 5 This letter of credit will expire on [.] and the demand(s) and certificate(s) referred to in paragraph 3 and 4 of this letter of credit must be presented by you to us on or before that date. We undertake that all demands made in accordance with this letter of credit will be met with due honour.
- 6 This letter of credit is a transaction separate and independent from any other on which it may be based.
- 7 This letter of credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 revision) International Chamber of Commerce Publication No.500 insofar as the same are applicable (but so that Article 41 thereof shall be deemed excluded and the second sentence of Article 17 thereof shall be deemed excluded for this purpose with effect that, if this letter of credit expires during any interruption of business referred to in the first sentence of such Article, we shall remain liable to make payment under this letter of credit in respect of any demand no later than 15 ~~B~~business ~~D~~days after we have notified you that our business has ceased to be so interrupted), and, to the extent not inconsistent therewith, shall be governed by and construed in accordance with English Law and in the event of any dispute relating thereto we hereby agree to submit to the exclusive jurisdiction of the Courts of England
- 8 Amounts payable by us under this letter of credit shall be paid free of any restriction, reservation or condition and, except to the extent required by law, without deduction or withholding in respect of tax or on account of any amount due or becoming due to us, whether by way of set-off, counterclaim or otherwise, provided that if any such payment is subject to any such deduction or withholding, we shall forthwith pay to you such further amounts as may be necessary to ensure that you receive an amount equal to that which would have been received had no deduction or withholding been made.

Signed [.] as a duly authorised signatory for and on behalf of [.]

Amend Appendix 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 (and/or an "NPCC Default"); and/or STC/RF/BB Charge Amounts (an "NPSTCVRFB 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 or an IP Registration, 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 or an IP Registration, has ceased to hold a valid Gas Supply Licence unless that Shipper has prior written consent from the Authority to either:
 - (i) hold ~~Firm-IP~~ Capacity or Exit Capacity; or
 - (ii) have entitlement to Enter gas to, and 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 or an IP Registration, 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-IP~~ Capacity or Exit Capacity; or

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

and such Shipper ceases to hold the relevant consent from the Authority;
or-

(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/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/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:

“Business Hours” —means any time between the hours of 09:00 and 17:00 Greenwich Mean Time on a Business Day;

~~**“PS Code Charges”** —means any amounts payable by a PS Gas Supplier under a CC Invoice in accordance with a Designated Pipe-line Operator’s Network Code;~~

“Defaulting Shipper” has the meaning given to it in paragraph 1.3;

“Direction” means a direction of the Credit Committee, in respect of a Default, that is issued to the relevant Primary DPO, any other Designated Pipe-line Operators and/or to a PS Gas Supplier in relation to the relevant Default and which direction is given in accordance with paragraph 6 of these Terms;

“Licence” means the licence to convey gas held by the relevant Designated Pipe-line Operator;

“Meeting Notice” means a notice of a Credit Committee meeting containing all information listed in paragraph 3.3 of these Terms (if available);

“Members” means all members of the Credit Committee, being: (a) all Designated Pipe-line Operators; (b) all PS Gas Suppliers from time to time; and (c) the Authority;

“Network” means, in relation to gas pipe-lines owned by the relevant Designated Pipe-line Operator, the gas pipe-lines designated by an order made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003;

“Network Code” means a particular Designated Pipe-line Operator’s code governing the terms on which PS Gas Suppliers which are party to or bound by that code may convey gas through the Designated Pipe-line Operator’s pipe-line network;

“Postalised System” means the system comprising all gas pipe-lines designated as being subject to a common tariff pursuant to all orders made pursuant to Article 59 of the Energy (Northern Ireland) Order 2003 in force at such time;

“Primary DPO” has the meaning given to it in paragraph 1.4;

“PSA” has the meaning given to that term in each Designated Pipe-line Operator’s Licence;

“PS Gas Supplier” means any person who is entitled to exit gas from the Postalised System; and

“PS Transmission Payments” means any payment which a Designated Pipe-line Operator is entitled or obliged to charge a PS Gas Supplier in accordance with Condition 2A of such Designated Pipe-line Operator’s Licence.

"Shipper" has the meaning given to it in Appendix 1 Definitions and Interpretations;

~~**"STC/VRF/BB Charges"** means any amounts payable by a Shipper under an 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; and

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

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

5.3 Subject to paragraphs 5.2(C) and, (D) ~~and (E)~~, each PS Gas Supplier shall be a Voting Member in respect of a matter under consideration at a Meeting.

5.4 If no Member at the relevant quorate meeting is entitled to vote the Chairman shall have a vote. In no other circumstances shall the Chairman, in that capacity, be entitled to vote at meetings.

6. Credit Committee Powers

6.1 Subject to paragraphs 6.2 and 6.3, the Credit Committee shall have the power to make any of the following directions (each a “**Direction**”) in accordance with these Terms and the terms of the Network Code:

(A) where a Termination Default or an Administration Default has occurred, require a Primary DPO to terminate its Defaulting Shipper’s Accession Agreement;

(B) where a Termination Default or an Administration Default has occurred, require a Primary DPO not to terminate its Defaulting Shipper’s Accession Agreement;

(C) where a breach of section 16.3.2 of the Network Code has occurred, to determine whether that breach of the Network Code is capable of remedy;

(D) where any Default has occurred, require a Primary DPO to enforce a specified sum of the security it holds in relation to its Defaulting Shipper in favour of the PoT Account in the case of an NPTP Default, or the Primary DPO’s Account in respect of an NPCC Default;

(E) where any Default has occurred, require a Primary DPO to settle a claim for non-payment against its Defaulting Shipper on such terms as the Credit Committee determines;

(F) where an LPC Default has occurred, require the Primary DPO to waive the requirement for a Defaulting Shipper to provide the Provided Level of Credit

Support which would otherwise be required of that Defaulting Shipper, for a specified period;

- (G) in the event of an NPTP Default or an NPCC Default, require the Primary DPO to agree a payment plan on such terms as the Credit Committee directs with a Defaulting Shipper which specifies dates on which future payments will be made;
- (H) where any Default has occurred, require a Primary DPO to engage the services of recognised legal and/or financial professionals in relation to that resolution of the circumstances giving rise to a Default;
- (I) where the Voting Members of the Credit Committee reasonably believe further pursuit of a non-payment is likely to be economically detrimental to the PS Gas Suppliers, they may vote to direct a Primary DPO that no further action need be taken in respect of that non-payment;
- (J) in the event of a US Default, a Direction in accordance with paragraph 1.2;
- (K) where any Default has occurred, require a Primary DPO to disallow the Defaulting Shipper from:
 - (1) acquiring IP Capacity and/or ExitFirm Capacity by a transfer;
 - (2) reserving additional IP Capacity and/or ExitFirm Capacity ~~including through the Daily Capacity Application Window;~~
 - (3) submitting an IP Nomination and/or Exit Nomination; in respect of an Interruptible Nominated Quantity and/or an Interruptible VRF Nominated Quantity; or
 - (4) applying for any Exit Point Registration, IP Registration and/or Trading Point Registration; and
- (L) where a request for a Direction from the Credit Committee has been made under section 13.5.3 of the Network Code, require a Primary DPO to re-assess a PS Gas Supplier's Required Level of Credit Support and/or a PS Gas Supplier's Provided Level of Credit Support;

provided that, the Credit Committee shall not be permitted to make any Direction which may delay or frustrate the application of the procedures for the recovery of Debt Payments from PS Gas Suppliers in accordance with any relevant Licence.

6.2 Any Direction given under the powers conferred at paragraph 6.1(B), paragraph 6.1(F), paragraph 6.1 (J) or paragraph 6.1(A) (but in relation to 6.1(A), only where in relation to a Termination Default, such Termination Default relates to a breach of section 16.3.2 of the Network Code) shall not be capable of exercise unless and until the Authority has given its consent.

6.3 Where the Credit Committee makes a Direction under paragraph 6.1(D) in respect of:

- (A) an NPTP Default, it may only direct the Primary DPO to enforce security up to the value calculated in accordance with section 13.2.2-5 of the Network Code or, where appropriate, the equivalent sections in another Network Code; and
- (B) an NPCC Default, it may only direct the Primary DPO to enforce security up to the value calculated in accordance with section 13.2.3-6 of the Network Code or, where appropriate, the equivalent sections in another Network Code.

7. Attendance and Proceedings at Meetings

- 7.1 Each Member may be represented by up to three persons at a Credit Committee meeting.
- 7.2 On receipt of a Meeting Notice and until the issue of a Direction, all Members shall meet as frequently as is reasonably necessary to carry out their duties.
- 7.3 A person shall be treated as present in person at a meeting notwithstanding that he is not physically present at the place where the meeting is held if he is in continuous communication with the meeting by conference telephone or other communication equipment permitting each person physically present at or so in communication with the meeting to hear and be heard by each other person.
- 7.4 If any Member fails or is unable to attend a meeting (an “**Absent Member**”) it may in writing appoint a nominee (a “**Nominee**”) to speak and/or vote for it. A Nominee may be any other Member of the Credit Committee who consents to act as a Nominee on the Absent Member’s behalf. Any Member, present at a meeting of the Credit Committee, and acting as Nominee only counts once toward the quorum (on its own behalf) and may not vote on behalf of the Absent Member on any matter in respect of which the Nominee or the Absent Member is a Non-Voting Member.
- 7.5 Members shall keep confidential all information which comes into their possession in carrying out their duties under these Terms and shall not communicate any Credit Committee or personal view regarding any matter discussed at a Credit Committee meeting to any person who is not a Member except with the consent of the Credit Committee, where its respective licence or Network Code requires, where the Authority requires, or as required by law.
- 7.6 Any Voting Member may require that a Defaulting Shipper be excluded from any part of the relevant meeting of the Credit Committee.
- 7.7 Members shall use all reasonable endeavours to make Directions promptly and to the best of their ability, and shall conduct themselves honestly and diligently whilst carrying out their duties under these Terms and shall act without undue discrimination against any PS Gas Supplier.
- 7.8 The proceedings of the Credit Committee shall be conducted in private.
- 7.9 The Chairman shall keep a minute of the meeting of the Credit Committee and shall circulate such minute to all Members present within 3 Business Days of the relevant Meeting except such minute shall not be circulated to, or otherwise provided to the Defaulting Shipper. The Chairman shall send a copy of such minute to the Authority, and any Member who disputes the accuracy of such minute shall make such amendments or additions it sees fit and send those amendments or additions to the Authority within 3 Business Days of receipt of the minute from the Chairman.
- 7.10 A person shall not represent a Member if:
- (A) the Authority has given notice to the person that circumstances exist which in the opinion of the Authority would make it difficult for such person to act in the best interests of the Credit Committee or render such representation detrimental to the fair operation of the Credit Committee;
 - (B) he becomes bankrupt or compounds with his creditors;
 - (C) he, or any body of which he is, or has been, a director, partner or controller be the subject of any complaint or investigation of misconduct or of malpractice in connection with his or its business affairs and the Authority decides that it is undesirable that he represent a Member; or

- (D) he is dismissed or requested to resign from any office of employment or from any fiduciary office or position of trust, whether or not remunerated, and the Authority resolves that it is undesirable that he represent a Member.

8. Directions and Voting

- 8.1 At a meeting a Voting Member shall hold one vote per £1 worth of PS Transmission Payments invoiced to it during the six Months immediately prior to the Month in which the meeting is convened.
- 8.2 Directions may be passed by the written consent of all Members who would, if present at a meeting of the Credit Committee called to decide such a matter, be Voting Members and shall be in the form submitted to all Members by the convening Member prior to a meeting, and, if passed, will obviate the need for such meeting.
- 8.3 Directions shall be passed by the Credit Committee:
 - (A) at a quorate meeting by a simple majority of the votes cast by Members present and entitled to vote (abstentions not forming part of the count for these purposes); or
 - (B) by the Chairman on receipt of the written consent of all Members entitled to vote to any draft Directions submitted to all Members in writing prior to the meeting.
- 8.4 Written copies of all Directions passed at a meeting shall be sent to all Members no later than three Business Days after the meeting is concluded by the Chairman.

9. Fees and Expenses

- 9.1 Members of the Credit Committee shall be responsible for their own costs and expenses incurred in fulfilling their duties.

10. Modification

- 10.1 For the avoidance of doubt, these Terms of Reference may be modified in accordance with the Modification Rules.