

# **Network Code Transition Document**



## **NETWORK CODE TRANSITION DOCUMENT**

### **Preamble**

This document deals with the following matters:

- a) Interim Terms that modify the Principal Document for the few months of operation.
- b) Transitional Arrangements to deal with the first gas flow day and other start up issues.
- c) Run Off Arrangements dealing with closing down pre-Network code transportation contracts.

This Preamble does not form part of the Transition Document.

## PREAMBLE

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## GENERAL

# Part I    **GENERAL**

## **1       REMOVED 1 October 2003**





GENERAL

## Defined Terms – N/A

Paragraph



GENERAL



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## INTERIM TERMS



## Part II INTERIM TERMS

1 REMOVED 1 October 2003

2 REMOVED 1 October 2003

3 REMOVED 1 October 2003

4 REMOVED 1 October 2003

5 REMOVED 1 October 2003

6 REMOVED 1 October 2003

7 REMOVED 1 October 2003

8 MISCELLANEOUS

8.1 [Section B: System Use and Capacity](#)

8.1.3 [B2](#)

In respect of the calendar months October 2002 to March 2003 (inclusive) and April 2003 to September 2003 (inclusive) (“**relevant month**”):

- (a) Section B2.2 shall not apply and for the purposes of Section B2.3:
  - (i) reference to Determined System Entry Capacity in respect of an Aggregate System Entry Point and each relevant month shall be treated as a reference to the amount of System Entry Capacity identified as the Output ASEP Quantity for the Aggregate System Entry Point and the relevant month set out in Transportation Statement;
  - (ii) the reference in Section 2.3.1 to each calendar month in the Gas Year shall be treated as a reference to each relevant month;
  - (iii) Transco’s invitation under Section 2.3.2 in respect of the calendar months October 2002 to March 2003 (inclusive) shall specify four dates, the last of which shall not be later than (31 August 2002) and the amount of System Entry Capacity that will be available on the first three invitation dates shall be an amount equal to 25% of the amount of System Entry Capacity determined in accordance with paragraph (a); and on the fourth date shall be an amount equal to such amount of System Entry Capacity that remains available after allocation in accordance with Section 2.3 following the third invitation date.
  - (iv) Transco’s invitation under Section 2.3.2 in respect of the calendar months April 2003 to September 2003 shall specify four dates, the last of which shall not be later than (28th February 2002) and the amount of



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System Entry Capacity that will be available on the first three invitation dates shall be an amount equal to 25% of the amount of System Entry Capacity determined in accordance with paragraph (a); and on the fourth date shall be an amount equal to such amount of System Entry Capacity that remains available after allocation in accordance with Section 2.3 following the third invitation date.

- (b) Sections B2.6 and B2.7 shall not apply.

8.1.3(A) [B2.2](#) Users may make applications for Monthly System Entry Capacity for each calendar month in respect of the calendar months October 2003 to March 2004 pursuant to an invitation to be held by Transco, for which purposes:

- (a) the provisions of Section B2 (“**Old Section B2**”) which applied immediately prior to the date on which the Modification 0500 gave effect shall continue to apply (except as provided for otherwise in paragraph (b));
- (b) the provisions of paragraph 8.1.3 of this Part II in respect of Old Section B2 shall apply for which purposes Transco’s invitation shall:
- (i) be in respect of each of the calendar months October 2003 to March 2004 (inclusive); and
- (ii) shall specify four dates, the last of which shall be not later than 31 August 2003,

and the System Entry Capacity which Users may be registered as holding following such invitation in respect of a calendar month shall be Monthly System Entry Capacity.

8.1.3B For the purposes of the annual invitation to be held pursuant to Transition Document Part II 8.1.3A in respect of calendar months October 2003 to March 2004 the Available System Entry Capacity for an Aggregate System Entry Point shall be not less than the sum of:

- (a) Unsold System Entry Capacity (if any); and
- (a) Incremental System Entry Capacity (if any).

8.1.3(B) [B2.8.9](#)

For the purposes of Section B2.8.9 and notwithstanding the provisions thereof, there shall be no obligation on Transco to provide any information which shall or may be in breach of any of the confidentiality provisions of a Forward Agreement or an Option Agreement entered into on or prior to 23 October 2002.

8.1.3(C) In respect of any annual invitation for Quarterly System Entry Capacity conducted prior to 1st November 2003 the requirement in paragraph B.2.2.19 shall be that the Stability Group remains unchanged in respect of all calendar quarters and Aggregate System Entry Point combinations.

8.1.4A [B2.8.9](#)

- (a) Sections B2.8.9 (a), (b) and (c) shall apply with effect from 1 April 2002 save that in respect of the period from 1 April 2002 to 25 October 2002 the references to the date by which information is to be provided shall instead be to the first Business Day following the implementation of the modification proposal giving effect to this paragraph 8.1.4A. Notwithstanding the foregoing or the provisions of Sections B2.8.9 (a), (b) and (c), there shall be no obligation on Transco to provide any information which shall or may be in breach of any of the confidentiality provisions of a Forward Agreement or an Option Agreement entered into on or prior to 25 October 2002 unless and until Transco shall have received, in a form acceptable to it, a waiver from that User in respect of the confidentiality of all such information.

- (b) For the purposes of paragraphs (c) and (d) below:

**“Relevant Forward Combination”** means a specific combination of Aggregate System Entry Point and forward delivery period as set out in a valid tender offer submitted to Transco pursuant to a Tender Invitation Notice; and

**“Relevant Option Combination”** means a specific combination of Aggregate System Entry Point and option exercise period as set out in a valid tender offer submitted to Transco pursuant to a Tender Invitation Notice.

- (c) Where, pursuant to a Tender Invitation Notice issued by Transco in the period between 1 April 2002 and 10 February 2003 only (both dates inclusive), Transco received valid tender offers in respect of a Relevant Forward Combination but Transco did not enter into any Forward Agreements with Users in respect of that Relevant Forward Combination pursuant to that Tender Invitation Notice, it shall nevertheless publish, on the first Business Day following the implementation of the modification proposal giving effect to this paragraph 8.1.4A, and in respect of each Gas Flow Day in the relevant forward delivery period:
- (i) the volume weighted average price in respect of all valid offers received by Transco for the surrender of Firm System Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
  - (ii) the aggregate quantity of Firm System Entry Capacity for which valid offers to surrender were received by Transco for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
  - (iii) the minimum price offered by Users in valid offers for the surrender of Firm System Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice; and
  - (iv) the maximum price offered by Users in valid offers for the surrender of Firm System Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice.
- (d) Where, pursuant to a Tender Invitation Notice issued by Transco in the period between 1 April 2002 and 10 February 2003 only (both dates inclusive), Transco received valid tender offers in respect of a Relevant Option Combination but Transco did not enter into any Option Agreements with Users in respect of that Relevant Option Combination pursuant to that Tender Invitation Notice, it shall nevertheless publish on the first Business Day following the implementation of



## INTERIM TERMS

the modification proposal giving effect to this paragraph 8.1.4A:

- (i) the volume weighted average strike price in respect of all valid offers received by Transco for the surrender of Firm System Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;
  - (ii) the aggregate quantity of Firm System Entry Capacity for which valid offers to surrender were received by Transco for that Relevant Option Combination pursuant to that Tender Invitation Notice;
  - (iii) the minimum strike price offered by Users in valid offers for the surrender of Firm System Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice; and
  - (iv) the maximum strike price offered by Users in valid offers for the surrender of Firm System Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice.
- (e) Notwithstanding the foregoing, there shall be no obligation on Transco to provide any confidential information of a User pursuant to paragraph (c) or (d) above in respect of any such tender offers unless and until Transco shall have received, in a form acceptable to it, a waiver from that User in respect of the confidentiality of all such information.
- (f) This paragraph 8.1.4A shall, from the date of implementation of the modification proposal giving effect to this paragraph 8.1.4A, supersede the provisions of paragraph 8.1.4 above.

### 8.1.4B [B2.8.9](#)

Sections B2.8.9(d) and (e) shall apply in respect of Tender Invitation Notices issued on or after 11 February 2003 save that in respect of the period from 11 February 2003 to the date of the implementation of the modification proposal giving effect to this paragraph 8.1.4B, the references to the date by which information is to be provided shall instead be to the first Business Day following the implementation of such modification proposal.

8.1.4 Not used

8.1.5 Not used

8.1.6 Not used

8.1.7 Not used

8.1.8 Not used

### 8.1.9 [B2.13](#)

- (a) For the purposes of April 2000 and the calculation of amounts to be retained or borne by Transco pursuant to [Section B2.11](#), the provisions of Section B2.13 that applied immediately prior to the time the modification giving effect to this paragraph was effective shall be held to continue to apply, subject to the provisions of paragraphs (b), (c) and (e).





- (b) For the purposes of this paragraph 8.1.4 of this Part II:
- (i) the “**Transco Interim Amount**” is the sum of the Transco Monthly Amount for April 2000;
  - (ii) the “**Interim Relevant Capacity Incentive Revenues**” are

$$\text{IRCR} * 0.2$$

where IRCR is the Relevant Capacity Revenues for April 2000;

- (iii) the “**Interim Relevant Capacity Incentive Revenues**” is an amount equal to the lesser of:
  - (1) the sum of Transco Interim Amount and the Interim Relevant Capacity Incentive Revenues; and
  - (2) £416,666
 less the Interim Relevant Capacity Incentive Revenues.

- (c) Each relevant User shall pay Transco an amount (“**Interim Charge**”) calculated as:

$$\text{AIA} * \text{HAURC} / \text{HAARC}$$

where:

AIA is the ASEP Interim Amount;

HAURC is, in respect of the Aggregate System Entry Point for April 2000, the aggregate of the User’s Registered Monthly System Entry Capacity; and

HAARC is, in respect of the Aggregate System Entry Point for April 2000, the aggregate of all User’s Registered Monthly System Entry Capacity.

- (d) For the purposes of paragraph (c), in relation to an Aggregate System Entry Point the “**ASEP Interim Amount**” is:

$$\text{IA} * \text{ICIR} / \text{IACIR}$$

where:

IA is the Interim Amount;

ICIR is the sum of the Capacity Incentive Revenues for the Aggregate System Entry Point; and

IACIR is the sum of the Capacity Incentive Revenues for all Aggregate System Entry Points

for April 2000.



## INTERIM TERMS

- (e) The Interim Charge shall be invoiced and payable in accordance with [Section S](#).

### 8.1.10 [B2.13](#)

In respect of the calendar months April to September 2002 (inclusive) (“**relevant month**”) and without prejudice to the continued application of paragraph 8.1.11 of this Part II in respect of preceding calendar months, Section B2.13 shall not apply and the arrangements set out in paragraphs (b) to (f) (inclusive) and (g) of paragraph 8.1.11 shall apply in respect of each relevant month such that the difference between amounts received or receivable and paid or payable by Transco in a relevant month in respect of Relevant Capacity Revenues and Relevant Capacity Costs shall be payable or recoverable from relevant Users (as defined in paragraph 8.1.11) (and such amount shall not be reduced by any amount to be retained or borne by Transco), provided that for each Aggregate System Entry Point and in respect of a relevant month:

- (a) without prejudice to paragraph (c), Relevant Capacity Revenues:
- (i) shall not, save where provided in paragraph 8.1.3B below, include Capacity Charges payable to Transco in respect of Daily System Entry Capacity (for a Day in the relevant month) where the User was first registered as holding the Daily System Entry Capacity pursuant to a capacity allocation on the Preceding Day; and
  - (ii) shall include System Entry Overrun Charges payable by Users in respect of a Day in the relevant month;
- (b) Capacity Neutrality Charges shall not include User Monthly Capacity Incentive Amounts;
- (c) when calculating the Capacity Revenue Neutrality Charge Relevant Capacity Revenues shall be deemed to be reduced by the amount of System Entry Overrun Charges payable by Users in respect of a Day in the relevant month; and
- (d) when calculating the Capacity Cost Neutrality Charge, Relevant Capacity Costs shall be deemed to include System Entry Overrun Charges payable by Users in respect of a Day in the relevant month.

### 8.1.11 [B2.13](#)

With effect from 1st April 2002 and without prejudice to the continued application of paragraph 8.1.11 of this Part II in respect of preceding calendar months and the application of paragraph 8.1.12 in respect of the calendar months April to September 2002 (inclusive), paragraphs (a) to (h) (inclusive) shall apply pursuant to which Transco will pay or be paid certain amounts to or by relevant Users in respect of each Formula Year by reference to the amount by which the Actual Annual Capacity Amount differs from the Forecast Annual Capacity Amount (the “**Annual Capacity Incentive Arrangement**”):

- (a) for the purposes of the Annual Capacity Incentive Arrangement for each Formula Year:



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- (i) the "**Capacity Incentive Annual Performance Amount**" is the Actual Annual Capacity Amount less the Forecast Annual Capacity Amount;
  - (ii) the "**Actual Annual Capacity Amount**" is Relevant Annual Capacity Costs less Relevant Annual Capacity Revenues; and
  - (iii) the "**Forecast Annual Capacity Amount**" is £35,000,000 of Relevant Annual Capacity Costs in excess of Relevant Capacity Revenues;
- (b) in relation to the Annual Capacity Incentive Arrangement, for any Formula Year, Transco's performance:
  - (i) is 'superior' where the Actual Annual Capacity Amount is less than the Forecast Annual Capacity Amount; and
  - (ii) is 'inferior' where the Actual Annual Capacity Amount is greater than the Forecast Annual Capacity Amount;
- (c) for each Formula Year the "**Relevant Annual Capacity Incentive Amount**" is:
  - (i) where Transco's performance was superior, the amount determined as the lesser of:
    - (1) £30,000,000; and
    - (2)  $CIAPA * 0.5$ ;
  - (ii) where Transco's performance was inferior, the amount determined as the lesser of:
    - (1) £12,500,000; and
    - (2)  $CIAPA * 0.35$ ; and
  - (iii) where the Capacity Incentive Annual Performance Amount is zero, zero,

where CIAPA is the Capacity Incentive Annual Performance Amount;
- (d) for the purposes of calculating the Actual Annual Capacity Amount no account shall be taken of Relevant Capacity Costs incurred by Transco in the circumstances referred to in Section B2.13.4;
- (e) Having derived the Relevant Annual Capacity Incentive Amount pursuant to (c) above that sum, which may be a negative or positive number, shall be added to other revenues that Transco is entitled to recover in calculating the NTS Commodity Charge in accordance with the Transportation Statement;
- (f) a "**Formula Year**" means the period from 1 April in any year to 31 March in the following year;



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- (g) **"Relevant Annual Capacity Revenues"** means in respect of a Formula Year the sum of Relevant Capacity Revenues for each calendar month in such year; and
- (h) **"Relevant Annual Capacity Costs"** means in respect of a Formula Year the sum of Relevant Capacity Costs for each calendar month in such year.

### 8.1.12 [B2.2](#)

- (a) Users may have made applications and be registered as holding Monthly System Entry Capacity for each calendar month in Gas Year + 1 (2002/ 2003) in accordance with paragraph 8.1.3 of this Part II.
- (b) Users may make applications for Monthly System Entry Capacity for each calendar month in Gas Year + 2 (2003/2004) pursuant to an invitation to be held by Transco, for which purposes:
  - (i) the provisions of Section B2 (**"Old Section B2"**) which applied immediately prior to the date on which the Modification giving effect to this paragraph had effect shall continue to apply (except as provided for otherwise in paragraph (ii);
  - (ii) the provisions of paragraph 8.1.3 of this Part II in respect of Old Section B2 shall apply for which purposes Transco's invitation shall:
    - (1) be in respect of each of the calendar months October 2003 to March 2004 (inclusive); and
    - (2) shall specify four dates, the last of which shall be not later than 31 August 2003,and the System Entry Capacity which Users may be registered as holding following such invitation in respect of a calendar month shall be Monthly System Entry Capacity.
- (c) Users may make applications for Quarterly System Entry Capacity for each calendar quarter in Gas Year + 3 (2004/2005) to Gas Year + 15 (2016/2017) (inclusive) pursuant to an annual invitation to be held not earlier than 1 January 2003 and not later than 31 January 2003.
- (d) In determining the amount of Unsold System Entry Capacity for each Day in a calendar month in Gas Year + 1 (2002/2003) and Gas Year + 2 (2003/2004) for the purposes of a rolling monthly invitation in respect of each such calendar month account shall be taken of the Monthly System Entry Capacity previously made available to and held by Users in relation to such calendar month pursuant to paragraph 8.1.3 of this Part II or (as the case may be) paragraph (b).
- (e) References to a Gas Year + *n* in paragraphs (a), (b), (c) and (d) shall be interpreted as if the relevant invitation had taken place in Gas Year 2001/ 2002.

### 8.1.13 [B4.7.6](#) For the purposes of Gas Year 2003/4, the multiplier set out in each of



paragraphs (i) and (ii) of Section B4.7.6 shall be 0.01, rather than 2.

#### 8.1A [Section C: Nominations](#)

Until 1<sup>st</sup> October 2000, Transco will not make a System Trade Nomination other than pursuant to a transaction effected on the Trading System.

#### 8.2 [Section D: Operational Balancing and Trading Arrangements](#)

8.2.1 In respect of the application of Section D3 as amended in the period from 1 October 2001 up to (and including) the Day preceding the date of implementation of the Modification to the Code giving effect to this paragraph ("**relevant period**") (and by which modification Section D3 ceased to apply):

- (a) a reference to a Gas Year shall be treated as a reference to the relevant period;
- (b) amounts payable in respect of the relevant period by way of User Daily Incentive Amounts, User Annual Incentive Interest Amounts and User Annual Incentive Adjustment Amounts (under the Price Incentive Arrangement and the Linepack Incentive Arrangement collectively) shall continue to be invoiced and payable in accordance with [Section S](#) notwithstanding that such amounts are invoiced and payable after the relevant period;
- (c) amounts payable under paragraph (b) shall be calculated in accordance with Section D3 as it applied immediately prior to the end of the relevant period; and
- (d) between 1 April 2002 and the date of implementation of the Modification to the Code giving effect to this paragraph, the Maximum Incentive Amount limits, Incentive Performance Measure, Annual Maximum Incentive Amounts and other relevant parameters of the Energy Balancing Incentive shall be set and applied in accordance with the limits prescribed in special condition 28B paragraph 14(9) of the Transco Licence.

8.2.2 For the purposes of paragraph 8.2.1 terms used therein shall have the meaning attributed thereto in Section D3 as it applied immediately prior to the date of implementation of the Modification to the Code giving effect to this paragraph.

8.3 Not Used.

#### 8.4 [Section F: System Clearing, Balancing Charges and Neutrality](#)

8.4.1 Not used

##### 8.4.2 [F1.2.1](#)

- (a) Until 30th September 1999,
  - (i) Primary Excluded Bids will be excluded for the purposes of determining the System Marginal Sell Price, and
  - (ii) Secondary Excluded Bids will be excluded for the purposes of



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determining the System Marginal Buy Price; and

- (iii) no account shall be taken of any Excluded Flexibility Quantity or any Excluded Flexibility Charge, for the purposes of calculating the System Average Price;

but Secondary Excluded Bids will (for the avoidance of doubt) be included in determining the System Marginal Buy Price.

- (b) For the purposes of paragraph (a):

- (i) **"Primary Excluded Bids"** are the Flexibility Bid for a System Sell accepted pursuant to [Section D1.5](#) for the purposes of reducing gas flows at a System Entry Point which is affected by a Transportation Constraint;
- (ii) **"Secondary Excluded Bids"** are the Flexibility Bids for System Buys which are excluded, in relation to any Relevant Primary Excluded Bids, in accordance with the following rules, which shall be applied in the chronological order in which Relevant Primary Excluded Bids were accepted:

- (1) all Relevant Accepted Buy Bids shall be ranked in order of Accepted Price (the highest ranked first, and bids of equal Accepted Price ranked in chronological order of acceptance);
- (2) such Relevant Accepted Buy Bids shall be excluded (in the order ranked) until:
  - (aa) the aggregate of the Flexibility Quantities under the bids so excluded is equal to or first exceeds the Flexibility Quantity(ies) under the Relevant Primary Excluded Bids (the amount of any such excess, the "relevant excess"), or
  - (bb) all such Relevant Accepted Buy Bids have been excluded, if the aggregate of the Flexibility Quantities thereunder does not exceed Flexibility Quantity(ies) under the Relevant Primary Excluded Bids;
- (3) unless there is no relevant excess, the last Relevant Accepted Buy Bid to be excluded under paragraph (2)(aa) shall be deemed, for the purposes of the further application of this paragraph 8.4.2, to be two Relevant Accepted Buy Bids, one (which shall not be treated as so excluded) for a Flexibility Quantity equal to the relevant excess, and one (which shall be treated as so excluded) for a Flexibility Quantity equal to the balance of the whole Flexibility Quantity;
- (4) for the purposes of this paragraph (ii), in relation to any Relevant Excluded Primary Bids, a **"Relevant Accepted Buy Bid"** is a Flexibility Bid for a System Buy which:
  - (aa) was accepted during the period commencing with



acceptance of the Relevant Primary Excluded Bids and expiring on the expiry of the first full hour (ending on the hour) to expire thereafter, and

- (bb) was not excluded pursuant to paragraph (2) in relation to any earlier accepted Relevant Excluded Primary Bids;
- (iii) **"Relevant Primary Excluded Bids"** means one Primary Excluded Bid or several Primary Excluded Bids which were accepted at the same time;
- (iv) **"Excluded Flexibility Bids"** are Primary Excluded Bids and Secondary Excluded Bids;
- (v) an **"Excluded Flexibility Quantity"** is the Flexibility Quantity in respect of an Excluded Flexibility Bid;
- (vi) an **"Excluded Flexibility Charge"** is the Excluded Flexibility Quantity in respect of an Excluded Flexibility Bid multiplied by the Accepted Price.

#### 8.4.3 Not used

8.4.4 [F2.2.2](#) Until 31<sup>st</sup> March 2001 the Applicable Imbalance Tolerance Percentage shall be;

- (a) 1.125% in respect of the System Exit Points (other than NDM Supply Point Components or NDM Supply Point Components where the Annual Quantity of the Supply Point is less than 58,600,000 kWh (2,000,000, therms) and Relevant Connected System Exit Points (which shall include Storage Connection Points of any Storage Facilities);
- (b) 3% in respect of DM Supply Point Components where the Annual Quantity of the Supply point is less than 58,600,000 kWh (2,000,000 therms);
- (c) 0.75% in respect of System Entry Points.

8.4.5 [G1.6](#) (a) Where the Initial Annual Quantity of a Supply Point of which the Registered User is a User other than BGT, would otherwise be less than 73,200 kWh (2,500 therms), the Initial Annual Quantity shall be equal to 73,200 kWh (2,500 therms).

#### 8.4.6 [G1.7](#)

- (a) Not used
- (b) The purposes referred to in paragraph (a) are:
  - (i) determining whether there has been a failure to Interrupt for the purposes of [Section G6.9](#) at the relevant Supply Point;



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- (ii) determining the Capacity Charges payable by the User in respect of the relevant Supply Point.
- (c) An election under paragraph (a):
  - (i) shall be given by the User to Transco by Conventional Notice not earlier than 1st October 1996 and shall be treated as made with effect from the date of such notice;
  - (ii) shall specify an amount of Supply Point Capacity, not exceeding whichever is the lesser of 14,650 kWh/Day (500 therms/Day) and 10% of the User's Registered Supply Point Capacity, for the purposes of paragraph (d)(i);
  - (iii) may not be revoked by the User but shall lapse on the first anniversary of the election or (if earlier) if the User shall cease to be the Registered User of the Supply Meter Point or if there occurs a failure to Interrupt (in accordance with paragraph (d)(v) at the "**relevant Supply Point**").
- (d) Where an election is in force under paragraph (a):
  - (i) of the Supply Point Capacity held by the User at the relevant Supply Point, the amount (the "**Firm Supply Point Capacity**") specified by the User pursuant to paragraph (c)(ii) shall be treated as though it were held at a Firm Supply Point Component;
  - (ii) the User shall be treated (for the purposes of paragraph (iii)) is holding NTS Exit Capacity (at the relevant NTS/LDZ Offtake) in respect of such Firm Supply Point Component, as though it were an NDM Supply Point Component, in an amount equal to the amount of the Firm Supply Point Capacity;
  - (iii) the User shall be liable for LDZ Capacity Charges (in respect of the Firm Supply Point Capacity) and NTS Exit Capacity Charges (in respect of the NTS Exit Capacity under paragraph (e)), which shall be payable in accordance with paragraph (e);
  - (iv) the User shall be deemed for the purposes of Section G1.7.7 to have given a Shared Supply Meter Notification (which the User may not revise) providing that, of the quantity offtaken at the Supply Meter Point each Day, an amount equal to the Firm Supply Point Capacity (or where less the whole of such quantity) shall be treated as having offtaken at such Firm Supply Point, and the balance (if any) at the interruptible Supply Point;
  - (v) where Transco requires Interruption at the "**relevant Supply Point**", the requirement under Section 6.7.2(b) is that:
    - (1) the rate (in kWh/hour) at which gas is offtaken from the System at the Supply Point shall not exceed 1/10 of the Firm Supply Point Capacity; and
    - (2) where the requirement for Interruption applies for the whole of





the Gas Flow Day, the quantity offtaken on such Day does not exceed the Firm Supply Point Capacity;

- (vi) the Applicable Commodity Rate of the Commodity Charges payable in respect of quantities treated (in accordance with paragraph (iv) as offtaken from such Firm Supply Point, insofar as a function of Supply Point Capacity, shall be determined by reference to the Firm Supply Point Capacity (and the difference between such Commodity Charges so determined and these which would otherwise be payable shall be invoiced by way of Ad Hoc Invoice); but otherwise Section G1.7.15 shall not apply and the rate of any Supply Point Transportation Charge shall be determined by reference to the aggregate Supply Point Capacity held by the User at the relevant Supply Point;
  - (vii) where (pursuant to a Supply Point Confirmation which becomes effective) another User is to become the Registered User of a Proposed Supply Point which is a Current Supply Point in relation to which the relevant Supply Point is the Existing Supply Point, the Proposing User may not later than the Proposed Supply Point Registration Date make an election for the purposes of paragraph (f);
  - (viii) the User shall inform Transco as soon as reasonably practicable after ceasing (in the circumstances in paragraph (vii)) or otherwise) to be the Registered User of the "**relevant Supply Point**".
- (e) Where a User makes an election under paragraph (a):
- (i) the User shall pay to Transco the amount (if any) determined in accordance with the Transportation Statement (in respect of Transco's administrative expenses incurred in connection with the election);
  - (ii) the amount payable under paragraph (i) together with the entire amount of the charges referred to in paragraph (d)(iii) calculated for the whole of the 12 month period commencing with the date of the election, shall be payable in a single payment, and may be invoiced by way of Ad Hoc Invoice at any time after the User's election and shall be paid in accordance with [Section S](#);
  - (iii) except as provided in paragraph (f)(iii), the User shall not be entitled to any repayment of any amount payable under paragraph (ii) by reason of the User's election lapsing before its first anniversary;
  - (iv) Transco may refuse to permit an election to proceed where in its opinion the Firm Transportation Requirement (which shall be deemed to apply, on the basis that the Supply Point Offtake rate is 1/10 of the Firm Supply Point Capacity) is not satisfied in respect of such Firm Supply Point.
- (f) Where a Proposing User makes an election under paragraph (d)(vii):
- (i) the election (the "**original election**") under paragraph (a) made by the Existing Registered User shall be deemed to continue in force, as



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though made by the Proposing User in relation to the Proposed Supply Point, in respect of the period (the "**remaining period**") from the Supply Point Registration Date until the anniversary of the original election;

- (ii) the Proposing User shall be liable for the amount under paragraph (e)(i)(as though it had made an election under paragraph (a)), and for so much of the charges referred to in paragraph (d)(iii)) as are attributable to the remaining period (and paragraph (e) shall apply in respect of such amounts by reference to the date of the Proposing User's election);
- (iii) there shall be repaid to the Existing Registered User an amount equal to the amount payable by the Proposing User under paragraph (ii).

- (g) No election under paragraph (a) may be made after the time at which the aggregate amount of Firm Supply Point Capacity pursuant to all such elections already made by Users exceeds 1,000,000 kWh/Day, or such higher amount as the Top-Up Manager may in its discretion determine and notify to Users for the purposes of this paragraph (g) (but an election under paragraph (a) shall not count as redesignation as Firm for the purposes of [Section P2.9](#)).

### 8.4.7 [G1.8.3](#)

For the purposes of paragraph G1.8.4(b)(i), until 31st March 1997, only Transco may be appointed as Meter Reader in respect of a Sub-deduct Supply Meter Point.

### 8.4.8 [G1.12](#)

No Founder User elects to make Code Communications under [Section G](#) as Conventional Notices.

### 8.4.9 [G1.15](#)

Where an agreement for Firm Supply Point Capacity (known as an "**F10 Agreement**") is in force in respect of a Supply Point;

### 8.4.10 [G1.15.1](#)

The User may terminate the F10 Agreement within 10 Business Days of 21st October 1997 by notice in writing to Transco and the following rules shall apply:

- (a) if the F10 Agreement was entered into prior to 20th October 1997, Transco shall refund to the Registered User of the relevant Supply Point pro rata in respect of any unexpired complete month for the period of the F10 Agreement any charges paid under such F10 Agreement provided that the Registered User enters into an agreement with Transco for the provision of a Firm Allowance at the relevant Supply Point(s) for the period ending 30th September 1998.
- (b) in relation to the agreement for a Firm Allowance referred to in paragraph (a) the provisions of [Section G1.15.7](#) shall not apply.

### 8.4.11 [G1.15.2](#)



If the User does not elect to terminate the F10 Agreement in accordance with paragraph 1.15.1, it shall terminate on its expiry date, no refund shall be made and a Firm Allowance may be applied for in accordance with Section G1.15.3.

8.4.12 [G1.15.3](#)

For the Gas Year 1997/98 the references to 1st October in Sections G1.15.3(e) and (f) shall be read as 1st November.

8.4.13 [G2.7.5](#)

Until 1st April 1997, the requirement that Transco notify revised details of Supply Point Transportation Charges in the circumstances in Section G2.7.5 shall not apply.

8.4.14 [G4.7](#)

For the purposes of Section G4.7.1, non-compliant Supply Point Nominations, Supply Point Confirmations and requests for Isolation:

- (a) made in the months of March and April 1996, shall not be counted;
- (b) made in the month of May 1996 by a User who did not request pursuant to paragraph 7.4.2 above a deferral of the relevant date, shall not be counted;
- (c) made in the months of May (other than by such a User as is referred to in paragraph (b) and in the months of June to August 1996, shall be counted only as to every other one made by the relevant User.

8.4.15 [G5.2.3](#)

Until 30th September 1998, the Bottom-stop Supply Point Capacity in respect of an Interruptible DM Supply Point Component shall, notwithstanding Section G5.2.3, be equal to the Prevailing Supply Point Capacity.

8.4.16 [G6.9](#)

- (a) In relation to the Gas Year 1996/97, the provisions of Sections G6.9.5, G6.9.7, G6.9.8, G6.9.9 and G6.9.10 shall not apply and the following provisions shall apply. In these paragraphs, unless the context otherwise requires, a reference to a User is to the User which was the Registered User of a Supply Point on the Day on which there was a failure to Interrupt.
- (b) In respect of a Day on which Transco required Interruption at a Supply Point;
  - (i) Where the quantity of gas offtaken from the System at any Supply Point during the Period of Interruption is equal to or less than the greater of:
    - (1) 2,930 kWh (100 therms), or
    - (2) 2 per cent of the User's Registered Supply Point Capacity,



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no charges shall be payable by the User to Transco in respect of that Period of Interruption.

- (ii) Where the quantity of gas offtaken from the System at any Supply Point during the Period of Interruption:
  - (1) on the First Day of the Period of Interruption did not exceed 10% of the User's Registered Supply Point Capacity; and
  - (2) on the second and any subsequent Day during the Period of Interruption on such Day did not exceed the lesser of 10% of the User's Registered Supply Point Capacity or 14,650 kWh (500 therms);

the User shall, subject to paragraph (c), be liable to Transco for charges in relation to the Supply Point as though the User had made, on 1st October 1996, an IF10 election in respect of the Supply Point equivalent to the greatest quantity of gas offtaken from the System at the relevant Supply Point on any Day in the Period of Interruption, or (if more than one) in any such Period of Interruption, and calculated at twice the Applicable Annual Rate.

- (iii) Where the quantity of gas offtaken from the System at any Supply Point during the Period of Interruption:
  - (1) on the First Day of the Period of Interruption exceeded 10% of the User's Registered Supply Point Capacity; and/or
  - (2) on the second and any subsequent Day during the Period of Interruption on such Day exceeded the lesser of 10% of the User's Registered Supply Point Capacity or 14,650 kWh (500 therms);

Transco will calculate, in relation to each Period of Interruption, a charge determined at, 2 times the Applicable Annual Rate of the LDZ Capacity Charge that would have been payable ( in respect of Supply Point Capacity in accordance with paragraph G6.3.9) if the Supply Point were designated as Firm.

- (c) The User shall be liable for the highest of the charges determined in accordance with paragraph (b)(ii) and (b)(iii) in respect of one Period of Interruption.
- (d) For the purposes of this Section, the "**IF10 Provision**" is the provision of paragraph 8 of this Part II which relates to [Sections G1.7](#) and G6.9; an "**IF10 election**" is an election made under paragraph (a) of the IF10 Provision; and a "**Period of Interruption**" is such a period as is referred to in Section G6.7.2(b)
- (e) Where there has been failure to Interrupt at a Supply Point and Section G6.9.2(b)(ii) would otherwise apply the Supply Point shall not be designated as Firm pursuant to that Section.

8.4.19 [G7.2.4](#)



In respect of changes to the "Agreement and General Conditions of Contract for Miscellaneous Meter Works not exceeding 73,200 kWh" and the "General Conditions of Contract for Discontinuances", for the purpose of the implementation of revisions associated with the introduction of the Gas (Standards of Performance) Regulations 2001, the requirement in Section G 7.2.4(b) that not less than 3 months notice be given by Transco shall not apply and Transco shall instead give such notice as far in advance of the date on which the changes contained therein are to be implemented as is reasonably practicable.

#### 8.4.20 [G7.1](#)

- (a) Notwithstanding Section G, paragraphs 7.1.1(b)(iii) and (c)(i) and (ii) (which specifically does not include work relating to the Supply Meter Installation) until July 12th, 2005 but not thereafter, for the purposes of Section G7, **"Siteworks"** includes works undertaken by Transco:
  - (i) at the request of a Registered User or other person in connection with the System for the purposes of installing, modifying, removing or replacing a Sub deduct Supply Meter Installation at a Supply Meter Point;
  - (ii) at the request of the Registered User for the purposes of ceasing or enabling the flow of gas at a Sub-deduct Supply Meter Point in which a relevant meter (as defined by Section G, paragraph 1.8.1(e)(i)) is comprised;
  - (iii) at the request of a Registered User or other person in connection with the System for the purposes of installing, modifying, removing, or replacing a Supply Meter Installation at a Special Metering Supply Point;
  - (iv) at the request of the Registered User for the purposes of ceasing or enabling the flow of gas at a Special Metering Supply Point;
- (b) Transco shall not be obliged to undertake work requested in accordance with:
  - (i) paragraphs (a)(i) or (a)(ii), unless by no later than the date of such request the Registered User has notified Transco that it has obtained from those Users at the dependant meters (as defined by Section G, paragraph 1.8.1(e)(ii)) their agreement to undertake such work;
  - (ii) paragraphs (a)(iii) or (a)(iv), unless by no later than the date of such request the Registered User has notified Transco that it has obtained from those Users at a Shared Supply Meter Point their agreement to undertake such work.

#### 8.4.21 [G7.1](#)

**"Special Metering Supply Point"** is any Supply Point:



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- (a) comprising a Supply Meter Point in respect of which a Supply Meter Installation is provided and installed by Transco; and
- (b) such Supply Meter Point:
  - (i) is a Shared Supply Meter Point; or
  - (ii) is comprised within a System Exit Point which is subject to a Special Offtake Arrangement; or
  - (iii) which is comprised in an LDZ Specified Exit Point identified within a Supply Point Nomination in respect of which a Supply Point Registration has occurred; or
  - (iv) which is comprised in a Notional NTS Connection Point identified within a Supply Point Offer in respect of which a Supply Point Registration has occurred; or
- (c) such Supply Meter Installation comprises a Supply Meter to which telemetered equipment has been installed in accordance with M4.9.1; or
- (d) which Transco and the User at such Supply Point have agreed shall be an Special Metering Supply Point.

### 8.4.22 [M2.1](#)

Until July 12th, 2006 but not thereafter, for the purposes of Section M:

- (a) Where:-
  - (i) a Supply Meter Point does not relate to premises covered by Standard Condition 34(2) of the Supplier's Licence; and
  - (ii) any supplier or any User in relation to such Supply Meter Point has provided or requested, or is providing or requesting, another to provide a Supply Meter Installation (other than where the Supply Meter Installation belongs to a consumer, or is lent or hired to a consumer and is the responsibility of a person other than a Gas transporter or supplier) for such Supply Meter Point;

then the Registered User in respect of such Supply Meter Point shall secure that:

- (1) where the Supply Meter Installation at such Supply Meter Point is installed after the 12 July 2004, appropriate approval, appraisal and authorisation will be obtained from Transco to the extent required by Section 6 of the MAM CoP; and/or



- (2) after 12 July 2004, such Supply Meter Installation at such Supply Meter Point is maintained by a Meter Asset Manager appointed by the supplier or the User; and
- (b) where Transco discovers after the 12 July 2004 that in respect of such Supply Meter Installation paragraphs (a)(1) and /or (2) have not been complied with then Transco shall notify the Registered User accordingly and the Registered User will:
  - (i) within fourteen (14) calendar days of receipt of the notice from Transco ensure that such Supply Meter Installation is re-installed and/or maintained by a Meter Asset Manager and notify Transco of the identity of such Meter Asset Manager; or
  - (ii) where it is not practicable to ensure the performance of such re-installation and/or maintenance within such 14 calendar day period, within 7 calendar days of receipt of the notice from Transco notify Transco of the reasons for this and the date by which it will ensure such re-installation and/or maintenance is performed by a Meter Asset Manager and promptly notify Transco when such work has occurred;
- (c) where the Registered User has failed to fully comply with paragraphs (a)(1) or (2) Transco, acting reasonably, shall be entitled to take whatever steps it deems necessary (including the inspection, repair, replacement or disconnection of the Supply Meter Installation) to ensure that Transco complies with any Legal Requirements imposed upon it, and the Registered User shall reimburse Transco in respect of any and all costs, expenses and charges reasonably incurred or expended by or on behalf of Transco in taking such steps;
- (d) Transco's entitlement in paragraph (c) is without prejudice to Transco's entitlement at any time to make safe any Supply Meter Installation (including disconnection) for this purpose;
- (e) for the purposes of paragraph (a) "**Meter Asset Manager**" means:-
  - (i) a person approved by the Authority as possessing expertise satisfactorily to provide services in relation to Supply Meter Installations or a class or description of persons so approved; or
  - (ii) an undertaking approved by the Authority as having staff possessing the requisite expertise;

and, for the purposes of this definition, "**approved by the Authority**" means approved by it for the purposes of this paragraph generally and "**staff**" includes officers, servants and agents;

- (f) for the purposes of paragraph (a) "**MAM CoP**" means the document entitled Code of Practice for Gas Meter Asset Managers which is published by the Authority from time to time.

## 8.5 [Section H: Demand Estimation and Demand Forecasting](#)

### [H3.2.3](#)

Until Transco determines but in any event no later than the 2nd March 2001, for the



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purposes of a redetermination in accordance with [Section H3](#), Transco shall not be required to take account of any Valid Meter Reading for which the Meter Read Date is earlier than 2nd March 1996.

[H2.1.3](#) and [H2.2.2](#)

The provisions of section H2.1.3 and H2.2.2 shall be deemed to have taken effect from 0600 hours on 1st February 1998.

### 8.6 [Section I: Entry Requirements](#)

#### 8.6.2 [I3.7](#)

In relation to the Aggregate System Entry Point at St.Fergus (the "**ASEP**") and in respect of each Day in the period from 9th October 1998 to 14th January 1999 (the "**Period**");

- (a) the provisions of Sections I3.7.2 and I3.8.6 shall not apply;
- (b) for the purposes of this paragraph the "**St. Fergus Winter 1998 Liabilities Methodology**" is a document prepared by Transco and agreed with the Authority dated 22 April 1999 setting out the methodology for making payments to Users holding Available Capacity at the ASEP during the Period;
- (c) Transco will pay to each User holding Available Capacity on such Day during the Period an amount determined in accordance with the St. Fergus Winter 1998 Liabilities Methodology;
- (d) amounts payable pursuant to paragraph (c) shall be invoiced in the month of May and payable in accordance with [Section S](#).

### 8.7 [Section J: Exit Requirements](#)

#### 8.7.1 [J3.10](#)

- (a) Unless the CSEP Network Exit Agreement provides otherwise, the CSEP Liability Sharing Proportion in respect of each LDZ Connected System Exit Point to which Section J3.10 applies shall (notwithstanding Section J3.10.7) be:
  - (i) until such time, not earlier than 1st May 1997, at which another proportion is determined under paragraph (c), one;
  - (ii) with effect from such time, the proportion (applicable to the relevant LDZ Connected System Exit Point) so determined.
- (b) All relevant CSEP Users and Transco agree to meet, commencing reasonably promptly after the date of the Code, and review together on a mutually agreeable basis (in consultation with relevant Connected System Operators and with the Authority) what principles are appropriate to determine CSEP Liability Sharing Proportions.





- (c) In respect of each LDZ Connected System Exit Point to which [Section J3.10](#) applies, the proportion referred to in paragraph (a) shall be such proportion, or the proportion determined by such mechanism, as following the review under paragraph (b) Transco shall with Condition 9(3) Approval of the Authority determine and notify to the relevant CSEP Users and Connected System Operator.

#### 8.7.2 [J5.10](#)

- (a) Until Transco gives notice under J5.10(2) of not less than 30 days to Users, or until 30th September 1998 whichever is earlier, Transco hereby waives Section J5.4.1 in relation to the Connected System Exit Point at Moffat (the "**Moffat CSEP**") at which the Irish Interconnector pipeline is connected to the System, but without prejudice to the terms which are accepted as applying at the time of the Code Modification pursuant to which this paragraph applies (and in particular to the arrangement pursuant to which gas flow at the Moffat CSEP is controlled with a view to achieving an offtake rate profile proposed by the Connected System Operator).
- (b) The arrangements described below in this paragraph shall apply until such times Transco notifies all Users that a CSEP Network Exit Agreement and (if required pursuant to [Section J4.9.1](#)) CSEP Ancillary Agreement are in force in relation to the Moffat CSEP.
- (c) The Moffat CSEP shall be a relevant Connected System Exit Point for the purposes of Sections J5.10.1, 5.10.2 and 5.10.5.
- (d) Where, at any time at which Transco would be entitled pursuant to Section J5.10.2 to reject any application for NTS Exit Capacity at the Moffat CSEP, a User applies for such NTS Exit Capacity:
  - (i) identifying the application as made pursuant to this paragraph, and
  - (ii) demonstrating to Transco's reasonable satisfaction and in accordance with any reasonable guidelines which Transco may establish for the purposes of this paragraph, that the User has commitments (unconditional save as to the holding of NTS Exit Capacity) for the sale of gas to be offtaken from the System at the Moffat CSEP with which it cannot comply (without incurring Overrun Charges) without holding the NTS Exit Capacity applied for,

Transco may accept the application on the basis that the further provisions of this paragraph will apply.

- (e) A User who holds NTS Exit Capacity at the Moffat CSEP;
  - (i) pursuant to paragraph (d) is an "**Interruptible User**" as respects such NTS Exit Capacity;
  - (ii) other than pursuant to paragraph (d) is a "**Firm User**" as represents such NTS Exit Capacity.



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- (f)
  - (i) Where [Section E3.2.7](#) applies in respect of the Moffat CSEP on any Day, and:
    - (1) the Implied Nomination Flow Rate in respect of the aggregate of Nomination Quantities of Firm Users and Interruptible Users exceeds the NTS Exit Capacity held by Firm Users; or
    - (2) Transco has notified Users that it will not be feasible to make gas available for offtake in accordance with the Nomination Quantities under the Output Nominations of Firm Users,paragraph (ii) shall apply.
  - (ii) Where this paragraph applies:
    - (1) Section E3.2.7 shall apply first by reference to Firm Nominated Quantities;
    - (2) Section E3.2.7 shall then apply again, in relation to the amount (if any) of the CSEP Daily Quantity Offtaken which was not allocated pursuant to paragraph (1)), by reference to Interruptible Nominated Quantities.
  - (iii) For the purposes of paragraph (ii)
    - (1) the "**Firm**" Nominated Quantity for each CSEP User is the lesser of:
      - (aa) the Nominated Quantity under its Output Nomination as Firm User, and
      - (bb) an amount equal to its Available Capacity as Firm User;
    - (2) the "**Interruptible**" Nominated Quantity for each CSEP User is the sum of:
      - (aa) the Nominated Quantity under its Output Nomination as Interruptible User, and
      - (bb) the amount, if any, by which the Nominated Quantity under its Output Nomination as Firm User exceeded its Available Capacity as Firm User (each Firm User accordingly being deemed to have nominated any such excess as Interruptible User).
- (g) Transco will not be required to reject any Output Nomination made by an Interruptible User in respect of the Moffat CSEP notwithstanding that the sum of all Output Nominations made in respect of the Moffat CSEP exceeds the maximum quantity of gas referred to in Section J5.10.1.



- (h) An Interruptible User who is also a Firm User shall submit separate Output Nominations and Exit Allocation Statements as respects gas offtaken from the System at the Moffat CSEP in each capacity, in accordance with such administrative requirements (which may include a requirement to give Conventional Notices relating to such nominations and statements) as Transco may reasonably require.
- (i) To the extent that an Interruptible User at the Moffat CSEP shall be subject, as respects NTS Exit Capacity held by it as the Moffat CSEP, to similar principles as respects relevant Transportation Charges as the Registered User of an Interruptible Supply Point an Interruptible User shall not be liable to pay Capacity Charges in respect of such NTS Exit Capacity, or Scheduling Charges in respect of the Chargeable Output Scheduling Quantity at the Moffat CSEP.
- (j) At the time at which the arrangements in this paragraph lapse pursuant to paragraph (b) the NTS Exit Capacity held by Interruptible Users shall lapse, but subject to any provision of the CSEP Ancillary Agreement pursuant to which such capacity may be treated as held at an Interruptible CSEP pursuant to section J5.10.6.

## 8.8 [Section K: Operating Margins](#)

### 8.8.3 [K2.2.3](#)

For the purposes of Section [K2.2.3](#), in relation to the Storage Year commencing 1st May 2003, Transco will, not later than 1st April 2003, provide to Users and the Authority details of:

- (a) the assumptions made pursuant to Section [K2.2.2](#); and
- (b) the amounts estimated under Section [K2.2.1](#) and (on the basis of the assumptions referred to in paragraph (a)) the calculation of such estimated amounts.

## 8.9 [Section L: Maintenance and Operational Planning](#)

### 8.9.1 [L1.5](#)

For the purposes of establishing the April Maintenance Programme for the period commencing 1st April 1996:

- (a) the requirement under [Section L2.1](#) will not apply;
- (b) for the purposes of Section [L3.3.1\(a\)](#):
  - (i) will prepare a draft Maintenance Programme on the basis of its own estimates and information available to it before the First Gas Flow Day, and
  - (ii) the date in Section L1.5(a)(i) shall be deemed to be 1st March and not



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30th November;

- (c) Users may provide information in accordance with [Section L3.3.2\(a\)](#) until 15th March 1996;
- (d) there will be no Annual Maintenance Meeting, and Transco will prepare such Maintenance Programme on the basis of the draft referred to in paragraph (a) and the information received from Users in accordance with paragraph (c).

### 8.10 [Section M: Supply Point Metering](#)

#### 8.10.1 [M1.5.3](#)

Until 30th June 2001 (but not thereafter) the Network Code Validation Rules shall be treated, for the purposes of securing that they may be modified only by way of a Code Modification, as forming part of the Code.

#### 8.10.2 [M3.8.5](#)

- (a) Where Users submit Supply Point Confirmations in respect of Transitional Supply Points in relation to which the Supply Point Registration Date is between 9 February and 17 February 1998 ("**TSP qualifying transfers**"):
  - (i) without prejudice to (iii) and in respect of each Proposing User, in the event that less than 90% of Opening Meter Readings for TSP qualifying transfers are provided to Transco by 16:00 hours on the 9th Business Day after the Supply Point Registration Date, the Proposing User shall pay to Transco the charge, if any, set out in the Transportation Statement for the provision of that number of estimated Meter Readings determined in accordance with (iv) (where provided by Transco pursuant to(iii));
  - (ii) Section M3.8.5 shall not apply and Transco will in so far as is practicable provide to the Proposing User and the Withdrawing User an estimated Meter Reading (and the remaining provisions of Section M3.8 shall apply);
  - (iii) for the purposes of (i) or (iv) no account shall be taken of Supply Point Confirmations relating to Supply Meter Points at which the Supply Meter Installation includes a prepayment installation and in respect of such Supply Meter Points Transco shall not be required to provide an estimated Meter Reading pursuant to Section 3.8.5;
  - (iv) the number of estimated Meter Readings in respect of which the Proposing User shall be required to pay the charge under (i) shall be calculated as:

$$(0.90 * A) - B$$

where for each Proposing User:

A is the number of TSP qualifying transfers;



- B is the number of Opening Meter Reads provided to Transco for TSP qualifying transfers within the period referred to in (i).
- (b) For the purposes of paragraph (a), "**Transitional Supply Point**" means a Supply Meter Point at premises (which with effect from 1 November 1997 pursuant to section 6 of the Gas Act 1995 a gas supplier other than BGT may be authorised by a domestic gas licence to supply gas) to which gas is or is capable of being conveyed by Transco pursuant to the Transco Licence.
- 8.10.3 M2.7 From 1 October 2003 until the Metering Separation Date, the following shall apply:-
- (a) Where as a result of any Meter Installation Works undertaken (pursuant to [Section M2.2.2](#) or otherwise) by Transco in relation to an applicable Supply Meter Point, the relevant Meter Information recorded in the Supply Point Register ceases to be accurate, Transco will after completing such works:
- (i) amend the Supply Point Register so as to record the change in relevant Meter Information required as a result of such works, and
  - (ii) provide to the Registered User details of the amendment made pursuant to paragraph (i).
- (b) For the purposes of this paragraph 8.10.3:
- (i) an "**applicable**" Supply Meter Point is a Supply Meter Point, other than an NTS Supply Meter Point or Supply Meter Point comprised in a VLDMC Supply Meter Point Component, in relation to which Transco provides (in accordance with Section M2.2) the Supply Meter Installation;
  - (ii) references to a Supply Meter Point include a New Supply Meter Point, and accordingly references to a change in relevant Meter Information includes the creation of initial relevant Meter Information;
  - (iii) relevant Meter Information is such Meter Information as is specified for the purposes of Section M2.7 in the UK Link Manual;
  - (iv) in relation to any calendar month and any User, a "**relevant**" Supply Meter Point is an applicable Supply Meter Point of which the User is Registered User and in relation to which the Meter Installation Works referred to in paragraph (a) were completed in that month,
  - (v) a relevant Supply Meter Point will not be treated as one in relation to which Transco did not comply with paragraph (a) where Transco was unable to comply with paragraph (a) by



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reason of Force Majeure;

- (vi) in relation to any relevant Supply Meter Point, any period within which Transco is to comply with paragraph (a) runs from the Business Day after the relevant Meter Installation Works (therein referred to) were completed,
- (c) Paragraphs (d) and (e) shall apply separately in relation to relevant Supply Meter Points whose Annual Quantities exceed, and do not exceed, 293,000 kWh (10,000 therms).
- (d) Transco will comply with paragraph (a) within 5 Business Days in respect of at least 95% of relevant Supply Meter Points in relation to each User, in relation to each calendar month.
- (e) If, in relation to any calendar month and any User, Transco does not comply with the requirement in paragraph (d), Transco will pay to the User an amount calculated as:

$$((0.95 * M) - N) * Q$$

where for the relevant month and the relevant User:

- M is the number of relevant Supply Meter Points;
- N is the number of relevant Supply Meter Points in respect of which Transco did not comply with paragraph (d);
- Q is the relevant percentage of £10 in relation to relevant Supply Meter Points whose Annual Quantities exceed 293,000 kWh (10,000 therms), and of £2 in relation to relevant Supply Meter Points whose Annual Quantities do not exceed 293,000 kWh (10,000 therms).
- (f) If, in relation to a Supply Meter Point which is a relevant Supply Meter Point in any calendar month and of which the User continues to be the Registered User until the end of such 20 Business Day period, Transco does not comply with paragraph (a) within 20 Business Days, Transco will pay to the User the relevant percentage of £30 in relation to relevant Supply Meter Points whose Annual Quantities exceed 293,000 kWh (10,000 therms), and of £5 in relation to relevant Supply Meter Points whose Annual Quantities do not exceed 293,000 kWh (10,000 therms).
- (g) For the purposes of [Section V13](#), the rules in paragraph (e) and (f) are Compensation Rules within Compensation Group L and in relation thereto the 'payment month' is the second month following that in which the Meter Installation Works were completed.
- (h) Where in any month the aggregate amount payable by Transco under this paragraph 8.10.3 would exceed the relevant amount provided in paragraph (e), the amounts payable to Users in respect of that month shall be reduced pro rata.



- (i) The provisions of [Sections G4.9.1](#) and [4.11](#) (in each case after the application of paragraphs (e) and (f)) apply for the purposes of this paragraph 8.10.3, which is subject to those provisions.

#### 8.10.4 [M3.8.1](#)

Where a User submits a Supply Point Confirmation with a Supply Point Registration Date which becomes effective up to and including 8th July 2004 and the Supply Point Confirmation records a change only to the supplier identity (but not a change to the User identity or the Supply Point configuration) then the requirement of the User to obtain and provide an Opening Meter Reading (in accordance with paragraph 3.8.2) shall not apply and where, in the absence of any such Opening Meter Reading, any notional Meter Reading is used by Transco as an estimated Meter Reading (in accordance with Section [M3.8.5](#)) it shall not be included in the calculation (in accordance with paragraph 3.8.10(c)) of the number of estimated Meter Readings in respect of which the User is required to pay a charge and Transco shall not levy such charge (in accordance with paragraph 3.8.10 (a)) in respect of such estimated Meter Readings.

#### 8.10.5 [M2](#)

Where Transco is providing the Supply Meter Installation or any part of it and which is comprised within a:

- (a) a Special Metering Supply Point (a “**Special Metering Supply Meter Installation**”); or
- (b) a Sub-deduct Arrangement (“**Sub-deduct Supply Meter Installation**”);

then until July 12th, 2005 but not thereafter, the provisions of paragraph 8.10.6 will continue to apply:

#### 8.10.6 [M2](#)

- (a) Except as Transco may otherwise agree in an Ancillary Agreement with the Registered User:
  - (i) subject to sub paragraph (a)(iii) and (iv) and to paragraphs (c) and (d), Transco will be responsible for securing (on behalf of the Registered User) the provision, installation (in accordance with Section M, paragraph 2.1.2), maintenance, repair, exchange and replacement of the Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation or relevant part of it provided by Transco within a reasonable time after a request to do so and subject to payment of appropriate charges in accordance with the Metering Charges Statement;



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- (ii) the Registered User shall secure that there are made available (without charge to Transco) at the Supply Point Premises:
    - (1) a suitable site (at a location complying with Section M, paragraph 2.1.3) at the Supply Point Premises, and suitable support, protection and security, for the Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation;
    - (2) supplies of power, water and drainage as appropriate for the Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation;
    - (3) such access, at all reasonable times and in any event between 08:00 and 17:00 hours on any Business Day, to the Supply Point Premises as shall be required to enable Transco to carry out all Meter Installation Works required pursuant to sub paragraph (a)(i);
  - (iii) the Registered User shall take all reasonable steps to secure that the Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation is not damaged or otherwise mistreated;
  - (iv) ownership of the Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation shall remain with Transco (or any person to whom Transco may transfer ownership); and the Registered User shall take all reasonable steps to secure that any notice to that effect affixed thereto by Transco shall not be removed or defaced;
- (b) nothing in paragraph (a) requires Transco:
- (i) to replace any part of a Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation other than where such replacement is necessary as a result of the failure (including by reason of damage, normal wear or tear or defective design or manufacture) thereof;
  - (ii) to carry out any Meter Installation Works other than for the purposes of maintaining or repairing or (where required under sub paragraph (b)(i)) replacing a Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation or part thereof provided by Transco;
  - (iii) except in the case of routine maintenance, to carry out any Meter Installation Works until reasonable notice has been given to Transco of the requirement for such works;
- (c) Meter Installation Works carried out by Transco for the purposes of maintaining repairing or (where required having regard to sub paragraph (b)(i)) replacing any part of a Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation to which this Section 8.10.6 applies will not be Siteworks for





the purposes of Transition Document II Section 8.4.20;

- (d) any Meter Installation Works which any person may request Transco to carry out in respect of a Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation other than as required under sub paragraph (a), including:
  - (i) the provision of a Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation at a New Supply Meter Point;
  - (ii) the provision of a Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation at a Supply Meter Point where by reason of a change in the nature or extent of the consumer's requirements for the supply of gas the existing Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation no longer complies with the requirements of Section M, paragraph 2.1.2 and 2.1.3;

will be Siteworks subject to and in accordance with Transition Document II Section 8.4.20;
- (e) nothing in this Section 8.10.6 prevents Transco from providing at the request of the consumer or supplier a Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation which conforms to higher standards than are (or provides any function in addition to what is) required pursuant to Section M, paragraph 2.1.2, provided that (unless the Registered User has otherwise agreed) the amount of the relevant charge payable by the Registered User will not thereby be increased;
- (f) where as a result of any failure or defect in any Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation provided by Transco gas cannot be offtaken from the System at the relevant Supply Meter Point and except where Section J4.4.5 (b) applies, Transco will not be in breach (by reason thereof) of its obligation to make gas available for offtake from the System until:
  - (i) written notice of such failure, defect or requirement has been given to Transco; and
  - (ii) the expiry after such notice of a reasonable period for Transco to carry out the required Meter Installation Works;
- (g) for the purposes of this Section M “**Meter Installation Works**” means the installation testing, maintenance, repair, exchange or replacement of a Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation or any part thereof;
- (h) any Code Communication in respect of any activities performed in relation to a Special Metering Supply Meter Installation shall only be made by Conventional Notice;
- (i) where as a result of any Meter Installation Works undertaken by Transco in



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relation to Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation, the relevant Meter Information recorded in the Supply Point Register ceases to be accurate, Transco will after completing such Meter Installation Works:

- (i) amend the Supply Point Register so as to record the change in relevant Meter Information required as a result of such works; and
- (ii) provide to the Registered User(s) details of the amendment made pursuant to the above.

### 8.10.7 [M5](#)

For the purposes of Section M5, until July 12th, 2005 but not thereafter, where:

- (a) Transco was unable to provide a Valid Meter Reading solely by reason of failure or unavailability of the Supply Meter Installation which is a Special Metering Supply Meter Installation or a Sub-deduct Supply Meter Installation then the Performance Relevant Supply Meter comprised in such Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation will be treated as one in relation to which Transco did not provide a Valid Meter Reading;
- (b) Transco finds that there is a failure or unavailability of a Supply Meter Installation which is a Special Meter Supply Meter Installation or a Sub-deduct Supply Meter Installation and this is the cause of the Daily Read Equipment not functioning correctly then the provisions of Section M5.1.3 (c) will not apply and Transco will perform the activities in paragraphs 5.1.3(c)(i) and (ii) and 5.1.3(d).

### 8.10.8 [M5](#)

#### UK Link suspension for the purposes of Review of Gas Metering Arrangements

In order to enable changes to be performed in respect of UK Link for purposes relating to the Review of Gas Metering Arrangements, on the 10th July 2004, 11th July 2004 and 12th July 2004, ( the "RGMA Period" ), the operation of UK Link for certain purposes will be suspended and accordingly the provisions of Section M5 shall be varied as follows:

For each Day ( to which a Meter Reading in respect of a Performance Relevant Supply Meter Point relates) which immediately precedes or is within the RGMA Period the references in Section M5.2.1 to the "Day following", M5.2.2 to the "following Day" and M5.2.3 to the "Day following each such Day" shall be deemed to be references to the 13th July.

## 8.11 [Section N Shrinkage](#)

8.11.1 [N3.1](#)

The LDZ Shrinkage Factor shall be re-established in relation to the period from the Reconciliation by Difference Date to 30 September 1998 for which purposes paragraph Section N3.1.1 shall apply;

8.11.2 [N3.2](#)

- (a) For the purpose of establishing the LDZ Shrinkage Factor for each LDZ for the Gas Year 1997/98 Transco will, not later than 1st August, 1997, provide to Users:
  - (i) the LDZ Shrinkage Factor proposed by Transco (the "**Proposed LDZ Shrinkage Factor**") in respect of each LDZ; and
  - (ii) the basis of assessment of each Proposed LDZ Shrinkage Factor.
- (b) Users may make written representations in relation to the information provided by Transco pursuant to paragraph (a) .
- (c) As soon as reasonably practicable after 28th August, 1997 (and in any event not later than 5th September 1997) Transco will submit to the Authority:
  - (i) a summary of the written representations received from Users by Transco by 28th August 1997; and
  - (ii) Transco's proposal in accordance with paragraphs (d) and (e), as to what factor should be the relevant LDZ Shrinkage Factor; and
  - (iii) a request that the Authority give its opinion as to whether the LDZ Shrinkage Factor in respect of each LDZ, for the Gas Year 1997/ 98, should be the Proposed LDZ Shrinkage Factor or a different factor.
- (d) Where, in Transco's opinion, no material and significant objections have been made in written representations submitted in accordance with paragraph (c)(i) the factor submitted by Transco to the Authority under paragraph (c)(ii) shall be the Proposed LDZ Shrinkage Factor.
- (e) Where, in Transco's opinion, material and significant objections have been made in written representations submitted in accordance with paragraph (c)(i), Transco shall propose an alternative factor under paragraph (c)(i).
- (f) Unless the Authority otherwise directs by 15th September 1997, the LDZ Shrinkage Factor for each LDZ for Gas Year 1997/98 shall be the Proposed LDZ Shrinkage Factor submitted by Transco in accordance with paragraph (a)(i) or (as the case may be) another factor submitted in accordance with paragraph (e) and Transco shall notify Users accordingly within 7 days thereafter.

8.11.3 [N3.4](#)



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For the purposes of the Gas Year(s) 1999/2000 and 2000/2001, reference to Preceding Year in Section N3.4.1 shall be deemed to be a reference to the period from the Reconciliation by Difference Date to 30 September 1999 and 30<sup>th</sup> September 2000 respectively.

### 8.12 Section P: Top-up Storage

- (a) Paragraphs (b) to (f) shall apply in respect of the Storage Years commencing 1 May 2000 and 1 May 2001 (“**relevant**” Storage Years).
- (b) For the purposes of paragraph 8.12 of this Part II in relation to Constrained LNG Facilities in respect of a relevant Storage Year:
  - (i) the “**Constrained Top-up Costs**” are:
    - (1) those Top-up Costs which relate to:
      - (aa) the top-up constrained space requirement, the top-up constrained deliverability requirement; and
      - (bb) the procurement of gas for injection into Storage Space equal to that amount of the Top-up Space Requirement equal to the top-up constrained space requirement;
    - (2) System Entry Overrun Charges in relation to a Constrained LNG Facility;
    - (3) Storage Overrun Charges in relation to a Constrained LNG Facility;
  - (ii) the “**Constrained Top-up Revenues**” are those Top-up Revenues which relate to:
    - (1) Top-up Storage Transfers where the Storage Capacity transferred, in the case of:
      - (aa) Storage Space, comprised all or part of the top-up constrained space;
      - (bb) Storage Deliverability, comprised all or part of the top-up constrained deliverability requirement;
    - (2) Top-up Storage Transfers where the gas transferred comprised gas injected into Storage Space equal to that amount of the Top-up Space Requirement equal to the top-up constrained space requirement;
    - (3) in the case of Balancing Charges, those relating to any Constrained Storage Day;
  - (iii) the “**Constrained Top-up Annual Adjustment Amount**” is an amount equal to the Constrained Top-up Revenues less the Constrained Top-up Costs.



- (c) In respect of a relevant Storage Year, each relevant User shall pay to the Top-up Manager or (as the case may be) the Top-up Manager shall pay to each relevant User, a charge (the “**Constrained Top-up Annual Adjustment Charge**”) calculated as:

$$A * B / C$$

where:

- A is the Constrained Top-up Annual Adjustment Amount;
- B is the sum of the relevant User’s relevant UDQO’s for each Day in the Top-up Recovery Period;
- C is the sum of all relevant User’s relevant UDQO’s for each Day in the Top-up Recovery Period.

- (d) The Constrained Top-up Annual Adjustment Charge is payable by the Top-up Manager to relevant Users where the Constrained Top-up Annual Amount is positive and is payable by relevant Users to the Top-up Manager where the Constrained Top-up Annual Amount is negative.
- (e) Constrained Top-up Annual Adjustment Charges shall be invoiced and payable in accordance with [Section S](#) (and Constrained Top-up Annual Adjustment Charges shall be an Invoice Item to be included on the Balancing Invoice relating to the first Billing Period following the end of the relevant Storage Year).
- (f) For the purposes of [Section P6](#):
- (i) Top-up Costs shall not include Constrained Top-up Costs and Top-up Revenues shall not include Constrained Top-up Revenue; and
  - (ii) The Out-turn Closing Top-up Amount shall not include Constrained Top-up Revenues and the Provisional Closing Top-up Amount shall not include Constrained Top-up Costs.

## 8.13 [Section Q: Emergencies](#)

### 8.13.1 [Q](#)

Transco and Users acknowledge:

- (a) that the Health and Safety Commission is expected in 1996 to make regulations relating to the safety of the conveyance of gas by pipelines;
- (b) that it will be necessary to modify (pursuant to a Code Modification) Section Q in the light of such regulations;
- (c) that what constitutes an Emergency, and when an Emergency is taken to have occurred, may be capable of definition by reference to such regulations; and
- (d) that in defining an Emergency (in any such modification of Section Q) it will be



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appropriate (by way of confirmation):

- (i) to recognise that the level of the Bid Prices of the Flexibility Bids which Transco is at any time accepting does not of itself prejudice the safety of the System, and accordingly
- (ii) to define Emergency with a view (without prejudicing Transco's ability to maintain safety of the System) to securing that the acceptance of Flexibility Bids (as a measure for Operational Balancing) is not suspended until such time as it is no longer practicable for Transco safely to maintain an Operational Balance by means of such measure.

### 8.14 [Section R: Storage](#)

#### 8.14.10 [R4.1.4](#)

For the purposes of Section [R4.1.4](#), in relation to the Storage Year commencing 1st May 2003, where any Storage Facility is to be a Constrained Storage Facility for that Storage Year, Transco will, not later than 1st April before the start of that Storage Year, publish a document (the "**Constrained Storage Statement**") containing the following details for each Constrained Storage Facility:

- (a) the "**Constrained Point(s)**", being a point or points on the NTS as identified by Transco as being relevant, for the purposes of Section R4, to a Constrained Storage Facility;
- (b) the rate of flow ("**Constrained Threshold Demand Flow**") at a Constrained Storage Point at which Transco may make Constrained Storage Renominations in respect of the relevant Constrained Storage Facility.
- (c) the System Entry Capacity Charges in respect of the relevant Storage Connection Point;
- (d) a percentage for each Week in the Winter Period for the purposes of Section R4.6.3.

#### 8.14.11 [R1.4](#)

In respect of the LNG Facility which is from time to time operated by Transco and is located at Isle of Grain (the "**Transco LNG Isle of Grain Storage Facility**"), the Storage Year 2004/5 shall be the period from 1 May 2004 until the earlier of:-

- (a) 30 April 2005; or
- (b) the effective date determined in accordance with paragraph 8.14.14 below.

#### 8.14.12 [R1.7.1](#)



For the duration of Storage Year 2004/5 relating to the Transco LNG Isle of Grain Storage Facility, the Transco LNG Isle of Grain Storage Facility shall be a “Transco LNG Storage Facility”.

#### 8.14.13 [R4.1.1](#)

For the duration of Storage Year 2004/5 relating to the Transco LNG Isle of Grain Storage Facility, the Transco LNG Isle of Grain Storage Facility shall be a “Constrained Storage Facility”.

#### 8.14.14 [R](#)

For the purposes of paragraphs 8.14.12 and 8.14.13, the effective date shall be a date not earlier than the date notified by Transco LNG Storage for these purposes in the Annual Storage Invitation issued by Transco LNG Storage pursuant to Section Z in respect of Storage Year 2004/5, and shall be 0600 hours on a date falling between 1 January 2005 and 1 June 2005 (the “**First Window Period**”) and established by Transco LNG Storage in accordance with the following procedure:-

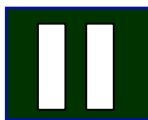
- (a) Transco LNG Storage shall give at least 180 days notice, before the commencement of the First Window Period, of a 100 day period falling within the First Window Period (the “**Second Window Period**”) during which the effective date shall fall; and
- (b) Transco LNG Storage shall give at least 90 days notice, before the commencement of the Second Window Period, of a 45 day period falling within the Second Window Period (the “**Third Window Period**”) during which the effective date shall fall; and
- (c) Transco LNG Storage shall give at least 30 days notice, before the commencement of the Third Window Period, of the day falling within the Third Window Period, which shall be the effective date.

If Transco LNG Storage does not so notify any such period or day, the relevant period or day shall be the latest day or period possible in accordance with the foregoing.

### 8.15 [Section S: Invoicing and Payment](#)

#### 8.15.1 [S1.4.2](#)

- (a) Subject to paragraph (c), until the relevant date, the Invoice Due Date in respect of relevant Invoice Items (without prejudice to the Invoice Due Date in respect of other Invoice Items contained in the relevant Invoice Document) shall be the Invoice Due Date in respect of the last to be submitted (in respect of the relevant Billing Period) of the Invoice Documents in respect of relevant Invoice Items, and such Invoice Due Date shall be determined on the basis that the number of Days specified in [Section S3.1.2\(a\)\(i\)](#) is as set out below by reference to the relevant percentage of Monthly Meter Readings:



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<u>Percentage</u>	<u>No of Days</u>
85 - 100	12
75 - 85	14
65 - 75	20
55 - 65	28
45 - 55	38
35 - 45	50
25 - 35	66
15 - 25	86
0 – 15	112

- (b) For the purposes of paragraph (a):
- (i) the relevant date is, as respects any particular User, the 1st Day of the first month after a period of three consecutive months in each of which the relevant percentage of Monthly Meter Readings (determined as respects such User and not as respects Users in aggregate) is not less than 90%, or if earlier, 31st March 1997;
  - (ii) relevant Invoice Items are LDZ Capacity Charges, LDZ Commodity Charges and Reconciliation Clearing Charges in relation to NDM Reconciliation;
  - (iii) the relevant percentage of Monthly Meter Readings is, as respects any particular User, and for the relevant Billing Period, the percentage determined as  $(B/A \times 100)$  where 'A' and 'B' have the meanings in paragraph 3.3.3 of Part V of this Transition Document.
- (c) Where a User engages a person other than Transco as Meter Reader in respect of a significant proportion of the User's Monthly Read Meters, Transco and the User will review in good faith whether it is appropriate for paragraph (a) to continue to apply as respects that User.

8.15.2 [S2.1](#)

From the Reconciliation by Difference Date the Invoice Items to be comprised in a Reconciliation Invoice for the purposes of Aggregate NDM Reconciliation may be contained in a Ad-hoc Invoice.

8.15.2AS2.4.8

Transco will not later than 31 December 2000 submit (as an Ad-hoc Invoice) an Invoice





Document in relation to each month in the Gas Year 1999/2000 in respect of which amounts are payable to Transco pursuant to the provisions of the Code given effect by the implementation of Modification 0382 on 1 April 2000, and which have been removed, by virtue of Modification 0417 which gives effect to this paragraph, with effect from the date of the implementation of such latter Modification.

#### 8.15.3 [S3.1.2](#)

Notwithstanding Section S3.1.2, the Invoice Due Date in respect of the Balancing Invoices for April and May 1996 shall be the days ending at 24.00 hours on 7th and 13th August 1996 respectively.

#### 8.15.4 [S4.1](#)

- (a) A User may, not later than the 7th Business Day after submission of the Balancing Invoice for March 1996, submit to Transco and Deloitte and Touche, London ("**D&T**") a notice in the form designated by Transco for the purposes of this paragraph:
  - (i) stating that the User believes that, by reason of a matter within paragraph (b)
    - (1) the amount of the Daily Imbalance Charge for any Day is materially incorrectly stated in such invoice; or
    - (2) the amount of Balancing Neutrality Charge for any Day is (as a result of the User's relevant UDQOs being incorrect for the purposes of [Section F4.2.2](#)) materially incorrectly stated in such invoice; and
  - (ii) giving reasonable details of the reasons for the User's so believing and the amount which the User believes to be properly payable by way of the relevant charge.
- (b) The matters referred to in paragraph (a)(i) are, notwithstanding [Sections E1.9.2](#) and [G1.14](#):
  - (i) any error in the determination (pursuant to the Code) of any UDQO in respect of a DM Supply Point Component of that User;
  - (ii) an error (by reference to the provisions of the Code) in the Supply Meter Points of which the User is shown (in the Supply Point Register) as Registered User.
- (c) Where a User has submitted a notice in accordance with paragraph (a):
  - (i) the matter shall be referred to D&T who will be requested to determine, not later than the 19th Business Day after submission of the Balancing Invoice, an amount which it is reasonable that Transco or the User should pay by way of Daily Imbalance Charge or Balancing Neutrality Charge on a provisional basis pending the resolution of the matter notified by the User;



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- (ii) notwithstanding paragraph [3.1 of the Supplement](#), the amount payable (in respect of the Daily Imbalance Charge or Balancing Neutrality Charge for the relevant Day) on the Invoice Due Date (in accordance with paragraph (e)) shall be the amount determined by D&T under paragraph (i));
  - (iii) the difference between the amount stated by the User to be payable (in accordance with paragraph (a)(ii)), and the amount shown in the Balancing Invoice in respect of the Daily Imbalance Charge or Balancing Neutrality Charge for the relevant Day, shall be considered to be subject to an Invoice Query under Section S4.3.
- (d) For the purposes of paragraph (c)(i):
  - (i) each User authorises Transco to engage D&T upon the terms in paragraph (iii) and otherwise upon reasonable terms;
  - (ii) the User's notice under paragraph (a) shall (if given in accordance with that paragraph) take effect as the User's instruction to D&T for the purposes of paragraph (c)(i);
  - (iii) D&T shall be considered to be acting as an expert for the purposes of [Sections T2.3.5, 2.3.6, 2.5, 2.7, 2.8 and 2.9](#), but not otherwise;
  - (iv) Transco and the User shall promptly provide to D&T such information as D&T shall reasonably request to enable D&T to make their determination;
  - (v) the determination of D&T shall be final and binding for the purposes of the payment to be made on the Invoice Due Date, but without prejudice to paragraph (c)(iii).
- (e) The Invoice Due Date (for the purposes of [Section S3.1.2\(a\)](#)) in respect of the Balancing Invoice for March 1996 shall be the 3rd Business Day after the Day or last Day on which D&T give a determination pursuant (c)(i) to paragraph (or if no User gives notice pursuant to paragraph (a), the Invoice Due Date in accordance with Section S3.1.2); and Transco will inform Users of such Invoice Due Date promptly upon its being known.
- (f) It is acknowledged and agreed that:
  - (i) that there may be matters within paragraph (b) the effect of which would be to increase the amount of the Daily Imbalance Charge or Balancing Neutrality Charge payable by, or reduce such amounts payable to, any User, in relation to which [Section S1.8.1](#) will apply (if the User does not give notice in respect thereof under paragraph (a));
  - (ii) that (except as provided in paragraph (c)(i)) no recalculation will be made of the Balancing Neutrality Charges shown in Balancing Invoices and payable on the Invoice Due Date, and accordingly (without prejudice to paragraph (i) the amounts to be paid on the Invoice Due Date in respect of Balancing Neutrality Charges will be the amounts



shown in the Balancing Invoices;

- (iii) that the effect of paragraphs (c) and (f)(i) is that the payment and receipt by Transco of the amounts referred to in paragraph (ii) may fail to achieve (as at the Invoice Due Date) the objective in the definition (in [Section F1.1.2\(d\)](#)) of Balancing Neutrality Charge;
- (iv) that amounts received or paid by Transco on resolution of deemed Invoice Queries under paragraph (c)(iii), or pursuant to Invoice Documents (in accordance with paragraph (i) under [Section S1.8.1](#), will be taken into account in the determination of Balancing Neutrality Charges in respect of the month in which such amounts are received or paid;
- (v) that the effect of [Sections F4.5.3\(a\)\(i\)](#) and (ii) is that Transco is entitled to recover from Users amounts (by way of Balancing Neutrality Charges in respect of months after March 1996) which will remedy any such failure as is referred to in paragraph (iii) after taking into account of any such amounts as are referred to in paragraph (iv) which are received by Transco before the month in which [Section F4.5.3\(a\)\(ii\)](#) takes effect.
- (g) References in this paragraph to a Balancing Invoice, Invoice Due Date, Daily Imbalance Charge and (except where the context requires otherwise) Balancing Neutrality Charge are to such invoice, date and charges in respect of March or Days in March 1996.
- (h) It is agreed that paragraph [S4.2.6](#) shall be given effect by reference to the amounts stated in the Balancing Invoices submitted to Users disregarding any notice under paragraph (a) or other Invoice Query relating to any such invoice.

#### 8.15.5 [S4.2.4](#)

In relation to any Invoice Document in respect of Billing Periods from the First Gas Flow Day until 30th September 1996, where a User raises an Invoice Query in accordance with [Section S4.2.1](#), for a period of 30 Days after the Invoice Due Date interest will not become payable on the amount agreed or determined to be payable by the User unless it is agreed or determined that the Invoice Query was not a bona fide question or dispute.

#### 8.15.6 [S.4](#)

For any Invoices issued before 1 May 1999 the following terms shall apply.

- (a) For the purposes of [Section S4.2.5](#) delete the words:
  - (i) for Invoice Items other than those listed in paragraph 4 of Annex S-1, the rate under paragraph 3.6.4(b)
  - (ii) for Invoice Items listed in [paragraph 4 of Annex S-1](#) the rate under paragraph 3.6.4(b) until the expiry of 2 Business Days after the date of resolution of the Invoice Query.



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the rate under paragraph 3.6.4(b) until the expiry of 2 Business Days after the resolution of the Invoice Query.

- (b) For the purposes of S4.4.2 add the words subject to paragraphs S4.4.3 and S4.4.4.
- (c) Add S4.4.3 which reads:

In respect of Invoice Queries which have been resolved and for which Transco has prior to 1 May 1999 issued the Invoice Document pursuant to paragraph 4.4.1 Transco will as soon as reasonably practicable and in any event before 1 July 1999 prepare and submit to the relevant User an appropriate Invoice Document in respect of the amount (if any) of interest payable by Transco or the User in respect of such Invoice Query.

- (d) Add S4.4.4 which reads:

In respect of Invoice Queries raised prior to 1 May 1999 and for which no Invoice Document has been issued prior to 1 May 1999, Transco shall as soon as reasonably practicable and in any event before the end of the month following the issue of the Invoice Document pursuant to paragraph 4.4.1 issue an appropriate Invoice Document in respect of the amount (if any) of interest payable by Transco or the User in respect of such Invoice Query.

### 8.15.7 [Annex S-1](#)

In Annex S-1 Cumulative Imbalance Charges shall be Invoice Amounts in the Balancing Invoice.

## 8.16 [Section V: General](#)

### 8.16.1 [V5.1](#)

Until 30th April 2000 (but not thereafter) Transco may disclose Protected Information to the consumer insofar as it relates to the identity of the User to the extent reasonably necessary to enable the conclusion and implementation of a contract of supply to the customer.

### 8.16.2 [V5](#)

During the period 1 June 1999 to 16 November 1999 for the purposes of a trial for the direct disclosure of information by Transco to consumers and suppliers:

- (a) "**Excepted Information**" shall mean information as defined in Annex 1 in relation to a relevant Supply Point
- (b) "**relevant Supply Point**" shall mean for the purposes of this Section a Larger Supply Point of a class from time to time determined by Transco
- (c) Nothing in paragraph 5.1 shall prevent the disclosure by Transco of Excepted



Information to the consumer and supplier (as defined in [Section W2.9.2\(a\)](#) and [\(b\)](#) respectively) in relation to such relevant Supply Point and for the purposes of Section 42 (1) Gas Act 1986 (as amended) such disclosure pursuant to this paragraph shall, by virtue of these provisions, have the necessary consent by the relevant User.

8.16.3 [V13.1\(e\)](#) During the period from the 1 October 2003 until the commencement of the immediately following Compensation Year each Group Limit shall be reduced pro rata to the number of calendar months in the Compensation Year in such period.

8.16.4 [V13.3.1](#) During the period from the 1 October 2003 until the commencement of the immediately following Compensation Year Section V13.3.1 shall apply on the basis that:

- (a) references in such Section to the **Compensation Year** shall be taken to be the period from the 1 October 2003 until immediately prior to the commencement of the following Compensation Year;
- (b) the factors **CML** and **SF** shall be calculated on the basis that the denominator "12" set out in their respective definitions is replaced by a number equal to the number of calendar months in the period from the 1 October 2003 until the commencement of the immediately following Compensation Year.

## ANNEX 1

Meter Point Reference

Premises Address

The following Emergency Contact information about the Subscriber:-

Contact Name

Electronic Address Type (e.g., phone, fax)

Electronic address (Number)

Supply Point AQ (DM)

Supply Point AQ (NDM)

Meter Point AQ

Supply Type

Gas Nomination Type

Supplier Name

Supply Point Registration Date (Confirmation Effective Date)

SOQ



## INTERIM TERMS

SHQ

EUC

Exit Zone

Meter Serial Number

Meter Location

Meter Model Name

Meter Type

Meter Manufacturer

Year of Manufacture

Meter Status

Fitted Date

Bypass Fitted

Reading Units

Corrector Model

Corrector Serial Number

Datalogger Model

Datalogger Serial Number

Correction factor

### 8.17 [Section Z: Transco LNG Storage Facilities](#)

#### 8.17.1 [Z3.1.1](#)

For the Storage Year commencing 1st May 2000 Transco LNG Storage will, not later than 14th April, 2000, invite (for the purposes of Section Z3.1.1 applications for Storage Capacity in each Transco LNG facility, and the requirement of Section Z3.1.3(a) that the Invitation Close Date shall not be less than 30 days after the date of the invitation shall not apply.

#### 8.17.2 [Z5.2.1](#)

For each Transco LNG Facility, for the Storage Year commencing 1st May, 2000, the “**Injection Period**” is the period from 15th May 2000 to 31st October 2000, excluding any Days which are not Programmed Injection Days as extended in accordance with paragraph 5.2.2.

#### 8.17.3 [Z10](#)



For the purposes of the Storage Year 1999/2000, the provisions of [Section Z9.6](#) and Z10 shall not apply and no provision of [Section Z](#) shall prejudice Transco's (or the User's) rights pursuant to [Section V4](#) nor prevent or restrict Transco from taking any of the steps as contemplated therein.

8.17.4 Not used.

8.17.5 [Z5.4.2](#)

For the Storage Year commencing 1st May 2000, each User may, not later than 12:00 hours on 8th May, 2000 notify to Transco LNG Storage a requested change to the Provisional Injection Programme in respect of any Transco LNG Facility for the period 15th to 31st May 2000.

8.17.6 [Z5.4.8](#)

Not later than 12:00 hours on 10th May, 2000 Transco LNG Storage will provide to each User the Confirmed Injection Programme, specifying the Confirmed Injection Quantity for each Programmed Injection Day of the period 8th to 31st May 2000 for each Transco LNG Facility.

8.17.7 [B1.8](#)

In respect of Pricing Consultation 52 the requirement in Section B1.8.2 that the notice to be given by Transco pursuant to the Transco Licence in relation thereto be given not less than 2 months prior to the proposed date of implementation shall not apply and Transco shall instead give such notice as far in advance of the date on which the proposals contained therein are to be implemented as is reasonably practicable.

8.17.8 [Z3.1](#)

For the Storage Year commencing 1st May 2003, Transco LNG Storage will, not later than 1st April 2003, invite (for the purposes of Section Z 3.1.1 and in accordance with Section Z 3.1.2) applications for Storage Capacity in each Transco LNG Storage Facility, and (for the purposes of Section Z 3.1.3(a)) the date ("**Transco LNG Invitation Close Date**") by which applications pursuant to such invitation must be made shall not be less than 14 Days after the date of the invitation.

8.17.9 [Z](#)

For the duration of Storage Year 2004/5 relating to the Transco LNG Isle of Grain Storage Facility, the provisions of Section Z shall (subject to the provisions of paragraph 8.17.10) apply to the Transco LNG Isle of Grain Storage Facility.

8.17.10 [Z](#)

The following provisions of Section Z shall be amended as follows in respect only of the Transco LNG Isle of Grain Storage Facility for the purposes of paragraph 8.17.9:-

- (a) paragraph 3.1.1 shall only apply to the Transco LNG Isle of Grain Storage Facility for the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility. For the avoidance of doubt, in the event that the effective date determined in accordance with paragraph 8.14.14 of Part II of the



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Transition Document has not occurred before 1 March 2005, paragraph 3.1 shall not apply in respect of the Transco LNG Isle of Grain Storage Facility for any period after the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility;

- (b) paragraph 3.1.3(j) shall not apply in respect of the Transco LNG Isle of Grain Storage Facility; and;
- (c) paragraph 3.2.1(d) shall be deemed to read, “where the Annual Storage Invitation was made under paragraph 3.1.2(b) and the application is made pursuant to that invitation, the rates for the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility;”;
- (d) paragraph 3.5.3 shall be deemed to read, “In this paragraph 3.5 “**price**” means the rates (for the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility) of the Storage Space Charge and/or Storage Deliverability Charge tendered by a User in its application in accordance with paragraph 3.2.1(d).”;
- (e) paragraph 3.6 shall be amended to read:-

“3.6 Each User shall use reasonable endeavours to ensure that either:-

- (a) it has no gas-in-storage in the Transco LNG Isle of Grain Storage Facility as at the end of the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility; or
- (b) it has made arrangements with the person taking over operation of the Transco LNG Isle of Grain Storage Facility after the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility (and those arrangements have been confirmed by such person to Transco LNG Storage), pursuant to which such person agrees that the User’s gas-in-storage may remain in the facility after the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility.

In the event that the User fails to comply with paragraph (a) or (b) above, then the provisions of paragraph 6.4 shall apply.”;

- (f) paragraph 6.4.1 shall be amended to read:-

“6.4.1 Subject to paragraphs 6.4.3 and 6.4.6, where:-

- (a) on any Day during the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility, a User becomes liable to pay a Storage Overrun Charge in accordance with paragraph 7.1.1; or
- (b) a User has gas-in-storage at the end of the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility, and has not made arrangements (as set out in paragraph 3.6(b)) with the person taking over operation of the Transco LNG Isle of Grain Storage Facility after the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility;





the User shall be deemed to have made a Storage Withdrawal Nomination (and accordingly shall withdraw gas), for each of the 5 consecutive Days (Days 1 to 5) following such Day, for a Storage Nomination Quantity determined as 1/n times the amount of the User's Excess Gas-in-Storage."

(g) paragraph 6.4.2(b) shall be amended to read:-

"(b) the User's "**Excess Gas in Storage**" on any of Days 1 to 5 is:-

- (i) for any Day during the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility, the amount by which the User's gas-in-storage, less the Permitted Uncovered Amount (under paragraph 3.6.2), exceeds its Available Storage Space, on that Day; and
- (ii) for any Day after the end of the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility, the amount of gas-in-storage of the User at the end of the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility less any amounts withdrawn by the User on subsequent Days (whether or not such withdrawal is made pursuant to this paragraph 6.4)."

## 8.18 Network Code Supplement: Energy Balancing Credit Management

### 8.18.1 Su2.4

- (a) Subject to paragraph (b), from the First Gas Flow Day until 30th April 1996:
  - (i) there will be no Secured Credit Limit in respect of any User;
  - (ii) a User's Cash Call Limit shall be 85 % of whichever is the greater of:
    - (1) £250,000, and
    - (2) the amount calculated as 10% of the quantity estimated by Transco (and notified to the User not later than the Transition Deadline Date) to be the total quantity of gas to be offtaken by the User from the System on all Days in March 1996, multiplied by 0.3 p/kWh (*8.79 pence/therm*);
- (b) Where the User has expressly requested Transco that a Secured Credit Limit should (in accordance with the Supplement) be assigned to such User, with effect from the date on which a Secured Credit Limit is so assigned, paragraph (a) shall not apply in relation to that User.
- (c) With effect from 1st May 1996 each User shall have a Secured Credit Limit determined in accordance with the Supplement and the Energy Balancing Credit Rules (which accordingly shall be £250,000 where [paragraph 2.2.3 of the Supplement](#) does not apply).

## 9 DELAYED OR GRADUAL IMPLEMENTATION



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### 9.1 Transitional contractual relief

#### 9.1.1 For the purposes of this paragraph 9.1:

- (a) a "**relevant provision**" is any provision of the Code (other than a provision of [Sections B, C, D, E, F, Q, S, U](#) or [V](#)):
  - (i) which is not substantially the same as a provision of an Existing Transportation Contract, and
  - (ii) with which no User could reasonably be expected to comply without there being a corresponding provision in a contract between the User and the supplier or consumer;
- (b) a "**relevant contract**" is a contract between the User and the supplier or consumer for or in relation to the sale or supply of gas at the Supply Point in question.

#### 9.1.2 In the period from the date of the Code until the expiry of 12 months after the relevant date, a User shall not be in breach of a relevant provision of the Code to the extent that:

- (a) the relevant contract was entered into before the relevant date (and was not renewed or extended by the act or assent of the User on or after the relevant date), and
- (b) the User is unable to comply with such relevant provision by reason of there being no corresponding provision in the relevant contract.

#### 9.1.3 For the purposes of paragraph 9.1.2 the relevant date is:

- (a) as respects any relevant provision of the Code which the User might, as at 1st November 1995, reasonably have anticipated being contained in the Code, 1st November 1995;
- (b) as respects any other relevant provision of the Code, the First Gas Flow Day.

#### 9.1.4 Where performance by a User of a relevant provision is due and paragraph 9.1.2 applies, the User shall:

- (a) so notify Transco, and
- (b) if Transco shall so require:
  - (i) approach the relevant supplier or consumer with a view to establishing whether the required corresponding provision may be agreed upon by way of modification of the relevant contract, or whether the supplier or consumer is in any event willing to do what is necessary to enable the User to perform the relevant provision; provided that the User will not be required in so doing to incur significant cost nor to agree to any other modification of the relevant contract adverse to its interests;



- (ii) discuss with Transco what alternative performance may (notwithstanding the absence of the corresponding provision in the relevant contract) be possible for the User, but without requiring the User to incur significant cost beyond what would be incurred in complying with the relevant provision, nor liability (in such alternative performance) under the Code; and (where any such alternative performance is possible) render such alternative performance.
- 9.1.5 For the avoidance of doubt, no provision of the Code requiring payment by a User shall be a relevant provision.
- 9.1.6 Without prejudice to [Section V9](#), Transco will not be in breach (as respects any User) of any provision of the Code where it is unable to comply with such provision by reason of a User's failure to comply with any provision and the User is relieved from breach under this paragraph 9.1.
- 9.2 Domestic Transition Issues
  - 9.2.1 The Supply Meter Points at premises supplied by BGT as domestic premises are not entered on the Supply Point Register as at the First Gas Flow Day.
  - 9.2.2 For the purposes of enabling:
    - (a) the determination of Annual Quantities, Supply Point Capacity and UDQOs in respect of NDM Supply Point Components comprising Supply Meter Points referred to in paragraph 9.2.1, and
    - (b) NDM Reconciliation in respect of Supply Meter Points, and
    - (c) the Supply Meter Points referred to in paragraph 9.2.1 to be entered onto the Supply Point Register as Supply Points

the provisions of the document dated 1st March 1996 and entitled 'Domestic Market Supply Point Migration' (as from time to time supplemented or modified by Transco with Condition 9(3) Approval of the Authority) shall apply.
  - 9.2.3 Where there is any inconsistency between the provisions of the document referred to in paragraph 9.2.2 and any provision of [Sections E, G, H, M](#) and related provisions of the Code (including provisions of the Transition Document), the former provisions shall prevail.
- 9.3 UK Link Suspension for Migration Purposes
  - 9.3.1 During the period (the “**Migration Period**”) in which, pursuant to the document entitled Domestic Market Supply Point Migration, Transco undertakes the migration to the Supply Point Register of data relating to Monopoly Supply Points in Phase 2 (each as defined in that document), the operation of certain parts of UK Link for certain purposes of Sections E,G and M will be suspended, and accordingly this paragraph 9.3 shall apply.
  - 9.3.2 Transco will:



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- (a) use all reasonable endeavours to minimise the duration of the Migration Period; and
  - (b) inform all Users of, and keep all Users promptly informed of any changes in, the expected date of commencement and (both before and after such commencement) expected duration of the Migration Period.
- 9.3.3 The Migration Period will commence at 24.00 hours on a Day (but by virtue of [Section V11.1.5](#) will be considered to have commenced at the start of the following Day), and will end at 24.00 hours on another day (but by virtue of that Section will be considered to have ended by the end of that Day).
- 9.3.4 The provisions of Section G shall be varied as follows:
  - (a) during the Migration Period:
    - (i) no revision of the Supply Point Register will be made;
    - (ii) none of the following Code Communications may be made: Supply Point Nomination, Supply Point Offer, Supply Point Confirmation, Supply Point Objection, Supply Point Withdrawal, request for Isolation, notice of designation as firm or redesignation as Interruptible, application to increase or reduce Supply Point Capacity or Supply Point Offtake Rate;
    - (iii) no application for Siteworks, or communication pursuant to any Siteworks Contract, or other communication (under the Code or any other contract between Transco and a User) pursuant to which Transco would be required to revise the Supply Point Register, may be made;
  - (b) no Supply Point Confirmation may be made for a Proposed Supply Point Registration Date during the Migration Period;
  - (c) all Days in the Migration Period shall be deemed not to be Business Days for the purposes of [Section G](#) (and accordingly [Section M](#) and Part V).
- 9.3.5 The provisions of [Sections E](#), [M](#) and [S](#) shall be varied as follows:
  - (a) for the purposes of this paragraph 9.3.5:
    - (i) in relation to each Day ('D<sub>i</sub>') in the relevant period, the “**relevant date**” is D<sub>e</sub>;
    - (ii) the “**relevant period**” is the period from D<sub>i</sub> to D<sub>2n</sub>  
where:
      - i is 1 for the first Day in the Migration Period;
      - n is the number of Days in the Migration Period; and
      - e is (i/2 + n), rounded up (if not a whole number) to the nearest



whole number;

- (b) for the purposes of Section E1.9.1(b) the Exit Close-out Date for each Day in the relevant period shall be the 4th Day after the relevant date;
- (c) for each Day (to which a Meter Reading in respect of a Performance Relevant Supply Meter relates) in the relevant period:
  - (i) the references in Sections M5.2.1, M5.2.2 and M5.2.3 to the following Day shall be deemed to be references to the Day following the relevant date;
  - (ii) accordingly, in paragraph 2.4.3(c)(i)(of this Part II) the reference to 2 Days after the Gas flow Day shall be deemed to be a reference to 2 Days after the relevant date;
  - (iii) until the relevant date, information (relating to Daily Read Supply Meters) provided to Users pursuant to [Section E1.6.2 \(b\)](#) will be provided on the basis in [Section M4.4.2\(a\)](#) (as though the Day were a Failed Daily Read Day);
- (d) the expected date of submission of the Reconciliation Invoice in relation to the month or months in which the Migration Period falls will be deferred by such period (not exceeding 4 Days) as Transco may notify to Users;
- (e) no Meter Reading in relation to a Non-Daily Read Meter may be provided to Transco on a Day in the Migration Period.

## 10 On the Day Commodity Market

### 10.1 Market Operation

Until 1 January 2000, the Physical Renomination Incentive Charge shall be £1.

### 10.2 Flexibility Charges

10.2.1 The provisions of [Sections F](#) and [S](#) of the Code and the Network Code Supplement in respect of or in connection with the invoicing and payment of Flexibility Charges and Flexibility Overrun Charges which applied immediately prior to the coming into effect of the Code Modification pursuant to which this paragraph has effect, shall continue to have effect until such time as there is no longer any such requirement that they continue to do so.

10.2.2 Without limitation to the provisions of paragraph 10.2.1, the reference:

- (a) in [Section F4.4.2\(a\)](#) to Market Balancing Action Charges payable to Transco in respect of a Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) shall be construed as including Flexibility Charges payable to Transco in respect of a Flexibility Bid for a System Sell (or negatively priced System Buy);



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- (b) in Section F4.4.3(a) to Market Balancing Action Charges payable by Transco in respect of a Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) shall be construed as including Flexibility Charges payable by Transco in respect of a Flexibility Bid for a System Buy (or negatively priced System Sell);
- (c) in [Sections F4.5.3\(a\)\(ii\)](#), F4.5.3(b)(ii), F4.5.3(b)(iii), [V7.2.1\(c\)](#) and paragraph 2.5.2(ii) to Market Balancing Action Charges shall be construed as including Flexibility Charges;

where such Flexibility Charges are in respect of Flexibility Bids accepted by Transco for a Day prior to the Day on which the Code Modification pursuant to which this paragraph applies had effect.

10.2.3 For the purposes of [Section F1.2.2](#) where any of the preceding 7 Days referred to:

- (a) falls on or before the Day on which the Code Modification pursuant to which this paragraph applies had effect the System Average Price for such Day shall be the System Average Price calculated in accordance with the provisions of [Sections F1.2.1](#) and 1.2.3 applying immediately prior to the coming into effect of the Code Modification pursuant to which this paragraph has effect;
- (b) falls on a Day on which [Part VII](#) applied, the System Average Price for such Day shall be the System Average Price calculated in accordance with [Part VII](#).

10.2.4 If at the time at which the Code Modification takes effect pursuant to which this paragraph 10.2.4 applies Transco has appointed a person who has established a market for the purposes referred to in standard condition 3A of the Transco Licence but at such time Transco is not party to a contract with such person or any conditions as to the effectiveness a contract between Transco and such person remain unsatisfied Transco shall promptly notify Users, and with effect from the time specified in such notice Transco may make use of Contingency Balancing Arrangements for Operational Balancing.

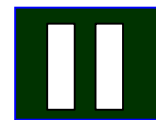
## 11 SYSTEM RECONCILIATION

### 11.1 Condition

11.1.1 The provisions of paragraphs 11.2 and 11.3 are conditional upon:

- (a) Transco and each User (including if Transco so determines any person which was, at any time during the System Reconciliation Period, but is no longer a User) agreeing in writing, not later than 24th February 1999, upon the amount which is the System Reconciliation Quantity (as defined in paragraph 11.2.1(b)) for that User; and
- (b) each such agreement between Transco and a User being unconditional (or unconditional as to the agreement of the System Reconciliation Quantity) upon the System Reconciliation Date.

11.1.2 If the condition in paragraph 11.1.1 is not satisfied by 15th March 1999, paragraphs 11.2 and 11.3 shall lapse and be of no effect; and Transco will so inform Users as soon



as reasonably practicable.

11.1.3 Nothing in this paragraph 11.1 shall require Transco to agree with any User upon any particular amount by way of System Reconciliation Quantity.

## 11.2 Interpretation and general

11.2.1 For the purposes of this paragraph 11:

- (a) the "**System Reconciliation Period**" is the period from 1st March 1996 to 31st January 1998;
- (b) for each User, the "**System Reconciliation Quantity**" is the amount (positive or negative), agreed or to be agreed in writing between Transco and that User, by which it is deemed that:
  - (i) the quantity of gas offtaken in aggregate by the User from the System in the System Reconciliation Period, differs from
  - (ii) the quantity of gas hitherto treated (including as a result of Individual Reconciliation pursuant to [Section E6](#)) for the purposes of the Code (including pursuant to the Migration Document, where applicable) as so offtaken;
- (c) "**Aggregate System Reconciliation**" is a reconciliation and adjustment (in accordance with relevant provisions of [Sections E](#) and [F](#) as applied pursuant to this paragraph 11) in respect of each User's System Reconciliation Quantity (in respect of the System as a whole and not by reference to any particular System Exit Point);
- (d) the "**System Reconciliation Date**" is the date notified (on not less than 5 Business Days notice) by Transco to Users as such.

11.2.2 It is acknowledged and agreed that:

- (a) for the purposes of enabling the determination of System Reconciliation Quantities, Individual Reconciliation, in so far as relating to periods falling within the System Reconciliation Period, may be or may have been suspended;
- (b) subject to paragraph 11.4, Aggregate System Reconciliation shall be a final and conclusive adjustment and reconciliation in respect of all quantities of gas which have been or should be allocated to or for the account of any User in relation to the System Reconciliation Period or any part thereof; and accordingly following Aggregate System Reconciliation all provisions of the Code providing for or relating to the determination of such quantities shall be deemed to have been complied with;
- (c) subject to paragraph 11.4, by reason of Aggregate System Reconciliation no further Individual Reconciliation in respect of any such period will be required (and without limitation no Individual NDM Reconciliation will be carried out



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pursuant to [Section E7.5.4](#) in respect of the period prior to the Reconciliation by Difference Date); and

- (d) accordingly, no further Reconciliation Neutrality Charges will become payable, other than in respect of any Adjustment Reconciliation Neutrality Amount arising after the System Reconciliation Date pursuant to [Section F6.5](#).

### 11.3 Aggregate System Reconciliation

11.3.1 For each User, Aggregate System Reconciliation will be carried out in accordance with the following provisions:

- (a) a Reconciliation Clearing Value shall be calculated by multiplying the User's System Reconciliation Quantity by the arithmetic mean of the month-end SAPs for each relevant month in the System Reconciliation Period; for which purposes:
  - (i) "**month-end SAP**" in respect of a calendar month is the amount which would be determined as System Average Price pursuant to paragraph 6.5.2 (of this Part II) where the NCI Day is the last Day of such month;
  - (ii) a calendar month in the System Reconciliation Period is a "**relevant month**" where the User had any UDQO (including one by way of Unauthorised Gas Flow) for any Day in such month;
- (b) the System Reconciliation Quantity shall be extinguished by a System Clearing Contract in accordance with [Section F5](#) (which shall apply in accordance with paragraph 11.3.3);
- (c) the Aggregate System Reconciliation will be carried out on the System Reconciliation Date, and the Reconciliation Clearing Charge will be treated (for the purposes of Section F5.2.4) as payable in respect of the System Reconciliation Date;
- (d) no Reconciliation Transportation Charge Adjustments shall be made by virtue of the Aggregate System Reconciliation (but without prejudice to any other agreement between Transco and the relevant User);
- (e) notwithstanding [Section S](#), the Invoice Due Date in respect of the Reconciliation Clearing Charge shall be a date agreed between Transco and Users.

11.3.2 [Section F6](#) shall apply, in relation to Aggregate System Reconciliation, separately from its application in relation to Individual NDM Reconciliation, DM Reconciliation and CSEP Reconciliation, on the basis that:

- (a) the Reconciliation Clearing Charge (in accordance with paragraph 11.3.3(c)) for each User shall be deemed to be a Residual Reconciliation Clearing Charge (under Section F6.1.3(c));





- (b) the relevant neutrality month shall be the month of January 1998 (the final neutrality month);
- (c) the first relevant month shall be the month in which the System Reconciliation Date falls;
- (d) Section F6.3.2 shall not apply;
- (e) notwithstanding [Section S](#), the Invoice Due Date in respect of the Reconciliation Neutrality Charge shall be a date agreed between Transco and Users.

11.3.3 For the purposes of [Section F](#):

- (a) the System Reconciliation Quantity shall be deemed to be a Reconciliation Quantity (under [Section E6.1.4\(d\)](#));
- (b) Aggregate System Reconciliation shall be deemed to be Individual Reconciliation (under [Section E1.3.1](#));
- (c) the Reconciliation Clearing Charge (for the purposes of Section F5.2.1) shall be the Reconciliation Clearing Value determined under paragraph 11.3.1(a).

11.4 Theft of gas

This paragraph 11 shall not take effect so as to prevent the continued operation of [Section E3.6](#) in relation to the illegal taking of gas during any part of the System Reconciliation Period, and any adjustment to be made pursuant to Section E3.6.1 shall be made in relation to quantities offtaken by the relevant User (and as though such illegal taking had occurred) after the System Reconciliation Period.

## 13 Transportation Constraints

- 13.1 The provisions of paragraphs 13.2 to 13.5 (inclusive) shall not apply until such time as by way of Code Modification this paragraph 13.1 no longer applies.
- 13.2 Where after 24:00 hours on the Preceding Day it appears to Transco that a Transportation Constraint is likely to arise or has arisen at a System Entry Point, Transco may take (at such time as it judges operationally appropriate), but shall not be required to, Market Balancing Sell Actions at the relevant System Entry Point with a view to gas flow rates at such point being reduced so as to avoid such Transportation Constraint.
- 13.3 Nothing in paragraph 13.2 shall prejudice [Section I3.7](#).
- 13.4 In [Section D1.3](#) references to Operational Balancing shall be constructed as including steps taken by Transco under paragraph 13.2 in respect of a Transportation Constraint or anticipated Transportation Constraint, and references to Operational Balancing Steps



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and Operational Balancing Requirements shall be constructed accordingly.

- 13.5 Where Transco takes a Market Balancing Sell Action pursuant to this paragraph 13 the relevant User's Available System Entry Capacity (determined as Adjusted pursuant to Sections B2.7.10, [2.8.3](#) and 2.8.5) at the relevant System Entry Point on the Day in respect of which such Market Balancing Sell Action was taken shall for the purposes of [Section B2.10](#) be reduced by an amount equivalent to the Market Balancing Action Quantity in relation thereto.



## ANNEX - 1

Notification Batch Size (NI/Nh)	Sample Size (nl/nh)
030	30
50	41
100	69
200	105
300	128
500	154
1,000	182
2,000	200
10.0000	217

## ANNEX 2

AVERAGE AQ VALUE PER LDZ (in kWh)

TABLE 1.

Scotland	19,904
Northern	19,711
North West	18,992
North East	18,851
East Mids	18,816
West Mids	18,780
Wales North	18,958
Wales South	18,672
South West	17,525
North Thames	18,813
Eastern	19,593
Southern	19,023
South East	18,551



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### ANNEX 3

AQ Value (in kWh)

1  
17319  
17525  
17606  
17701  
18005  
18146  
18402  
18544  
18551  
18670  
18672  
18701  
18705  
18780  
18813  
18816  
18851  
18852  
18866  
18948  
18958  
18992  
19023  
19096  
19126  
19159  
19287



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19430

19445

19593

19604

19711

19904

19959

19960

20037

20066

20268

20600

21030



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relevant .....	8.12(a)
relevant .....	8.10.3(b)(iv)
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## Part III TRANSITIONAL ARRANGEMENTS

### 1 GENERAL<sup>1</sup>

#### 1.1 Introduction

1.1.1 This Part III sets out the basis on which the Network Code is to come into force and in particular on which particular provisions of the Network Code shall apply with effect from the First Gas Flow Day.

1.1.2 For the purposes of this Part III:

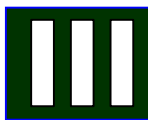
- (a) the "**First Gas Year**" is the Gas Year 1995/6;
- (b) the "**First Storage Year**" is the Storage Year 1995/6;
- (c) "**Initial**" means applying or to apply (as the context may require) on or as at the First Gas Flow Day or (as the context may require) in respect of the First Gas Year or the First Storage Year;
- (d) references to Sections of the Principal Document are to such Sections as modified pursuant to the Interim Terms;
- (e) references to Users are to Founder Users;
- (f) where not otherwise specified references to dates or months are to dates or months (if in January, February or March) in the year 1996 and otherwise in the year 1995.

#### 1.2 Pre-Code actions

1.2.1 Transco and Users acknowledge that:

- (a) they have before the First Gas Flow Day had access to and have been able to use UK Link for the purposes of making and receiving certain communications;
- (b) to the extent referred to in this Part III (but not otherwise) they have, in anticipation of the Network Code, made and received certain such communications;
- (c) where this Part III contemplates that the Initial value of any parameter or any other Initial matter under the Network Code will or may have been established before the First Gas Flow Day, subject to [paragraph 7 of Part II](#) and to what is provided in respect of [Section M3](#) below, Users and Transco have had sufficient opportunity (having regard to any periods of notice required under the Network Code) to establish such value or matter by making such communications before

<sup>1</sup> This section (Transition Document Part III) which relates to Transitional Arrangements and sets out the basis on which the Network Code came into force, has been republished for **information purposes only**, in response to several requests to do so.



## TRANSITIONAL ARRANGEMENTS

the First Gas Flow Day or (where it is capable of so being established) before the Transition Deadline Date.

- 1.2.2 Any such communication as is referred to in paragraph 1.2.1(b) shall be deemed to be a valid and effective Code Communication for the purposes of the Code and shall be binding for the purposes of the Code upon the relevant User and Transco.
- 1.2.3 A reference in this Part III to a Code Communication of any kind includes such a communication as is referred to in paragraph 1.2.1(b).
- 1.2.4 This paragraph 1.2 is referred to as the "**Agreed Transition Provision**" in this Part III.
- 1.2.5 The fact that Transco or a User may not before the First Gas Flow Day have done anything contemplated (by this Part III) as being done pursuant to the Agreed Transition Provision shall not be a breach of the Code; but without prejudice to the application of the Code in accordance with its terms with effect from First Gas Flow Day.

### 1.3 Existing Transportation Contracts

- 1.3.1 Nothing in the Network Code shall apply in respect of the delivery of gas to or offtake of gas from the System by a User before the start of the First Gas Flow Day.
- 1.3.2 Except as provided in this Part III, and without prejudice to Part IV, no notice given (before or after the First Gas Flow Day) by Transco or User pursuant to an Existing Transportation Contract which is of a period which would expire or which would take effect on or after the First Gas Flow Day shall have any effect for the purposes of the Network Code.

### 1.4 Supply Point Administration

- 1.4.1 For the purposes of coordinating and avoiding conflict between the commencement (pursuant to communications made under paragraph 1.2 above) of implementation of Section G and the discontinuance of implementation of equivalent provisions of Existing Transportation Contracts:
  - (a) relevant communications and transactions made by a User after the relevant date under an Existing Transportation Contract will not be effective (and to the extent Transco has disregarded any such communication the User hereby waives any breach of such contract constituted by or resulting from such disregard); and
  - (b) relevant communications and transactions made by a User on or after the relevant date under paragraph 4.2 will be effective for the purposes of the Network Code.
- 1.4.2 For the purposes of paragraph 4.1 relevant communications and transactions and (in respect thereof) relevant dates are as follows:
  - (a) submission of a nomination of a supply point or request for an increase in SOQ under an Existing Transportation Contract: 24th January;
  - (b) submission of a Supply Point Nomination under the Network Code: 1st December;



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- (c) submission of a confirmation or withdrawal of a supply point or a request for isolation under an Existing Transportation Contract: 8th February;
- (d) submission of a Supply Point Confirmation or Supply Point Withdrawal or request for Isolation under the Network Code: 3rd January;
- (e) introduction of a supply point under an Existing Transportation Contract: 29th February;
- (f) Supply Point Registration under the Network Code: 1st March.

## 1.5 Connected System Exit Points

Where the CSEP Network Exit Agreement in respect of any Connected System Exit Point contains provisions as to the basis on which (as described in paragraph 1 above) the Network Code is to apply with effect from the First Gas Flow Day, such provisions shall apply in addition to and (where in conflict) instead of those of this Part III.

## 2 Section A: System classification

None.

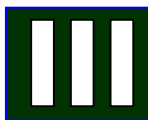
## 3 Section B: System use and capacity

### 3.1 [B1.8.1](#) Transportation Statement for 1995/96

- (a) The Initial Transportation Statement shall be the document published by Transco in December 1995 and entitled 'Gas Transportation Charges 1995/6 (revised prices)'.
- (b) For the purposes of determining the rate of any Transportation Charge payable in any month in respect of an LDZ Connected System Exit Point where such rate is expressed in the Initial Transportation Statement to be a function of Supply Point Capacity, a notional Supply Point Capacity shall be determined as the aggregate for all CSEP Users of the LDZ Capacity held at the Connected System Exit Point divided by the number of Individual System Exit Points comprised in the Connected System Exit Point.

### 3.2 [B2.2](#) Initial System Entry Capacity

- (a) Paragraph (b) only applies in respect of applications for System Entry Capacity made by Users who identified themselves in respect of this issue by 10.00am on 26th September 1996.
- (b)
  - (i) For the purposes of paragraph [2.2.2\(b\)](#), where the proposed date of registration is 1st October 1996, or 2nd October 1996, the reference to '7 Business Days' shall read '2 Business Days'.
  - (ii) Where System Entry Capacity is applied for by giving 2 Business Days notice in accordance with (b)(i) above:



## TRANSITIONAL ARRANGEMENTS

- (1) a User may not withdraw an application in accordance with paragraph [2.2.5](#);
- (2) paragraph [2.2.6](#) shall be amended by deleting the words, ‘unless withdrawn under paragraph [2.2.5](#)’ and the reference to ‘5 Business Days’ shall read ‘1 Business Day’.

### 3.3 [B3.2](#) Initial DM NTS Exit Capacity

The Agreed Transition Provision applies in respect of Initial DM NTS Exit Capacity.

### 3.4 [B3.3](#) Initial NDM NTS Exit Capacity

Users’ Initial NDM NTS Exit Capacity will be determined in accordance with Section B3.3.

### 3.5 [B4.2](#) Initial DM Supply Point Capacity

- (a) The Initial DM Supply Point Capacity held by a User at each Registered Supply Point shall be an amount equal to the amount of the Pre-Code Capacity (and shall be assigned automatically without any application by the User).
- (b) For the avoidance of doubt, paragraph (a) applies only in respect of Supply Point Components which are, in accordance with [paragraph 2 of Part II](#), DM Supply Point Components on the First Gas Flow Day.

### 3.6 [B4.3](#) Initial NDM Supply Point Capacity

Users’ Initial NDM Supply Point Capacity will be determined in accordance with Section B4.3.

### 3.7 [B4.4](#) Initial LDZ Capacity

Users’ Initial LDZ Capacity at NDM Supply Point Components will be determined in accordance with Section B4.4.

### 3.8 [B5](#) Capacity Transfers

Users’ may have made (in accordance with the Agreed Transition Provision) System Capacity Transfers, effective not earlier than the First Gas Flow Day.

## 4 **Section C: Nominations**

### 4.1 [C2.2](#) Initial Output Nominations

The Agreed Transition Provision applies in respect of Initial Output Nominations.

### 4.2 [C3.2](#) Initial Input Nominations

The Agreed Transition Provision applies in respect of Initial Input Nominations.

### 4.3 [C4](#) Initial Operational Scheduling



The Agreed Transition Provision applies in respect of Initial Operational Scheduling.

#### 4.4 [C5](#) Initial Renominations

The Agreed Transition Provision applies in respect of Initial Renominations made before the First Gas Flow Day.

#### 4.5 [C6](#) Trade Nominations

Users may have made (in accordance with the Agreed Transition Provision) Trade Nominations, effective not earlier than the First Gas Flow Day.

### 5 **Section D: Operational balancing and flexibility bidding**

#### 5.1 [D2.2](#) Initial Flexibility Bids

Users may have made (in accordance with the Agreed Transition Provision) Flexibility Bids, effective not earlier than the First Gas Flow Day.

#### 5.2 [D3](#) Initial acceptance of Flexibility Bids

Transco may (in accordance with the Agreed Transition Provision) have accepted Flexibility Bids with effect not earlier than the First Gas Flow Day.

### 6 **Section E: Daily quantities, imbalance and NDM reconciliation**

#### 6.1 [E2.2](#) Initial Allocation Agents

Where Transco has on or before the Transition Deadline Date received a copy of an agreement appointing a User Agent under paragraph E2.2, the requirements of [Section V6.3](#) as to the notification of the appointment of a User Agent shall be treated as complied with.

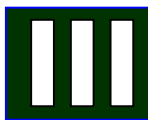
#### 6.2 [E5.1](#) Daily Imbalance

Without prejudice to the Run-off Arrangements, no User shall be treated as having a Daily Imbalance, nor for the purposes of [paragraph 6.3 of Part II](#) a Net Cumulative Imbalance, for any Day before the First Gas Flow Day.

### 7 **Section F: System clearing, balancing charges and neutrality**

#### 7.1 [F1.2.2](#) Initial default system prices

- (a) If Section F1.2.2 applies in respect of the First Gas Flow Day, the System Marginal Sell Price, System Marginal Buy Price or (as the case may be) System Average Price for that Day shall be 0.34 p/kWh (*10 pence/therm*).
- (b) If Section F1.2.2 applies in respect of any Day from 2nd to 31st March (inclusive), the reference in that [Section F](#) to the 30 Days preceding such Day shall be treated as a reference to the Days from and including the First Gas Flow Day up to the Day before such Day.



## TRANSITIONAL ARRANGEMENTS

### 8 Section G: Supply points

#### 8.1 [G1.1](#) Initial Supply Points

Subject to [paragraph 7 of Part II](#), the Initial Supply Points, and (in respect of each) the Registered User, shall be as recorded in the Supply Point Register as at the First Gas Flow Day, and a User may not become or cease to be the Registered User of a Supply Point other than pursuant to the relevant provisions of [Section G](#).

#### 8.2 [G1.5.4](#) Initial meters uneconomic for Daily Reading

- (a) The Initial Firm Supply Points where Annual Quantities exceed 58,600,000 kWh (*2,000,000 therms*) and Interruptible Supply Points in respect of which, pursuant to Section G1.5.4 the Daily Read Requirement does not apply, are those designated by Transco and notified to the Registered User not later than 1st February 1996.
- (b) Nothing shall prevent Transco from giving notification pursuant to Section G1.5.4 to the Registered User of any relevant Supply Point, but without prejudice to any Condition 7(4) Disapproval thereunder or to any amount which Transco may previously have become liable to pay the User pursuant to Section M5.

#### 8.3 [G1.6](#) Initial Annual Quantities

Subject to paragraphs [2.4.6](#) and [7 of Part II](#), the Initial Annual Quantity for every DM and NDM Supply Meter Point shall be the quantity established pursuant to the 'degree day approach' described in the Demand Estimation Transition Document.

#### 8.4 [G1.7](#) Initial Shared Supply Meter Points

- (a) The Initial Shared Supply Meter Points and Initial Sharing Registered Users are those notified by Transco to the Registered Users not later than the Transition Deadline Date.
- (b) The Initial basis of allocation between the Sharing Registered Users of a Shared Supply Meter Point shall be as described in the notification referred to in paragraph (a) above, which shall be treated as being a Shared Supply Meter Notification given to Transco for the purposes of Section G1.7.
- (c) Notwithstanding paragraph (b) each Sharing Registered User undertakes as soon as reasonably practicable after the First Gas Flow Day to provide to Transco a Shared Supply Meter Notification (in place of what is referred to in paragraph (b)) complying with the requirements of Section G1.7.

#### 8.5 [G2.3](#) Initial Supply Point Nominations

The Agreed Transition Provision shall apply in respect of Initial Supply Point Nominations.

#### 8.6 [G2.5](#) Initial Supply Point Confirmations





The Agreed Transition Provision shall apply in respect of Initial Supply Point Confirmations.

## 8.7 [G3.2](#) Initial Supply Point Withdrawals

The Agreed Transition Provision shall apply in respect of Initial Supply Point Withdrawals.

## 8.8 [G5](#) Initial capacity requirements

- (a) For the purposes of [Section G5.3](#) a User's Initial Supply Point Offtake Rate in respect of a DM Supply Point Component shall be the Pre-Code Supply Point Offtake Rate.
- (b) The Initial Bottom-stop Supply Point Capacity in respect of a Firm DM Supply Point Component shall be determined in accordance with [Section G5.2.3](#) and [paragraph 3.5 of Part I](#) where applicable.
- (c) Where Transco has notified a User or the User becomes aware that the requirements of [Section G5.4.1](#) are not complied with in respect of a DM Supply Point Component on the basis of the Initial Supply Point Capacity and Initial Supply Point Offtake Rate, the User shall as soon as reasonably practicable and in accordance with any reasonable timetable requested by Transco, take (after consultation with Transco) appropriate steps in accordance with the Code to ensure such compliance.

## 8.9 [G6.1](#) Initial Interruptible Supply Points

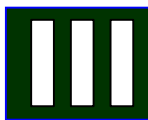
Where under any Existing Transportation Contract a Pre-Code Supply Point is interruptible (in accordance with the provisions of that contract) as at the Final Pre-Code Date, the corresponding Supply Point shall be treated as designated as Interruptible.

## 8.10 [G6.1.4](#) Initial change of status

For the purposes of [Section G6.1.4](#), where pursuant to any contract, in force at any time before the First Gas Flow Day, between Transco and any person for the transportation of gas by the System, the transportation service to a Supply Meter Point has changed from being firm to interruptible or interruptible to firm, that Supply Meter Point shall be treated as having changed status (with effect from the date of such change or the most recent such change).

## 8.11 [G6.4](#) Initial SDMC(I) Supply Points

- (a) Subject to paragraph (b), where Transco has, on or before the Transition Deadline Date, so notified the Registered User, an eligible Interruptible Supply Point shall be an Initial SDMC(I) Supply Point.
- (b) Where the User becomes the Registered User of a Supply Point in accordance with the Agreed Transition Provision (with a Supply Point Registration Date on or after the First Gas Flow Day), an eligible Interruptible Supply Point shall be an Initial SDMC(I) Supply Point where it was so specified in the Supply Point Offer made to the User.



## TRANSITIONAL ARRANGEMENTS

### 8.12 [G6.5](#) Initial TNI Supply Points

- (a) Subject to paragraph (b), where Transco has, on or before the Transition Deadline Date, so notified the Registered User, an Interruptible Supply Point shall be an Initial TNI Supply Point in respect of which the number of Days of interruptibility shall be the number so notified.
- (b) Where the User becomes the Registered User of a Supply Point in accordance with the Agreed Transition Provision (with a Supply Point Registration Date on or after the First Gas Flow Day), an Interruptible Supply Point shall be an Initial TNI Supply Point where it was so specified in the Supply Point Offer made to the User, in respect of which the number of Days of interruptibility shall be the number so specified.

### 8.13 [G6.6](#) Initial User requirements

If the requirements of Section G6.6 have not been complied with pursuant to the Agreed Transition Provision:

- (a) the equivalent details provided by a User pursuant to the Existing Transportation Contract shall be treated as Initial details provided for the purposes of Section G6.6;
- (b) if the User has not complied with the equivalent requirement of the Existing Transportation Contract, the User shall immediately comply with Section G6.6.

### 8.14 [G6.7.6](#) Initial Interruption Allowance

Days of interruption of a Pre-Code Supply Point on and after 1st October 1995 under an Existing Transportation Contract shall count as Days of Interruption in respect of a Supply Point in the Gas Year 1995/96.

## 9 Section H: Demand estimation and demand forecasting

### 9.1 [H1.2](#) Initial End User Categories

The Initial End User Categories are as set out in the Demand Estimation Transition Document dated 1st March 1996 prepared by Transco of which a copy has been provided to each User.

### 9.2 [H1.3](#) Initial Demand Models

The Initial Demand Models and Initial values of the Derived Factors (for the purposes of [Section H1.9.3](#)) are as set out in the Demand Estimation Transition Document.

### 9.3 [H1.4](#) Initial Composite Weather Variables

The Initial formula by which the Composite Weather Variable for each LDZ is derived is as set out in the Demand Estimation Transition Document.

### 9.4 [H3.2](#) Revision of Annual Quantities



For the purposes of establishing pursuant to Section H3.2 Annual Quantities for NDM Supply Meter Points for Gas Years after the First Gas Year, any Valid Meter Reading obtained after 1st October 1995 may (subject as provided in that Section) be a starting Meter Read.

## **10 Section I: Entry requirements**

### **10.1 [I1.4](#) Initial System Entry Points**

Transco designates the Individual System Entry Point(s) comprised in each Initial System Entry Point in accordance with the document ("**initial entry definition document**") dated 1st March 1996 and entitled 'Entry Points Definitions' prepared by Transco of which a copy has been provided to each User.

### **10.2 [I1.5](#) Initial Aggregate System Entry Points**

Transco designates the System Entry Point(s) comprised in each Initial Aggregate System Entry Point in accordance with the initial entry definition document.

### **10.3 [I2.6](#) Local Operating Procedures**

Where at the First Gas Flow Day, and for so long as, there are no Local Operating Procedures in place in relation to any System Entry Point, such procedures as apply at the Final Pre-code Date will be treated as being Local Operating Procedures, and such information as may be provided to Transco pursuant to those procedures will be treated as being Local Operating Information.

### **10.4 [I3.5](#) Initial Special Delivery Arrangements**

There are no Special Delivery Arrangements in force at the First Gas Flow Day other than any recorded in writing as such for the purposes of the Code between Transco and the relevant User or the Delivery Facility Operator on or before the Transition Deadline Date.

### **10.5 [I3.11](#) Initial indicative capacity figures**

The initial estimates under [Section I3.11.1](#) for each System Entry Point are set out in the initial entry definition document (and not in the Ten Year Statement).

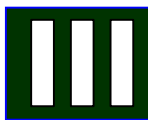
## **11 Section J: Exit requirements**

### **11.1 [J1.3.5](#) Initial NExA Supply Meter Points**

Notwithstanding [Section J1.3.6](#) but subject to what is provided below in respect of [Section J4.2.1](#) a Network Exit Agreement is required to be in place in respect of each Supply Meter Point in respect of which Transco has, on or before the Transition Deadline Date, so notified the Registered User.

### **11.2 [J2.1.5](#) Reduced offtake pressure**

Unless recorded in writing as such for the purposes of the Code between Transco and the relevant User on or before the Transition Deadline Date, there is no case in which



## TRANSITIONAL ARRANGEMENTS

Transco has notified any User that the pressure of gas available for offtake at a Supply Point will be reduced for any reason referred to in Section J2.1.5.

### 11.3 [J2.2](#) Special Offtake Pressure

There is no arrangement under Section J2.2 in force at the First Gas Flow Day other than any recorded in writing as such for the purposes of the Code between Transco and the relevant User on or before the Transition Deadline Date.

### 11.4 [J2.3](#) Initial Special Offtake Arrangements

There are no Special Offtake Arrangements in force at the First Gas Flow Day other than any recorded in writing as such for the purposes of the Code between Transco and the relevant User or the Connected System Operator on or before the Transition Deadline Date.

### 11.5 [J2.4](#) Specification change

There is no arrangement under Section J2.4 in force at the First Gas Flow Day other than any recorded in writing as such for the purposes of the Code between Transco and the relevant User on or before the Transition Deadline Date.

### 11.6 [J4.2.1](#) Network Exit Agreements

- (a) Where in respect of any existing Supply Meter Point in respect of which a Network Exit Agreement is (pursuant to what is provided above in respect of [Section J1.3.5](#)) required to be in place, there is no Network Exit Agreement in force at the First Gas Flow Day:
  - (i) those provisions (if any) of the Existing Transportation Contract in force at the Final Pre-Code Date which are equivalent to the provisions which may be included in a Network Exit Agreement, or if the Registered User(s) shall so request the provisions referred to in paragraph (b) below, shall (notwithstanding the termination or expiry of that contract with effect from the First Gas Flow Day) be treated as though they were provisions of a Network Exit Agreement until and unless a Network Exit Agreement is entered into;
  - (ii) the Registered User(s) and Transco agree:
    - (1) to record the provisions referred to in paragraph (i) in a separate document to be provided to the consumer;
    - (2) if the Registered User wishes itself to be party to the Network Exit Agreement, to enter into such an Agreement containing the provisions recorded pursuant to paragraph (1) and such other provisions as they may (having regard to what is contemplated by [Section J4](#)) agree;
    - (3) if the Registered User wishes the consumer to be party to the Network Exit Agreement, to use all reasonable endeavours (but without thereby being required to incur significant cost) to negotiate with the consumer the terms of a Network Exit



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Agreement and secure that the consumer enters into such agreement;

- (iii) the Supply Meter Point shall be treated as being a NExA Supply Meter Point for the purposes of [Section J](#).
- (b) The provisions referred to are any provisions of the agreement for supply of gas to the consumer which are more onerous (as respects performance by the consumer) than those of the Existing Transportation Contract.

## 11.7 [J4.10](#) Frequency Response

There are no Ancillary Agreements in force at the First Gas Flow Day between Transco and any User for the purposes of Section J4.10.

## 11.8 [J5.6](#) Initial CSEP Users

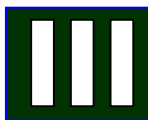
Any User party to an Existing Transportation Contract pursuant to which gas was conveyed by Transco to a Connected System Exit Point shall be an Initial CSEP User in respect of that Connected System Exit Point.

## 11.9 [J5.8](#) Initial CSEP Network Exit Agreement

Where in respect of a Connected System Exit Point, in relation to which the Connected System Operator is not (and is not required to be) the holder of a Public Gas Transporter's Licence, there is no Network Exit Agreement in force at the First Gas Flow Day, and where and for so long as there is only one CSEP User:

- (a) the CSEP User shall use all reasonable endeavours to secure that the Connected System Operator enters into a Network Exit Agreement in such form (including but not limited to the provisions referred to in paragraph (c)) as Transco may reasonably require;
- (b) subject to paragraph (a), the requirement in [Section J1.3.2\(a\)](#) shall be suspended until a CSEP Network Exit Agreement is entered into;
- (c) those provisions (if any) of the Existing Transportation Contract in force at the Final Pre-Code Date which are equivalent to the provisions which may be included in a CSEP Network Exit Agreement shall (notwithstanding the termination or expiry of that Agreement with effect from the First Gas Flow Day) be treated as though they were provisions of a CSEP Network Exit Agreement;
- (d) the provisions of the Code for the purposes of which the Connected System Exit Point is (in accordance with [Section J5.5](#)) a relevant Connected System Exit Point are as specified by Transco to the CSEP User not later than the Transition Deadline Date, or failing such notification such provisions as will have the effect that the Connected System Exit Point is treated as though it were a NExA Supply Meter Point and the Supply Point Component in which it is comprised were a VLDMC Supply Point Component.

## 12 Section K: Operating margins and balancing margins



## TRANSITIONAL ARRANGEMENTS

### 12.1 [K2.2](#) Initial Operating Margins

The amounts of Storage Capacity and gas-in-storage held in each Storage Facility by Transco for Operating Margins Purposes as at 1st October 1995, and the assumptions in relation to the First Gas Year referred to in paragraph [2.2.2](#), and the Operating Margins Profile, are as set out in the document dated 1st March 1996 entitled Margins Transition Arrangements 1995/96 prepared by Transco.

### 12.2 [K3.2](#) Initial Balancing Margins

The amounts of Storage Capacity and gas-in-storage held in each Storage Facility by Transco for Balancing Margins Purposes as at the First Gas Flow Day are as set out in Margins Transition Arrangements 1995/96.

### 12.3 [K4.2](#) Storage application 1996/97

The date by which Transco is to apply for Storage Capacity for System Margins Purposes in respect of the Storage Year 1996/97 is 14th April 1996.

### 12.4 [K4.6](#) Initial procurement arrangements

The arrangements (made before the First Gas Flow Day) by Transco for the procurement of gas for Systems Margins Purposes shall be Margins Gas Procurement Arrangements for the First Storage Year.

### 12.5 [K5.2](#) Margins WACOG

The value of Net Operating Margins WACOG and Net Balancing Margins WACOG as at 8th December 1995 was 0.4736 p/kWh (*13.87 pence/therm*) (the Initial value thereof being determined by reference to the arrangements mentioned under K4.6 above).

## 13 **Section L: Maintenance planning**

### 13.1 [L2.1](#) Maintenance planning

As at the First Gas Flow Day Transco has not required further information under [Section L2.1.1\(d\)](#).

### 13.2 [L2.3](#) Operational planning

The first month in which Section L2.3 shall apply shall be April 1996.

### 13.3 [L3.1](#) Initial Maintenance Programme

Without prejudice to the arrangements for establishing an April Maintenance Programme as described in Part II (and without prejudice to Transco's internal maintenance programmes), there is no Maintenance Programme in force (for the purposes of the Code at the First Gas Flow Day).

### 13.4 [L4.2](#) Initial planned maintenance notices

Any communication or notice given by Transco before the First Gas Flow Day to a User



to the effect that maintenance of the System will (on or after the First Gas Flow Day) affect the availability of gas for offtake at any Pre-Code Supply Point on an LDZ will be effective as a notification for the purposes of [Section L4.2.1\(b\)](#).

### 13.5 [L4.3.2](#) Planned Maintenance allowance

Where pursuant to any provision of an Existing Transportation Contract expressly providing for such relief, Transco has on any Day been relieved of its obligation to make gas available for offtake at a Pre-Code Supply Point by reason of planned maintenance of the System, such Day shall be counted (where relevant) for the purposes of Section L4.3.2.

## 14 Section M: Supply point metering

### 14.1 [M3](#) Initial Meter Readings (Non-Daily Read Supply Meters)

- (a) For each Non-Daily Read Supply Meter:
  - (i) the "**Initial Meter Reading**" is the reading of the index of a Supply Meter as at the start of the First Gas Flow Day;
  - (ii) an estimate of the Initial Meter Reading shall be determined, by estimation (using techniques equivalent to those used for determining Initial Annual Quantities as described in the Demand Estimation Transition Document) from the last valid Meter Reading obtained before 6th March 1996;
  - (iii) subject to paragraph (d), for the purposes of determining the Metered Volume for the NDM Reconciliation to be carried out upon the first Valid Meter Reading obtained on or after 6th March, the estimated Initial Meter Reading shall be deemed to have been obtained and provided to Transco as a Valid Meter Reading for the purposes of Section M3.
- (b) Transco will determine and provide (in MRBILLREAD form) an estimate of the Initial Meter Reading to the Registered User as soon as reasonably practicable after the First Gas Flow Day and where possible by 11th March 1996, which will be the estimate used for the purposes of paragraph (a)(iii), unless the User gives a notification to Transco pursuant to paragraph (c).
- (c) Where:
  - (i) a User notifies Transco that it considers, by reason of a valid Meter Reading obtained by the User, that a better estimate (in accordance with paragraph (a)(ii)) of the Initial Meter Reading than the estimate provided by Transco under paragraph (b) is available,
  - (ii) the amount which would be determined (on the basis of the applicable calorific value on the First Gas Flow Day) as the Metered Quantity by reference to the interval between the User's estimate and Transco's estimate exceeds 10% of the Annual Quantity of the relevant Supply Meter Point, and





## TRANSITIONAL ARRANGEMENTS

- (iii) the User provides to Transco the Meter Reading referred to in paragraph (i) (together with reasonable details of the date on which and the circumstances in which it was obtained), and the User's estimate of the Initial Meter Reading

Transco will review and discuss with the User the details provided by the User with a view to reaching agreement, before the first Valid Meter Reading is obtained pursuant to [Section M3](#) in respect of the relevant Supply Meter, upon a revised estimate of the Initial Meter Reading; and where they agree upon an estimate the agreed estimate will be used for the purposes of paragraph (a)(iii).

- (d) Where in respect of any Supply Meter:
  - (i) by reason of the absence of any suitable Meter Reading, Transco is unable to make an estimate in accordance with paragraph (b), or
  - (ii) a User gives a notification to Transco pursuant to paragraph (c) but Transco and the User do not agree upon a revised estimate of the Initial Meter Reading before the first Valid Meter Reading is obtained,then paragraph (e) will apply.
- (e) In the circumstances in paragraph (d), upon the first Valid Meter Reading obtained in respect of the Supply Point:
  - (i) an NDM Reconciliation will be carried out, as though a Meter Reading had been obtained on the First Gas Flow Day, by reference to an assumed Metered Volume, derived from the NDM Supply Meter Point Demands (in accordance with [Section H2](#)) for Days in the period from the First Gas Flow Day to the relevant Meter Read Day;
  - (ii) the NDM Reconciliation Quantity (relating to such period) will accordingly be zero, and for the purposes of the relevant Existing Transportation Contract the quantities offtaken from the System at the Supply Meter Point up to the Final Pre-Code Date will be determined accordingly.

### 14.2 [M4.7](#) Initial DM Check Read

The first Valid Meter Reading on or after the First Gas Flow Day in respect of a Supply Meter Point at which Daily Read Equipment is installed shall be treated as the preceding DM Check Read for the purposes of Section M4.7.

## 15 Section N: Shrinkage

### 15.1 [N2.2.1](#) Initial NTS Shrinkage Factor

For the purposes of Section N2.2.1, the Agreed Transition Provision applies in respect of the Initial NTS Shrinkage Factor.

### 15.2 [N2.2.2\(a\)](#) Provisional forecast of NTS Shrinkage Factor

The Initial forecasts of NTS Shrinkage Factors are set out in the document dated 1st March 1996 and entitled 'Shrinkage Sources and Forecasts for the Gas Year 1995/6'.





### 15.3 [N2.3](#) Assessed NTS Shrinkage

Section N2.3 will not require Transco to provide details of assessed NTS shrinkage in respect of any Day before the First Gas Flow Day.

### 15.4 [N3.2](#) Initial LDZ Shrinkage Factors

The Initial LDZ Shrinkage Factors are set out in Shrinkage Sources and Forecasts for the Gas Year 1995/6.

### 15.5 [N3.3](#) Assessed LDZ Shrinkage

Section N3.3 will not require Transco to provide details of assessed LDZ shrinkage in respect of any period before the First Gas Flow Day.

## 16 **Section O: System planning**

### 16.1 [O3.1](#) Initial Base Plan Assumptions

The Initial Base Plan Assumptions (for which year 0 is the First Gas Year) shall be the document published by Transco dated December 1995 and entitled 'Base Plan Assumptions - 1996' (without prejudice to [paragraph 2.5](#) under "General" above).

### 16.2 [O3.2](#) User information

Information which a User may have chosen to provide to Transco before the First Gas Flow Day in response to the document referred to under [O3.1](#) above shall be treated as provided under Section O3.2.

### 16.3 [O4.1](#) Initial Ten Year Statement

The Initial Ten Year Statement (for which year 0 is the Gas Year 1994/5) shall be the document published by Transco dated July 1995 entitled Ten Year Statement 1995 (notwithstanding any inconsistency between what is contained in such document and what is provided for in [Section O4.2](#)).

## 17 **Section P: Top-up storage**

### 17.1 [P1.5.2\(a\)](#) Storage applications 1996/97

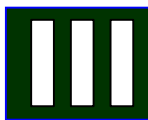
The date by which the Storage Operator will provide details to the Top-up Manager under Section P1.5.2(a) in respect of the Storage Year 1996/96 is 1st May 1996.

### 17.2 [P2.1.3](#) Initial Remaining Stored Gas Requirement

There is a Remaining Stored Gas Requirement, in respect of LNG Facilities only, from the First Gas Flow Day until the end of the First Storage Year, which is 35 GWh.

### 17.3 [P2.3.1](#) Top-up storage application 1996/97

The date by which the Top-up Manager will apply for Storage Capacity in respect of the Storage Year 1996/96 is 1st June 1996.



## TRANSITIONAL ARRANGEMENTS

### 17.4 [P2.6](#) Initial Top-up Storage Requirements

There is no Initial Top-up Space Requirement or Initial Top-up Deliverability Requirement for the First Storage Year.

### 17.5 [P2.6.1](#) Top-up storage 1996/97

The date by which the Top-up Manager will notify Users of details in respect of the Storage Year 1996/96 pursuant to Section P2.6.1 is 1st June 1996.

## 18 Section Q: Emergencies

### 18.1 [Q1.4.1](#) Emergency Procedures

Until revised to do so, Emergency Procedures will be treated as including Local Emergency Interruption and Firm Load Shedding Procedures (November 1995).

### 18.2 [Q2.2](#) User contacts

To the extent that equivalent information (remaining up to date at the Final Pre- Code Date) has not been provided by a User under an Existing Transportation Contract, each User will comply with Section Q2.2 as soon as possible on or after the First Gas Flow Day.

### 18.3 [Q2.3](#) Large Firm Supply Points

To the extent that equivalent information (remaining up to date at the Final Pre- Code Date) has not been provided by a User under an Existing Transportation Contract, Users will comply with Section Q2.3 as soon as possible on or after the First Gas Flow Day.

### 18.4 [Q2.4](#) Priority Supply Points

To the extent that equivalent information (remaining up to date at the Final Pre- Code Date) has not been provided by a User under an Existing Transportation Contract, Users will comply with Section Q2.4 as soon as possible on or after the First Gas Flow Day, or (if later) after the Priority Criteria are made known to the User.

## 19 Section R: BG storage facilities

### 19.1 [R1.4.1](#) Initial gas-in-storage

Except as provided above in respect of the Top-up Manager and Transco for Systems Margins Purposes, each User's Initial gas-in-storage in each BG Storage Facility shall be a quantity equal to the amount of its 'Balance' (of gas- in-storage) as defined in and prevailing as at the end of the Final Pre-Code Date under the relevant Existing Transportation Contract.

### 19.2 [R2.2](#) Initial Storage Capacity

Except as provided above in respect of the Top-up Manager and Transco for Systems Margins Purposes, each User's Initial Registered Storage Space and Storage Deliverability in each BG Storage Facility shall be an amount equal to the amount



## TRANSITIONAL ARRANGEMENTS

respectively of its 'Reserved Space' and 'Reserved Deliverability' each as defined in and prevailing as at the Final Pre-Code Date under the relevant Existing Transportation Contract.

### 19.3 [R2.3](#) Initial Interruptible Storage Capacity

Where the 'Reserved Space' held by a User in the Rough Facility as at the Final Pre-Code Date is held under an 'Interruptible Service' as defined in and in accordance with the relevant Existing Transportation Contract, the User's Registered Storage Capacity (pursuant to what is provided in respect of Section R2.2 above) shall be Interruptible Storage Capacity.

### 19.4 [R3.1](#) Annual Storage Invitation

The Annual Storage Invitation for the First Storage Year shall be the document issued by Transco dated 1st March 1995 and entitled 'Storage Tender 1995/6'.

### 19.5 [R3.4](#) Price tender

Where under an Existing Transportation Contract 'Reserved Space' or 'Reserved Deliverability' was held by a User pursuant to an application on the basis of a tender by price, the relevant prices tendered by such User shall be the Initial rates of the Storage Space Charge and Storage Deliverability Charge.

### 19.6 [R4](#) Storage Transfers

Users may have made (in accordance with the Agreed Transition Provision) Storage Transfers, effective not earlier than the First Gas Flow Day.

### 19.7 [R8.2.5\(b\)](#) Constrained LDZs

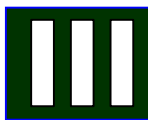
For each Constrained LNG Facility, the Constrained LDZ(s) and (for each) the Threshold Constrained Demand for the First Storage Year are as follows:

<u>Constrained Facility</u>	<u>Constrained LDZ</u>	<u>Constrained Threshold Demand (GWh/Day)</u>
Avonmouth	South Western	201
Dynevor Arms	South Wales	132
Isle of Grain	South Eastern	400

### 19.8 [R8.6.3](#) Weekly Minimum Requirement

The Weekly Minimum Requirement for a week in the Winter Period of the First Storage Year will be the percentage (applicable in respect of the relevant Constrained LNG Facility) shown in the Initial Annual Storage Invitation for the Sunday falling at the end of the week.

## 20 Section S: Invoicing and payment



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### 20.1 [S1.4.2](#) Initial invoice timing

The Initial expected timing of submission of Invoice Types is as follows:

	<u>Business Day of the month</u>
NTS Capacity Invoice:	4th
LDZ Capacity Invoice:	4th
Storage Invoice	7th
Commodity Invoice	8th
Reconciliation Invoice	18th
Balancing Invoice:	23rd

provided that the expected date for submission of:

- (a) the Balancing Invoice in respect of March 1996 shall be 2nd July 1996;
- (b) the Reconciliation Invoice in respect of the Reconciliation Billing Period commencing in March 1996 shall be 7th May 1996;
- (c) the Balancing Invoice in respect of April 1996 shall be 9th July 1996;
- (d) the Balancing Invoice in respect of May 1996 shall be 24th July 1996;
- (e) the Balancing Invoice in respect of June 1996 shall be 12th August 1996;
- (f) the Balancing Invoice in respect of July 1996 shall be 3rd September 1996;
- (g) the Balancing Invoice in respect of August 1996 shall be 4th October 1996.

This proviso shall not be deemed to be a change or delay for the purposes of Sections [S1.4.2](#), [S1.4.3](#) or [S4.2.6](#).

### 20.2 [S3.2.2](#) Initial bank details

Transco and Users acknowledge that they have before the Transition Deadline Date provided the details required to be provided under Section S3.2.2.

## 21 Section T: Dispute resolution

### 21.1 [T1.6.1](#) Initial disputes secretary

The Initial disputes secretary is Henry Loweth.

### 21.2 [T2.10](#) Initial listed experts

The Initial listed experts will be identified as soon as practicable after the First Gas Flow Day in accordance with [Section T2](#).



## 22 Section U: UK link

### 22.1 [U1.4.1](#) Initial UK Link Manual

The Initial Network Code Manual is the document so entitled and dated 1st March, except that where so specified in a part of such manual which is dated 1st March any other part thereof may be dated before 1st March; and Transco has provided copies of the Initial UK Link Manual to each User.

### 22.2 [U2.3.4](#) Transco Available Hardware

Users shall be deemed to have complied, as respects Transco Available Hardware provided at the First Gas Flow Day, with the requirements in paragraphs 2.2, 3.1, 3.2 and 3.3 of the document contained in the UK Link Manual which sets out the terms referred to in Section U2.3.4.

## 23 Section V: General

### 23.1 [V2.1.2](#) Admission requirements

- (a) Subject to paragraph (b) each User shall be deemed to have complied with the requirements of Section V2.1.2, except to the extent that Transco has notified the User of any non-compliance on or before the Transition Deadline Date.
- (b) If after the Transition Deadline Date Transco notifies the User of any requirement of Section V2.1.2 with which the User is not in compliance, the User shall ensure compliance with such requirement within such period as is reasonable in the circumstances.

### 23.2 [V2.2.1](#) Initial User Accession Date

The User Accession Date for each Founder User shall be the First Gas Flow Day.

### 23.3 [V3.1](#) Initial Code Credit Rules

The Initial Code Credit Rules are the rules in the document issued by Transco in December 1995 entitled 'Credit Risk Management: Transportation - Rules and Procedures'.

### 23.4 [V3.2](#) Initial Code Credit Limits

- (a) Until 31st May 1996, a User's Code Credit Limit shall be the amount (whether or not secured in accordance with the Code Credit Rules) notified to it by Transco not later than the Transition Deadline Date, or such other amount as may after the First Gas Flow Day be determined in accordance with [Section V3](#) and the Code Credit Rules.
- (b) After the First Gas Flow Day each User's Code Credit Limit will be reviewed, and on and with effect from 1st June 1996 will be revised, in accordance with the Code Credit Rules, irrespective of whether such a review and revision would otherwise be permitted under Section V3.2, and without the requirement for notice under [Section 3.2.4](#) applying.



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### 23.5 [V6](#) User Agents

- (a) Except as described under [E2.2](#) no User Agent has been appointed as at the First Gas Flow Day.
- (b) User Agents may be appointed with effect from the First Gas Flow Day.

### 23.6 [V11](#) Initial Notice Details

The details prevailing for the purposes of giving notices under an Existing Transportation Contract shall be treated as having been specified for the purposes of [Section V11.2.3](#), or provided for the purposes of [paragraph 11.3.1\(a\)](#), with effect from the First Gas Flow Day, by Transco and the relevant User, save to the extent that Transco or the User has (before the First Gas Flow Day) specified or provided any other details for the purposes of the Code.



# Defined Terms

Paragraph

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**First Gas Year.....1.1.2(a)**  
**First Storage Year ..... 1.1.2(b)**  
**Initial ..... 1.1.2(c)**  
**Initial Meter Reading..... 14.1(a)(i)**  
**initial entry definition document ..... 10.1**



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## FLEXIBILITY BIDDING



## Part VII FLEXIBILITY BIDDING

### 1 GENERAL

The provisions of this Part VII constitute a Contingency Balancing Arrangement and may have effect in accordance with [Section D2.4](#) or paragraph 10.2.4 from the time specified by Transco in a notice given to Users pursuant to Section D2.4 or paragraph 10.2.4.

### 2 FLEXIBILITY BIDDING

#### 2.1 Flexibility Bid

2.1.1 For the purpose of this Part VII, a “**Flexibility Bid**” is an offer by a User (a “**Bidding User**”):

- (a) to sell gas to Transco on a Day at the Bid Price by delivering or increasing deliveries of gas to the System at a System Entry Point (a “**System Entry Buy**”) or by reducing the offtake of gas from the System at a Flexibility Eligible System Exit Point (a “**System Exit Buy**”); or
- (b) to buy gas from Transco on a Day at the Bid Price by offtaking or increasing the offtake of gas from the System at a Flexibility Eligible System Exit Point (a “**System Exit Sell**”) or by reducing deliveries of gas to the System at a System Entry Point (a “**System Entry Sell**”);

and in each case to modify the gas flow rate and to be deemed to make a Nomination or Renomination accordingly.

2.1.2 For the purpose of this Part VII a “**System Sell**” is a System Entry Sell or a System Exit Sell and a “**System Buy**” is a System Entry Buy or a System Exit Buy.

2.1.3 For the purpose of paragraph 2.1.1 a “**Flexibility Eligible System Exit Point**” is any System Exit Point other than an NDM Supply Point Component, DMA Supply Point Component or SDMC(I) Supply Point Component or relevant Connected System Exit Point.

#### 2.2 Bidding requirements

2.2.1 A User may at any time commencing 30 Days before the Gas Flow Day until 04:00 hours on the Gas Flow Day make a Flexibility Bid by submitting to Transco a notice (“**Flexibility Bid Notice**”), subject to and in accordance with this paragraph 2.

2.2.2 A Flexibility Bid Notice shall specify:

- (a) the identity of the Bidding User;
- (b) the Day or (in accordance with paragraph 2.4.1(b)) Days for which the bid or bids are made;
- (c) whether the bid is for a System Entry Buy, System Entry Sell, System Entry Exit;

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- (d) the Bid Entry Point or Bid Exit Point;
  - (e) the maximum and the minimum quantity of gas (which may be the same) for which the bid is made, or (in accordance with paragraph 2.4.1(a)) alternative maximum and minimum quantities;
  - (f) in the case of a System Entry Buy, an estimate of either:
    - (i) the calorific value, or
    - (ii) the volume of the maximum quantity within the quantity range, of the Flexibility Gas;
  - (g) the flexibility lead time or (in accordance with paragraph 2.4.1(a)) alternative flexibility lead times;
  - (h) the maximum and minimum Flexibility Flow Rate Changes (which may be the same) for which the bid is made, or (in accordance with paragraph 2.4.1(a)) alternative maximum and minimum such changes;
  - (i) the Bid Price, or (in accordance with paragraph 2.4.1(a)) alternative Bid Prices.
- 2.2.3 A Flexibility Bid may not be made subject to any condition (other than one expressly provided for in this Part VII) and Transco may at its option accept (notwithstanding any purported condition other than one so provided for) or disregard a Flexibility Bid which purports to be so conditional.
- 2.2.4 A Flexibility Bid Notice may not be amended (but a User may withdraw such a notice and submit a further notice in accordance with this Part VII).
- 2.2.5 In accordance with paragraph 5.2.1a User may make a Flexibility Bid without holding System Capacity at the Bid System Point.
- ### 2.3 Bid restrictions
- 2.3.1 A Flexibility Bid for a System Entry Buy or System Entry Sell may not be made for a minimum Flexibility Flow Rate Change of less than 0.05 MCM/Day.
- 2.3.2 A User may not have outstanding for any Day more than two Flexibility Bids for System Entry Buys nor more than two Flexibility Bids for System Entry Sells for which the minimum Flexibility Flow Rate Change is less than 0.5 MCM/Day.
- 2.3.3 There is no limit on the number of Flexibility Bids which a User may have outstanding for System Entry Buys or System Entry Sells for which the minimum Flexibility Flow Rate Change is not less than 0.5 MCM/Day.
- 2.3.4 A User may not have outstanding for any Day more than the relevant number of Flexibility Bids for a System Exit Buy nor more than the relevant number of Flexibility Bids for a System Exit Sell in respect of any Flexibility Eligible System Exit Point, where the relevant number is four in the case of a VLDMC Supply Point Component and one in the case of any other Flexibility Eligible System Exit Point.
- 2.3.5 For the purpose of this paragraph 2.3:

- (a) a Flexibility Bid is outstanding for a Day where and for so long as it has been made by a User and not withdrawn under paragraph 2.7 or accepted under paragraph 3;
  - (b) a flexibility option bid under paragraph 2.4.1(a) counts as one bid notwithstanding the number of bid alternatives thereunder.
- 2.3.6 Where a User makes a Flexibility Bid, the condition in paragraph 3.4.2 must be capable of being satisfied (assuming acceptance of the Flexibility Bid at the time the bid is made, and taking account of paragraph 4.1.2(d)) for all quantities within the quantity range, all Flexibility Flow Rate Changes within the Flow Rate Change Range, and in the case of a flexibility option bid (in accordance with paragraph 2.4.1(a)) for all options.

## 2.4 Options for Flexibility Bidding

- 2.4.1 A User submitting a Flexibility Bid Notice may;
- (a) subject to paragraph 2.4.2 designate the Flexibility Bid as a “**flexibility option bid**”, in which case the Flexibility Bid Notice shall specify alternative combinations (each one a “**bid alternative**”) of quantity ranges, flexibility lead times, Flow Rate Changes Ranges, and Bid Prices for which the bid is made; and/or
  - (b) where the Flexibility Bid Notice contains a Flexibility Bid for a System Entry Buy or System Exit Sell, specify a number of consecutive Days for which the Flexibility Bid Notice is submitted and designate the notice as made either:
    - (i) under this paragraph (i), in which case the Flexibility Bid may be accepted by Transco for any one but only one of the specified Days;
    - (ii) under this paragraph (ii), in which case the Flexibility Bid Notice shall contain identical bids for each of the specified Days and may be accepted by Transco for all or any one or more of the specified Days.
- 2.4.2 For the purposes of paragraph 2.4.1(a), a User may not in a flexibility option bid specify more than:
- (a) in the case of a System Entry Point or VLDMC Supply Point Component, 3 bid alternatives;
  - (b) in the case of any other Flexibility Eligible System Exit Point, 2 bid alternatives.
- 2.4.3 Where a User submits a flexibility option bid:
- (a) Transco may accept the Flexibility Bid for any one of the bid alternatives;
  - (b) acceptance by Transco of the Flexibility Bid for one of the bid alternatives shall extinguish the Flexibility Bid (but where the Flexibility Bid Notice is made under paragraph 2.4.1(b)(ii), only for the relevant Day) as to the remaining bid alternatives.

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- 2.4.4 Acceptance by Transco of a Flexibility Bid for a quantity less than the maximum within the quantity range shall extinguish the Flexibility Bid as to the remaining quantity.

## 2.5 Turn-down bids

- 2.5.1 Where a User makes a Flexibility Bid for a System Entry Sell or a System Exit Buy, the bid shall not be valid until and unless:

- (a) in the case of a System Entry Sell, the Bidding User makes an Input Nomination for the Gas Flow Day at the Bid Entry Point,
- (b) in the case of a System Exit Buy, the Bidding User makes an Output Nomination for the Gas Flow Day at the Bid Exit Point

in either case for which the Implied Nomination Flow Rate is not less than the maximum Flexibility Flow Rate Change.

- 2.5.2 Where, at a time at which a Flexibility Bid with paragraph 2.5.1 is or has become valid (in accordance with that paragraph) but not been accepted, the Bidding User makes a Renomination in respect of the Bid System Point following which the Implied Nomination Flow Rate is less than the maximum Flexibility Flow Rate Change, the bid shall remain valid but for a maximum Flexibility Flow Rate Change equal to the Implied Nomination Flow Rate (or cease to be valid if the minimum Flexibility Flow Rate Change exceeds the Implied Nomination Flow Rate).
- 2.5.3 During a Bid Evaluation Period or where a Flexibility Bid within paragraph 2.5.1 has been accepted, the Bidding User may not make a Renomination in respect of the Bid System Point as a result of which the Implied Nomination Flow Rate would be less than (as the case may be) the maximum Flexibility Flow Rate Change or the amount determined as the Flexibility Quantity divided by the period (in hours) from the Flexibility Effective Time to the end of the Gas Flow Day.

## 2.6 Negative Bid Price

- 2.6.1 A Flexibility Bid may specify a negative Bid Price, which represents:

- (a) in the case of a System Buy, an amount that the User is willing to pay in order to increase its deliveries of gas to the System or (as the case may be) to reduce its offtake of gas from the System at the Bid System Point, and
- (b) in the case of a System Sell, an amount that the User wishes to be paid in order to reduce its deliveries of gas to the System or (as the case may be) to increase its offtake of gas from the System at the Bid System Point.

- 2.6.2 For the purpose of paragraph 3.2.3(a)(i), in the case of a System Buy a Flexibility Bid with a negative Bid Price will rank higher, and in the case of a System Sell a Flexibility Bid with a negative Bid Price will rank lower, than (in either case) a Flexibility Bid with a positive Bid Price.

- 2.6.3 For the purposes of paragraph 4.3, where a Flexibility Bid with a negative Bid Price is accepted, payment of the Flexibility Charge will be made by the seller and not the buyer.

## 2.7 Withdrawal of Flexibility Bid

- 2.7.1 A User may withdraw a Flexibility Bid which has not been accepted by Transco, subject to and in accordance with this paragraph 2.7.
- 2.7.2 The User shall submit a notice (“**bid withdrawal notice**”) specifying:
- (a) the identity of the User; and
  - (b) the Flexibility Bid Notice in respect of the Flexibility Bid(s) to be withdrawn.
- 2.7.3 A Flexibility Bid may not be withdrawn during a Bid Evaluation Period and if a User submits a bid withdrawal notice during a Bid Evaluation Period:
- (a) Transco will notify the User that a Bid Evaluation Period is current;
  - (b) the bid withdrawal notice shall be of no effect and (without prejudice to any further bid withdrawal notice submitted after the end of the Bid Evaluation Period) the Flexibility Bid Notice shall remain in force and the Flexibility Bid thereunder may be accepted ( in accordance with paragraph 3) by Transco.
- 2.7.4 A bid withdrawal notice may not be withdrawn nor made conditional.
- 2.7.5 Subject to paragraph 2.7.3 the bid withdrawal notice shall be effective when submitted and the Flexibility Bid Notice (and the Flexibility Bid(s) thereunder, including in the case of a Flexibility Bid Notice under paragraph 2.4.1(b)(ii) the Flexibility Bid for the subsequent Days) shall be withdrawn upon submission of the bid withdrawal notice.

## 2.8 Definitions

For the purpose of this Part VII, in relation to a Flexibility Bid:

- (a) “**Flexibility Gas**” is gas the subject of the Flexibility Bid;
- (b) the “**Bid Price**” is the price (in pence/kWh) specified by a Bidding User for the Flexibility Bid;
- (c) “**flexibility lead time**” is the period of time required by the User after acceptance by Transco of the Flexibility Bid before the User will modify the gas flow rate at the Bid System Point;
- (d) “Flexibility Flow Rate Change” is:
  - (i) where no earlier Nomination was made in respect of the Bid System Point, the rate (in MCM/Day) at which Flexibility Gas is to be delivered or offtaken;
  - (ii) where an earlier Nomination was made in respect of the Bid System Point, the amount (in MCM/Day) by which the gas flow rate is to be increased or (as the case may be ) decreased in respect of Flexibility Gas;
- (e) the “**Bid Entry Point**” or “**Bid Exit Point**” is the System Entry Point or System

## FLEXIBILITY BIDDING

Exit Point at which the gas flow rate is to be modified; and the “**Bid System Point**” is the Bid Entry Point or Bid Exit Point;

- (f) the “**quantity range**” is the range of quantities defined by the maximum and minimum quantities specified in the Flexibility Bid Notice;
- (g) the “**Flow Rate Change Range**” is the range of Flexibility Flow Rate Changes defined by the maximum and minimum such changes specified in the Flexibility Bid Notice.

## 2.9 Bid Information

- 2.9.1 Users will have access each Day by means of UK Link to the following details in respect of Flexibility Bids which are outstanding for that and any subsequent Day or which have been accepted for that Day; the details (for each bid alternative, in the case of a flexibility option bid) under sub-paragraphs (c), (d), (e), (h) and (i) of paragraph 2.2.2 (but only the maximum values as respects sub-paragraphs (e) and (h)).
- 2.9.2 The identity of Bidding Users will not be disclosed to Users pursuant to paragraph 2.9.1.

## 3 ACCEPTANCE OF FLEXIBILITY BIDS

### 3.1 Acceptance

- 3.1.1 With effect from the Renomination Start Time and throughout the Gas Flow Day Transco may (in accordance with this paragraph 3) accept Flexibility Bids made for the Gas Flow Day for such quantities of Flexibility Gas as it from time to time requires for purposes of Operational Balancing.
- 3.1.2 For avoidance of doubt Transco may at different times, or at the same times at different Bid Entry Points or Bid Exit Points, accept Flexibility Bids for System Sells and System Buys for the same Day.

### 3.2 Bid evaluation and selection

- 3.2.1 Where for the purposes of Operational Balancing Transco intends to accept Flexibility Bid(s), Transco will:
  - (a) initiate a Bid Evaluation Period;
  - (b) determine which Flexibility Bids are Available in accordance with paragraph 3.2.2;
  - (c) rank the Available Flexibility Bids in accordance with paragraph 3.2.3; and
  - (d) review and select for acceptance Available Flexibility Bids in accordance with paragraph 3.2.4.
- 3.2.2 For the purposes of this Part VII a Flexibility Bid is “**Available**” where:
  - (a) the Flexibility Bid was made, and in the case of a Flexibility Bid within paragraph 2.5.1 has become and remains valid in accordance with that

## FLEXIBILITY BIDDING

paragraph, before the start of the Bid Evaluation Period, and is capable of acceptance in accordance with paragraph 3.4, and

- (b) the operational balancing quantity is not less than:
  - (i) the minimum quantity in the quantity range under the Flexibility Bid, nor
  - (ii) the product of the minimum Flexibility Flow Rate Change (expressed in kWh/hour) and the period in hours from the expiry (after the time at which the bid would be accepted, and taking into account paragraph 4.1.2(d)) of the flexibility lead time until the end of the Gas Flow Day.

3.2.3 Subject to paragraph 3.2.6, Available Flexibility Bids will be ranked:

- (a) in order of price, the highest ranking being the Flexibility Bid:
  - (i) in the case of a System Sell, for which the Bid Price is highest;
  - (ii) in the case of a System Buy, for which the Bid Price is lowest;
- (b) where two or more Available Flexibility Bids have the same Bid Price, in order of their respective flexibility lead times, the bid with the shortest flexibility lead time being ranked highest among such bids;
- (c) where two or more Available Flexibility Bids have the same Bid Price and flexibility lead time, in the order in which they were made, the earliest made being ranked highest among such bids.

3.2.4 Transco will, in respect of each ranked Available Flexibility Bid, sequentially in the order ranked (starting with the highest ranking), review such bid to determine whether, having regard to the factors in paragraph 3.2.5, such bid is operationally suitable for acceptance (for the purposes of Operational Balancing), until Transco has determined to accept Flexibility Bids in aggregate for approximately the operational balancing quantity, whereupon it will accept the Flexibility Bids so determined.

3.2.5 The facts referred to in paragraph 3.2.4 are:

- (a) the quantity range, Flow Rate Change Range, Bid System Point, flexibility lead time (taking into account paragraph 4.1.2(d)), and (in the case of a System Entry Point) estimated calorific value or volume of the maximum quantity of Flexibility Gas, of the Flexibility Bid under review;
- (b) the nature and urgency of the Operational Balancing Requirement, and any prevailing Transportation Constraints;
- (c) the extent to which (as compared with any other Flexibility Bid) acceptance of the Flexibility Bid would be likely to give rise to a subsequent Operational Balancing Requirement as described in paragraph 1.2.2; and
- (d) such other consideration as Transco may reasonably determine in the circumstances to be relevant for the purposes of Operational Balancing.

3.2.6 Transco may elect, before ranking Available Flexibility Bids under paragraph 3.2.3, to



## FLEXIBILITY BIDDING

exclude Flexibility Bids which (on the basis of any one or more of the factors referred to in paragraph 3.2.5) are not operationally suitable for acceptance.

- 3.2.7 Transco will secure that the Bid Evaluation Period is not longer than is reasonably necessary in the circumstances to enable Transco properly to carry out the actions described in this paragraph 3.2.
- 3.2.8 For the purposes of this Part VII:
- (a) the “**Bid Evaluation Period**” is a period in which, where Transco intends to accept Flexibility Bids, it evaluates and accepts Flexibility Bids in accordance with this paragraph 3.2;
  - (b) the “**operational balancing quantity**” is the quantity of gas required for Operational Balancing purposes;
  - (c) without prejudice to paragraphs 2.3.5(b) and 2.4.3, each of the bid alternatives within a flexibility option bid shall be treated as a separate Flexibility Bid.
- 3.2.9 Transco will maintain records (which for the avoidance of doubt will not be available to Users) which will include the times at which and reasons for which it initiates Bid Evaluation Periods, the times at which Bid Evaluation Periods are closed and the reasons for which it accepts Flexibility Bids.

### 3.3 Acceptance procedure

- 3.3.1 A Flexibility Bid shall be accepted where Transco gives notice of acceptance to the Bidding User.
- 3.3.2 Notice of acceptance by Transco of a Flexibility Bid shall specify:
- (a) the Flexibility Bid Notice;
  - (b) the quantity (within the quantity range) and Flexibility Flow Rate Change for which the bid is accepted;
  - (c) where the bid was a flexibility option bid, the bid alternative for which the bid is accepted; and
  - (d) where the Flexibility Bid Notice was made under paragraph 2.4.1(b), the Day for which the bid is accepted.
- 3.3.3 Where Transco accepts a Flexibility Bid, Transco will (but without prejudice to the effectiveness of such acceptance) give such further notice of acceptance to the Bidding User by Active Notification Communication.

### 3.4 Restrictions on acceptance

- 3.4.1 Transco shall not accept a Flexibility Bid at a time, and/or for a quantity or flexibility lead time, where as a result the condition in paragraph 3.4.2 would not be satisfied.
- 3.4.2 The condition referred to in paragraph 3.4.1 is that:



- (a) the Flexibility Flow Rate Change for which the Flexibility Bid is accepted lies within the Flow Rate Change Range; and
- (b) the quantity for which the Flexibility Bid is accepted is not greater than the product of the accepted Flexibility Flow Rate Change and the period (in hours) from the Flexibility Effective Time until the end of the Gas Flow Day.

## 4 FLEXIBILITY QUANTITY AND CONTRACT

### 4.1 Effect of acceptance

4.1.1 Where (in accordance with paragraph 3.3) Transco accepts a Flexibility Bid:

- (a) the Flexibility Quantity shall be deemed to be sold and purchased pursuant to a System Clearing Contract;
- (b) the Flexibility Quantity shall be taken into account in the determination of the User's Daily Imbalance in accordance with [Section E5.1](#);
- (c) the Bidding User shall be deemed to have made a Renomination in respect of the Bid System Point in accordance with paragraph 4.2.

4.1.2 For the purposes of this Part VII, in relation to an accepted Flexibility Bid:

- (a) the “**Accepted Price**” is the Bid Price or (in the case of a flexibility option bid) the Bid Price for which the bid was accepted;
- (b) the “**Flexibility Quantity**” is the quantity of gas for which the bid was accepted;
- (c) the “**Flexibility Charge**” is the Flexibility Quantity multiplied by the Accepted Price;
- (d) the “**Flexibility Effective Time**” is the hour (in accordance with [Section C1.10.1](#)) of the Gas Flow Day immediately after the elapse, from the time at which Transco gave notice of acceptance of the Flexibility Bid, of the flexibility lead time, or (in the case of a flexibility option bid) the flexibility lead time for which the bid was accepted.

### 4.2 Flexibility Nominations

- 4.2.1 In the case of a System Entry Buy the Bidding User shall be deemed to have made an original Input Nomination for, or a Renomination increasing the Nomination Quantity under its prevailing Input Nomination by, the Flexibility Quantity.
- 4.2.2 In the case of a System Exit Buy the Bidding User shall be deemed to have made a Renomination decreasing the Nomination Quantity under its prevailing Output Nomination by the Flexibility Quantity.
- 4.2.3 In the case of a System Entry Sell the Bidding User shall be deemed to have made a Renomination decreasing the Nomination Quantity under its prevailing Input Nomination by the Flexibility Quantity.

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- 4.2.4 In the case of a System Exit Sell the Bidding User shall be deemed to have made an original Output Nomination for, or a Renomination increasing the Nomination Quantity under its prevailing Output Nomination by, the Flexibility Quantity.
- 4.2.5 Where the Flexibility Effective Time is after the start of the Gas Flow Day, the Renomination Effective Time under the Flexibility Nomination shall be the Flexibility Effective Time.
- 4.2.6 An original Input Nomination under paragraph 4.2.1 or Output Nomination under paragraph 4.2.4 shall be a New Renomination (in accordance with [Section C5.1.1\(a\)](#)).

**4.3 System Clearing Contract**

- 4.3.1 The System Clearing Contract shall arise on Transco's acceptance of the Flexibility Bid and (without prejudice to the determination of the Bidding User's Daily Imbalance in accordance with [Section E4](#)) shall be deemed fully performed except as to payment.
- 4.3.2 Except as provided in paragraph 2.6.3:
- (a) in the case of a System Sell, the Bidding User shall pay to Transco the Flexibility Charge;
  - (b) in the case of a System Buy, Transco shall pay to the Bidding User the Flexibility Charge.
- 4.3.3 The Flexibility Charge will be invoiced and payable in accordance with [Section S](#).

**5 MISCELLANEOUS****5.1 General**

- 5.1.1 For the purposes of giving effect to this Part VII in respect of each Day on which it applies, the provisions of this paragraph 5 shall apply.
- 5.1.2 The provisions of [Sections F](#) and [S](#) of the Code and the [Network Code Supplement](#) which applied in respect of or in connection with the invoicing and payment of Market Balancing Action Charges immediately prior to the coming into effect of this Part VII, shall be deemed to continue to have effect until such time as there is no longer any requirement that they continue to do so.
- 5.1.3 For the purposes of paragraph 5.6.3, where any of the preceding 7 Days referred to falls on or before a Day with effect from which this Part VII applies the System Average Price for such Day shall be the System Average Price calculated in accordance with the provisions of [Sections F1.2.1](#) and 1.2.2 applying immediately prior to the coming into effect of this Part VII.
- 5.1.4 For each Day on which this Part VII applies for the purposes of the Code:
- (a) Eligible Balancing Actions shall include the acceptance by Transco of Flexibility Bids;
  - (b) Flexibility Charges in respect of System Sells (or negatively priced System Buys) shall be other amounts payable to Transco in respect of Eligible

Balancing Actions taken pursuant to Contingency Balancing Arrangements for the purposes of [Section F4.4.2\(a\)](#);

- (c) Flexibility Charges in respect of System Buys (or negatively priced System Sells) shall be other amounts payable to Transco in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements for the purposes of [Section F4.4.3\(a\)](#);
- (d) Flexibility Charges shall be other amounts payable in respect of Eligible Balancing Actions pursuant to Contingency Balancing Arrangements for the purposes of [Sections F4.5.3\(a\)\(ii\)](#), [F4.5.3\(b\)\(ii\)](#) and [4.5.3\(b\)\(iii\)](#), [Section V7.2.1\(c\)](#) and paragraph [2.5.2\(b\) of the Network Code Supplement](#);

## 5.2 [Section B: System Use and Capacity](#)

For each Day on which this Part VII applies a User may use the System by delivering gas pursuant to the acceptance of a Flexibility Bid for a System Entry Buy, without holding System Entry Capacity at the relevant Aggregate System Entry Point, and will be liable to pay a System Entry Overrun Charge in accordance with [Section B2.10](#).

## 5.3 [Section C: Nominations](#)

5.3.1 For the purposes of this Part VII and the Code;

- (a) a “**Flexibility Nomination**” is the Renomination deemed to be made by a User upon acceptance of a Flexibility Bid under paragraph 4.2;
- (b) an Initial Nomination does not include a Flexibility Nomination.

5.3.2 A Flexibility Nomination shall be deemed to comply with the requirements of [Section C](#) and to be approved by Transco.

5.3.3 A Flexibility Nomination made in respect of a System Point of which the Bidding User has (before acceptance of the relevant Flexibility Bid) made an earlier Nomination shall take effect as a Renomination and revise the Renomination Quantity (in accordance with paragraph 4.2) under such earlier Renomination.

5.3.4 For the purposes of [Section C1.10.2](#) the reference to Renomination shall be construed as including a Flexibility Nomination in respect of an acceptance of a Flexibility Bid.

5.3.5 For the purposes of [Sections C2.4.3](#) and [3.4.3](#) the reference to a New Renomination shall be construed as including a Flexibility Nomination.

5.3.6 A User shall not be entitled to make a Renomination after a Flexibility Bid made by the User has been accepted, in the circumstances in paragraph 2.5.3.

5.3.7 For the purposes of the Code a New Renomination shall include an original Nomination in accordance with paragraph 4.2.

## 5.4 [Section D: Operational Balancing and Trading Arrangements](#)

5.4.1 On any Day in respect of which this Part VII applies for the purposes of Operational Balancing:

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- (a) prices and quantities of gas offered by Users for sale to or purchase by Transco each Day will be established;
  - (b) Transco may (by accepting such offers) buy and sell gas, so as to adjust the quantities of gas delivered to and offtaken from the System each Day.
- 5.4.2 For the purposes of [Section D1.5.1](#), the requirement that Transco will take a Market Balancing Buy Action(s) shall be deemed to be a requirement that Transco accept a Flexibility Bid(s) for a System Buy(s).
- 5.4.3 In [Section D1.3](#) references to Operational Balancing shall be construed as including the acceptance of Flexibility Bids for System Buys under paragraph 5.4.2 and the acceptance of Flexibility Bids for System Sells taken as a consequence with a view to maintaining an Operational Balance and references to Operational Balancing Steps and Operational Balancing Requirement will be construed accordingly.
- 5.4.4 Subject to paragraphs 5.4.2 and 5.4.3 Transco will not accept Flexibility Bids other than for the purposes of Operational Balancing.

## 5.5 [Section E: Daily Quantities, Imbalance and Reconciliation](#)

- 5.5.1 For the purposes of [Section E1.2.2](#) a User's Daily Imbalance shall be adjusted to take account of Flexibility Quantities.
- 5.5.2 For the purposes of determining the Daily Imbalance of a User on any Day on which this Part VII applies:
- (a) to the sum calculated at [Section E5.1.1\(a\)](#) shall be added the aggregate of the Flexibility Quantities under any accepted Flexibility Bids made by the User for System Sells which were accepted by Transco;
  - (b) to the sum calculated at [Section E5.1.1\(b\)](#) shall be added the aggregate of the Flexibility Quantities under any accepted Flexibility Bids made by the User for System Buys which were accepted by Transco.

## 5.6 [Section F: System Clearing, Balancing Charges and Neutrality](#)

- 5.6.1 The reference to Market Balancing Action Charges in [Section F1.1.2\(d\)](#) shall be construed as including Flexibility Charges.
- 5.6.2 For each Day on which this Part VII applies [Sections F1.2.1](#) and [F1.2.2](#) shall not apply and:
- (a) the "**System Marginal Buy Price**" is the price in pence/kWh which is equal to the highest Accepted Price in respect of any Flexibility Bid for a System Buy accepted by Transco for that Day;
  - (b) the "**System Marginal Sell Price**" is the price in pence/kWh which is equal to the lowest Accepted Price in respect of any Flexibility Bid for a System Sell accepted by Transco for that Day;
  - (c) the "**System Average Price**" for a Day is the price in pence/kWh calculated as the sum of the Flexibility Charges divided by the sum of the Flexibility

Quantities for all Flexibility Bids (for System Buys and System Sells) accepted by Transco for that Day;

- (d) for the avoidance of doubt [Sections F1.2.3](#) and [1.2.4](#) shall apply, for which purposes reference to a Market Balancing Buy Action and Market Balancing Sell Action taken by Transco shall be construed as including respectively a Flexibility Bid for a System Buy and a Flexibility Bid for a System Sell accepted by Transco.
- 5.6.3 Subject to [Section F1.2.5](#), where for any Day no Flexibility Bid (or none other than one excluded for the purposes of paragraph 5.6.2 pursuant to [Section F1.2.3](#)) was accepted by Transco:
- (a) for either a System Buy or System Sell, the System Average Price for that Day shall be the arithmetic mean of the System Average Prices determined under paragraph 5.6.2 for the preceding 7 Days;
  - (b) for a System Buy, the System Marginal Buy Price shall be the System Average Price (in accordance with paragraph 5.6.2 or paragraph (a)) for that Day;
  - (c) for a System Sell, the System Marginal Sell Price shall be the System Average Price (in accordance with paragraph 5.5.1 or paragraph (a)) for that Day.
- 5.6.4 For the purposes of:
- (a) [Section F3.2.1\(a\)](#) the Scheduling Input Nominated Quantity in respect of a User shall be calculated after taking account of any Flexibility Nominations in respect of the relevant System Entry Point;
  - (b) [Section F3.3.2\(a\)\(i\)](#) and [F3.3.2\(a\)\(ii\)](#) the Scheduling Output Nominated Quantity in respect of a User shall be calculated after taking account of any Flexibility Nominations in respect of the relevant System Exit Point;
- 5.6.5 In respect of any Day where following a notification by Transco pursuant to [Section D2.4.1](#) or [D2.4.4](#) that it may make use of Contingency Balancing Arrangements:
- (a) for the purposes of paragraph 5.6.2 no account shall be taken of any Market Transaction effected in respect of such Day prior to the time at which Transco notified Users that it may make use of Contingency Balancing Arrangements;
  - (b) no Flexibility Bids are accepted by Transco, the System Average Price for such Day shall be the System Average Price determined pursuant to [Section F1.2.1](#) or [F1.2.2](#) in respect of the Preceding Day.

## 5.7 [Section I: Entry Requirements](#)

For the purposes of [Section I3.10.2\(a\)](#) the reference to the Renomination Effective Time of a Renomination shall be construed as including a reference to the Renomination Effective Time of a Flexibility Renomination.

## 5.8 [Section K: Operating Margins](#)

- 5.8.1 Transco will not make Flexibility Bids for System Operating Margins Purposes.

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5.8.2 For the purposes of :

- (a) [Section K2.1.1\(a\)](#) the reference to an Operational Balancing Requirement which cannot be satisfied by the taking of Market Balancing Actions because there are no or insufficient Market Offers available shall be construed as including an Operational Balancing Requirement which cannot be satisfied by the acceptance of a Flexibility Bid or Bids because there are no or insufficient Available Flexibility Bids suitable for acceptance;
- (b) in [Section K2.1.1\(b\)](#) the reference to the taking of a Market Balancing Action shall be construed as including the acceptance of Flexibility Bids.

## 5.9 [Section N: Shrinkage](#)

5.9.1 The Shrinkage Provider may not make a Flexibility Bid.

5.9.2 Transco may not accept a Flexibility Bid for the purposes of buying or selling gas for the account of the Shrinkage Provider.

## 5.10 [Section P: Top-up Storage](#)

5.10.1 Subject to paragraph 5.10.2, on any Day on which this Part VII applies the provisions of Section P shall be suspended and Old Section P shall apply; and for the purposes of this paragraph “[Old Section P](#)” means the provisions of Section P which applied immediately prior to the coming into effect of the Code Modification pursuant to which this paragraph has effect.

5.10.2 For the purposes of paragraph 5.10.1 the reference in Old Section P:

- (a) at paragraph 1.3.2 to the Top-up Manager being required to pay Flexibility Overrun Charges in accordance with [Section B2.5](#) shall be deemed to be a reference to System Entry Overrun Charges in accordance with [Section B2.10](#);
- (b) at paragraph 5.3 at ‘E’ to the Flexibility Overrun Charge shall be deemed to be a reference to the System Entry Overrun Charge.

## 5.11 [Section Q: Emergencies](#)

5.11.1 [Section Q3.2.2](#) shall not apply and:

- (a) in a Network Gas Supply Emergency the application of paragraphs 2, 3 and 4 of this Part VII will be suspended, and in particular Transco will not accept any Flexibility Bid made by a User in respect of any Gas Flow Day falling within the duration of the Network Gas Supply Emergency; and (in lieu thereof) the Emergency Procedures will apply and Transco’s decisions as to the delivery and offtake of gas to and from the System shall be implemented pursuant to [Section Q3.3](#) and 3.4;
- (b) in accordance with paragraph (a), where on a Day on which a Network Gas Supply Emergency occurs Transco has (before the start of the Network Gas Supply Emergency) accepted a Flexibility Bid the Flexibility Charge will not be paid (and [Section Q4](#) shall apply).

5.11.2 For the purposes of [Section Q4.1.1\(c\)](#) the reference to [Section D](#) shall be deemed to be a reference to paragraphs 2, 3 and 4 of this Part VII.

5.11.3 For the purposes of [Section Q4.2.4](#) the reference to the Market Balancing Action Charges payable by Transco shall be deemed to be a reference to the Flexibility Charges payable by Transco.

## 5.12 [Section R: Storage](#)

For the purposes of [Section R4.2.5](#) the reference to a User posting a Market to effect a Locational Market Transaction in relation to which the User agrees to make an Acquiring Trade Nomination for the System Entry Point comprising the relevant Storage Connection Point shall be construed as including the making of a Flexibility Bid for a System Exit Sell at the relevant Storage Connection Point and if such Flexibility Bid is accepted the Flexibility Nomination shall be valid and effective.

## 5.13 [Section S: Invoicing and Payment](#)

For the purposes of [Annex S-1 paragraph 5](#) the reference to Market Balancing Action Charges, Market Balancing Sell Actions and Market Balancing Buy Actions shall be construed respectively as including Flexibility Charges, System Sells and System Buys.

## 5.14 [Section V: General](#)

5.14.1 A Non-Code Shipper may make a Flexibility Bid.

5.14.2 A User admitted pursuant to [Section V2.5.1](#) shall be deemed to have undertaken to Transco that it will not make a Flexibility Bid.

5.14.3 For the purposes of Section V:

- (a) [Section V7.2.1\(c\)](#) the reference to Market Balancing Action Charges shall be construed as including Flexibility Charges;
- (b) [Section V11.1.5](#) shall not apply in respect of a Flexibility Bid.

## 5.15 [Section Z: Transco LNG Storage Facilities](#)

5.15.1 At [Section Z1.4.3\(b\)](#) the reference to a Renomination shall be construed as including a Flexibility Nomination.

5.15.2 For the purposes of [Section Z6.2.1](#), on acceptance of a Flexibility Bid for a System Entry Sell at a Storage Connection Point the User shall be deemed to make a Storage Withdrawal Nomination as a Flexibility Nomination in respect of the relevant Storage Connection Point, in accordance with [Sections C](#) and paragraphs 2, 3 and 4 of this Part VII.

5.15.3 Where a User is deemed to make a Storage Withdrawal Nomination on a acceptance of a Flexibility Bid pursuant to paragraph 5.15.2 such shall be deemed to be a relevant Nomination for the purposes of [Section Z6](#) and the implied withdrawal rate shall not exceed the available withdrawal rate and shall not be less than zero.

5.15.4 For the purposes of [Section Z6.2.5\(e\)](#) and the calculation of the 'relevant period', a

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relevant Nomination shall become effective at the time the nomination is made or the Flexibility Bid is accepted plus the withdrawal lead time prevailing at such time (in the case of a Flexibility Bid for a System Entry Buy) the flexibility lead time if longer.

#### 5.16 [Network Code Supplement](#)

Where Transco has given notice pursuant to paragraph [2.9.1 of the Network Code Supplement](#) until the Cash Call is paid in full the User shall not be entitled to make a Flexibility Bid and Transco will not accept a Flexibility Bid made by the User.



## Defined Terms

Paragraph

Accepted Price .....	4.1.2(a)
Available.....	3.2.2
bid alternative.....	2.4.1(a)
Bid Entry Point.....	2.8(e)
Bid Evaluation Period.....	3.2.8(a)
Bid Exit Point.....	2.8(e)
Bid Price.....	2.8(b)
Bid System Point.....	2.8(e)
bid withdrawal notice.....	2.7.2
Bidding User .....	2.1.1
Flexibility Bid Notice.....	2.2.1
Flexibility Bid .....	2.1.1
Flexibility Charge.....	4.1.2(c)
Flexibility Effective Time.....	4.1.2(d)
Flexibility Eligible System Exit Point .....	2.1.3
Flexibility Flow Rate Change.....	2.8(d)
Flexibility Gas.....	2.8(a)
flexibility lead time.....	2.8(c)
Flexibility Nomination .....	5.3.1(a)
flexibility option bid .....	2.4.1(a)
Flexibility Quantity .....	4.1.2(b)
Flow Rate Change Range .....	2.8(g)
Old Section P .....	5.10.1
operational balancing quantity .....	3.2.8(b)
quantity range.....	2.8(f)
System Average Price.....	5.6.2(c)
System Buy.....	2.1.2
System Entry Buy.....	2.1.1(a)
System Entry Sell .....	2.1.1(b)
System Exit Buy.....	2.1.1(a)
System Exit Sell .....	2.1.1(b)
System Marginal Buy Price.....	5.6.2(a)
System Marginal Sell Price.....	5.6.2(b)
System Sell .....	2.1.2



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