

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT****SECTION V – GENERAL<sup>12</sup>****1 INTRODUCTION****1.1 Ancillary Agreement**

1.1.1 An "**Ancillary Agreement**" is an agreement between the Transporter and one or more Users setting out any terms of a transportation arrangement (as defined in Standard Special Condition A3 of the Transporter's Licence) in relation to the relevant System(s):

- (a) entered into pursuant to any provision of the Code which contemplates that such an Agreement may be entered into; or
- (b) which expressly provides that it is to be a "**Network Code Ancillary Agreement**" for the purposes of this Section V.

1.1.2 Subject as provided in this Section V an Ancillary Agreement shall be treated as forming, as between the Transporter and the User or Users party thereto, and as to its subject matter, a part of the contractual relationship between the Transporter and such User(s) existing pursuant to the Code and the relevant Shipper Framework Agreement.

1.1.3 In any Ancillary Agreement (unless it otherwise provides) terms defined in or for the purposes of the Code and not otherwise defined in such Ancillary Agreement shall have the meanings ascribed thereto in or for the purposes of the Code.

1.1.4 An Ancillary Agreement may be amended by agreement of the Transporter and the User(s) party to that Agreement and not otherwise; and accordingly an Ancillary Agreement shall not be subject to modification pursuant to the Modification Rules (but without prejudice to any modification of any provisions of the Code which apply to or are incorporated into such Agreement).

1.1.5 A breach by a User of a term of an Ancillary Agreement will not (unless the Ancillary Agreement so provides) be a breach of the Code.

1.1.6 Any Ancillary Agreement applying in respect of a System Entry Point or Connected System Exit Point shall provide (in such manner as the Transporter shall reasonably determine) for any User who may (or intends to) deliver gas to or (as the case may be) offtake gas from the Total System at that point to accede to such agreement; and the Transporter may refuse to allow a User who has not acceded or agreed to accede to such an Agreement to deliver or offtake gas or to hold System Capacity or to make a Nomination at or in respect of the relevant System Point.

1.1.7 In this paragraph 1.1 references to Users exclude Trader Users and DNO Users.

**1.2 Non-Code Transportation Arrangements**

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<sup>1</sup> Implementation of modification 0734S effective 05:00hrs on a date to be confirmed will amend this list in whole or in part.

<sup>2</sup> Implementation of modification 0810S effective 05:00hrs on a date to be confirmed will amend this list in whole or in part.

- 1.2.1 For the purposes of the Code:
- (a) "**Non-Code Transportation Arrangement**" means a transportation arrangement, which is for the time being in force, made between a Transporter and a gas shipper on terms other than those of the Code, or in the context of a particular System Point, such a transportation arrangement relating to the delivery or offtake of gas to or from the Total System at such point;
  - (b) "**Non-Code Shipper**" means a gas shipper who is party to a Non-Code Transportation Arrangement.
- 1.2.2 Where a Transporter makes or has made a Non-Code Transportation Arrangement, subject to paragraphs 1.2.3 and 1.2.4(a):
- (a) for the purposes of giving effect to such arrangement and to the provisions of Sections C, D, E, F, H, I and K of the Code which apply by reference to the quantities of gas delivered to and offtaken from the Total System by Users, and of calculating such quantities, National Gas Transmission will be treated as a User of the NTS as respects the quantities of gas delivered to and offtaken from the Total System by the Non-Code Shipper (and where such arrangements relates to the offtake of gas from an LDZ, then so far as relevant, the relevant DN Operator is treated as a User of the LDZ);
  - (b) for the purposes of giving effect to such arrangement and to the provisions of G4, G5, G6, G7 and G8, the Transporter will be treated as a User of the relevant System as respects the Supply Meter Points which are or are to become subject to such arrangement.
- 1.2.3 Nothing in paragraph 1.2.2 shall have the effect of conferring on the Non-Code Shipper any right or imposing on it any obligation under the Code, nor as implying any terms into the Non-Code Transportation Arrangement.
- 1.2.4 Where a Non-Code Transportation Arrangement is one to which Condition 6(3) of the Shipper's Licence applies:
- (a) the Transporter may elect for some or all of the purposes of paragraph 1.2.2 that the Non-Code Shipper shall be treated as a User in place of the Transporter;
  - (b) the Code shall apply so as to give effect to the arrangement or undertaking referred to in the said Condition 6(3);
  - (c) paragraphs 1.2.5 and 1.2.6 shall not apply in respect of the Non-Code Transportation Arrangement.
- 1.2.5 Where a Shipper User is also a Non-Code Shipper, its Non-Code Transportation Arrangements (including without limitation holdings of System Capacity or Storage Capacity for LNG facilities) as Non-Code Shipper shall be separate from, and shall be given effect and accounted for separately from, those under the Code.
- 1.2.6 In accordance with and without prejudice to the generality of paragraph 1.2.4, the calculation of a User's Daily Imbalance, and any Daily Imbalance Charges, Scheduling Charges, Overrun Charges or Storage Overrun Charges at LNG Facilities, shall be made disregarding quantities of gas delivered to or offtaken from the Total System or System

Capacity held by the User as Non-Code Shipper.

1.2.7 In this paragraph 1.2 references to Users exclude Trader Users.

### **1.3 TPD Communications**

1.3.1 For the purposes of the TPD a Code Communication shall be limited to a TPD Communication.

### **1.4 CDSP Functions**

1.4.1 Direct Functions of the CDSP to support implementation of this Section V are:

- (a) disclosing historic Supply Meter Point asset and read information in accordance with section M4.4; and
- (b) appointing and managing the PAFA.

1.4.2 Agency Functions of the CDSP to support implementation of this Section V are:

- (a) managing the User accession, discontinuance and termination processes; and
- (b) reporting on the theft of gas.

## **2 USER ADMISSION**

### **2.1 Admission requirements**

2.1.1 In order to become a Shipper User in relation to a System or a Trader User in relation to the NTS a person (the "**Applicant User**") must:

- (a) satisfy or secure satisfaction of the relevant requirements in paragraph 2.1.2; and
- (b) accede to the relevant Shipper Framework Agreement and thereby agree to be bound by the Code.

2.1.2 The requirements referred to in paragraph 2.1.1(a) are as follows:

- (a) the Applicant User shall have applied to the Transporter, in such form as the Transporters may from time to time prescribe, giving the following details:
  - (i) the name of the Applicant User;
  - (ii) the legal nature of the Applicant User, and where the Applicant User is not a company incorporated under the Companies Act 1985 (as amended), such further information concerning the constitution of the Applicant User as the Transporter may reasonably require;
  - (iii) the postal and e-mail address and telephone and facsimile numbers of the Applicant User, and the individual for whose attention notice is to be marked, for the purposes of notice under GT Section B5.2.3 and B5.3.1;

- (iv) where the Applicant User is not a company incorporated under the Companies Act 1985 (as amended), an address for service in accordance with paragraph GT Section B6.6.3;
  - (b) where the Applicant User wishes to become a Shipper User, either:
    - (i) a Shipper's Licence shall have been granted to the Applicant User which is in force and in respect of which no notice of revocation has been given, and the Applicant User shall have provided a copy of such licence to the Transporter; or
    - (ii) a Shipper's Licence shall be treated as having been granted to the Applicant User pursuant to a scheme made under paragraph 15 or 16 of Schedule 5 to the Gas Act 1995;
  - (c) where the Applicant User wishes to become a Shipper User in relation to an LDZ the Applicant User is, or will be, a Shipper User under National Gas Transmission's Network Code at the User Accession Date;
  - (d) the Applicant User shall have provided the emergency contact details required under Section Q2.2;
  - (e) the Applicant User shall have obtained from the Transporters one or more copies of the Code and such other documents referred to in the Code or the Shipper Framework Agreement as the Transporters shall from time to time prescribe for the purposes of this paragraph (e);
  - (f) where the Applicant User wishes to become a Shipper User, the Applicant User shall have been assigned an initial Code Credit Limit in accordance with paragraph 3;
  - (g) in relation to the NTS, the Applicant User shall have been assigned an initial Secured Credit Limit in accordance with Section X;
  - (h) where the Applicant User wishes to become a Shipper User, the Applicant User shall have provided the Transportation Charges contact detail as required under Section 3.4.7;
  - (i) where the Applicant User wishes to become a Shipper User, the Applicant User shall have signed the Accession Agreement and shall have satisfied the Accession Requirements (each as defined in the DSC); and
  - (j) where the Applicant User wishes to become a Trader User, the Applicant User shall have signed a UK Link User Agreement and shall have paid the initial charge under and satisfied any other conditions to effectiveness of that Agreement.
- 2.1.3 An Applicant User may accede to a Shipper Framework Agreement before the requirements of paragraphs 2.1.2(f), (g) and (i) are satisfied.
- 2.1.4 Where in accordance with paragraph 2.1.3 an Applicant User has executed a Shipper Framework Agreement, the Applicant User and the Transporter shall be bound by this Section V; and the Applicant User shall for such purposes only be treated as a User.

- 2.1.5 For the avoidance of doubt a person may not become a Trader User in relation to any System other than the NTS.
- 2.1.6 Where a Trader User wishes to become a Shipper User the Trader User must:
- (a) notify National Gas Transmission, in such form as National Gas Transmission may from time to time specify, that it wishes to become a Shipper User;
  - (b) satisfy those requirements in paragraph 2.1.2(b), (c), (f) and (i) which the Trader User was not required to secure or satisfy for the purposes of becoming a Trader User; and
  - (c) be assigned a revised Secured Credit Limit in accordance with Section X
- and the Trader User shall become a Shipper User with effect from the Day which is 3 Business Days after satisfaction of the last or the requirements specified in this paragraph 2.1.7.
- 2.1.7 Where a Party who is a Shipper User wishes to become a Trader User such Party must:
- (a) cease to be a Shipper User of or in relation to a System (in accordance with paragraph 4.2);
  - (b) cease to be party to the DSC; and
  - (c) become a Trader User in accordance with paragraph 2.1.2 on the date on which it ceases to be a Shipper User.

## 2.2 Admission of User

- 2.2.1 The Applicant User will become a User with effect from the Day ("**User Accession Date**") which is 3 Business Days after satisfaction of the last of the requirements under paragraphs 2.1.1 and 2.1.2 to be satisfied.
- 2.2.2 Upon the Applicant User's becoming a User pursuant to paragraph 2.2.1 the Transporter will so notify:
- (a) the Applicant User, specifying:
    - (i) the Transporter's notice details for the purposes of GT Section B5.2.3; and
    - (ii) the names of all other Users and their prevailing notice details in accordance with GT Section B5.2.3;
  - (b) all other Users, and the CDSP, specifying the name of the Applicant User, its notice details provided under paragraph 2.1.2(a)(iii) and the User Accession Date.

## 2.3 Restricted authorisation of User

Where the Shipper's Licence held by a Shipper User limits or restricts the premises to which the User may arrange for the conveyance of gas by a or any System or in any

other way limits or restricts the activities which the User is authorised to carry on:

- (a) the User shall be solely responsible for compliance with such limit or restriction and (subject to paragraph (b)) the Transporter shall not in the implementation of the Code as respects such User be concerned with such limit or restriction; but
- (b) the Transporter shall be at liberty in its discretion to (but shall not be required to) withhold from the User any right or entitlement pursuant to the Code so as to give effect to such limit or restriction.

## **2.4 Single User admission**

Unless expressly otherwise provided in the Code or agreed by the Transporters, a person may only be one User for the purposes of the Code, and accordingly a person who is for the time being a User may not make a further application to be admitted as a User.

## **2.5 Restricted User**

2.5.1 A person which is for the time being either:

- (a) designated by the Authority for the purposes of Special Condition 9.20 of National Gas Transmission's Transporter's Licence; or
- (b) a body which is declared by an Order of the Secretary of State to be a Recognised Clearing House for the purposes of the Financial Services Markets Act 2000 (as amended); or
- (c) a body which is declared by an Order of the Secretary of State to be a Recognised Investment Exchange for the purposes of the Financial Services Markets Act 2000 (as amended) and which makes its own arrangements for clearing transactions effected on its exchange

may be admitted as a User in relation to the NTS for the purposes only of making Trade Nominations pursuant to Section C5.

2.5.2 Where a User is admitted pursuant to paragraph 2.5.1:

- (a) the User hereby undertakes to National Gas Transmission that it will not and will not purport to deliver gas to nor offtake gas from the Total System, make any Nomination, will not or purport to act as if it were a Trading Participant, become a CSEP User or the Registered User of any Supply Point, or hold System Capacity or Storage Capacity at LNG Facilities, or make a System Capacity Transfer or Storage Gas Transfer in relation to an LNG Facility, or otherwise exercise any right or entitlement of a User other than the right to make Trade Nominations pursuant to Section C5 and any rights (consequent thereon) arising under Sections F, S, GT Section A, this Section V, U and X;
- (b) the User shall not make a Trade Nomination more than 5 Days before the Gas Flow Day;
- (c) the User shall not be bound to comply with any obligation under Section L, O or (except pursuant to paragraph 4 thereof) Q.

- 2.5.3 Where an Applicant User informs National Gas Transmission that it wishes to be admitted as a User pursuant to paragraph 2.5.1:
- (a) the requirements in paragraph 2.1.2(b), (d) and (i) shall not apply in respect of the Applicant User;
  - (b) the requirement paragraph 2.1.2(j) shall apply in respect of the Applicant User as if it were a Trader User;
  - (c) it shall be an additional requirement for the purposes of paragraph 2.1.1 that, at the same time as the User accedes to the Framework Agreement, National Gas Transmission and the User enter into a memorandum to record that the User is or is to be admitted pursuant to paragraph 2.5.1;
  - (d) National Gas Transmission's notification to Users and the CDSP under paragraph 2.2.2(b) will specify that the Applicant User has been so admitted.

### 3 CODE CREDIT LIMITS

#### 3.1 General

3.1.1 For the purposes of the Code:

- (a) the “**Regulatory Asset Value**” is the value of the relevant Transporter’s regulated assets as published by the Authority at the start of any Transporter’s relevant price control period which will be published and updated to current year prices by the Transporter for the sole use of establishing a Users Maximum Unsecured Credit Limit.
- (b) An “**Approved Credit Rating**” is a published and monitored long term rating provided by a Credit Rating Agency as defined in 3.1.1(d) of not less than Ba3 by Moody’s Investors Service or equivalent rating by either Standard and Poor’s or Fitch Ratings.
- (c) The “**Unsecured Credit Limit**” is that proportion of the Maximum Unsecured Credit Limit extended to a User by the Transporter as calculated in accordance with the table set out in paragraph 3.1.3 or 3.1.4 as appropriate.
- (d) A “**Credit Rating Agency**” can issue an Approved Credit Rating and is confined to Fitch Ratings, Moody’s Investment Service and Standard and Poor’s Rating Group and any of their subsidiaries.

The Transporter will determine and assign to each User a Code Credit Limit, which may comprise of an Unsecured Credit Limit calculated in accordance with paragraph 3.1.3 and/or security or surety provided in accordance with paragraph 3.4. The Transporter shall keep each User informed of its Code Credit Limit (as revised in accordance with the Code) for the time being. The Transporter shall limit the Unsecured Credit Limit to any User and related company to a maximum of two percent (2%) of the Regulatory Asset Value (The “**Maximum Unsecured Credit Limit**”). The User shall notify the Transporter within 1 Business Day if the User’s Approved Credit Rating changes or if the User has a reasonable belief that its Approved Credit Rating is likely to change.

3.1.2 In this paragraph 3 references to Users include DNO Users.

3.1.3

- (a) Where a User has an Approved Credit Rating, such User’s Unsecured Credit Limit at any time shall be calculated as that percentage (%) of the Maximum Unsecured Credit Limit by reference to the User’s Approved Credit Rating as follows:

Approved Credit Rating			User’s % of Maximum Unsecured Credit Limit	Parent Company	Qualifying Company
Standard & Poor’s	Moody’s Investors Service	Fitch Ratings			
AAA	Aaa	AAA	100	✓	✓
AA+	Aa1	AA+	100	✓	✓
AA	Aa2	AA	100	✓	✓
AA-	Aa3	AA-	100	✓	✓
A+	A1	A+	40	✓	✓
A	A2	A	40	✓	✓
A-	A3	A-	40	✓	✓
BBB+	Baa1	BBB+	20	✓	×
BBB	Baa2	BBB	19	✓	×
BBB-	Baa3	BBB-	18	✓	×
BB+	Ba1	BB+	17	✓	×
BB	Ba2	BB	16	✓	×
BB-	Ba3	BB-	15	✓	×

- (b) Subject to paragraph 3.1.3(c), where a Qualifying Company or Parent Company with an Approved Credit Rating provides surety in respect of a User in the form of a Guarantee (the “**Surety Provider**”), then the Approved Credit Rating of such Surety Provider may be used in place of the User’s to calculate such User’s Unsecured Credit Limit in accordance with the table set out in paragraph 3.1.3(a).
- (c) Where a Surety Provider provides surety pursuant to paragraph 3.1.3(b) or paragraph 3.1.3(d) for more than one User, the aggregate surety provided by the Surety Provider shall not exceed the maximum credit entitlement of the Surety Provider calculated in accordance with the table set out in paragraph 3.1.3(a).
- (d) A User may increase an Unsecured Credit Limit allocated pursuant to paragraph 3.1.3(a) or paragraph 3.1.4 by an incremental amount (the “**Incremental Amount**”) by providing surety (in respect of the Incremental Amount) in the form of a Guarantee from a Surety Provider with an Approved Credit Rating subject to:
  - (i) such Approved Credit Rating being sufficient to cover the Incremental Amount as calculated in accordance with the table set out in paragraph 3.1.3(a); and



- (ii) paragraph 3.1.3(c); and
- (iii) in the opinion of the Transporter, such Surety Provider’s ability to bear risk not being exceeded.

3.1.4 Where a User does not have an Approved Credit Rating, or a User’s Approved Credit Rating is less than that in 3.1.3(a), such User may obtain an Unsecured Credit Limit by:

- (a) payment history in accordance with paragraph 3.1.5 below; or
- (b) independent assessment in accordance with paragraph 3.1.7 below

provided that a User shall only be able to obtain an Unsecured Credit Limit by one of the above methods at any one time.

3.1.5 The Transporter may allocate an Unsecured Credit Limit to a User based upon the period of time elapsed that such User has paid all invoices by their due date for payment in accordance with Section S, such that after a calendar month and only until the second anniversary of the User’s User Accession Date, a User may be allocated an Unsecured Credit Limit on the basis of 0.4% of the relevant Transporter’s Maximum Unsecured Credit Limit over a 12 Month period and increasing on an evenly graduated basis each Month up to a maximum of 0.8% of the relevant Transporter’s Maximum Credit Limit.

3.1.6 Where a User has been allocated an Unsecured Credit Limit pursuant to paragraph 3.1.5 above, and such User subsequently fails to make payment in full of any invoice (other than in respect of Energy Balancing Charges) issued in accordance with Section S:

- (a) on the Invoice Due Date for payment but payment is made in full within 2 Business Days of the Invoice Due Date (“**a late payment**”), the User shall pay interest on the Invoice Amount and;
  - (i) where a late payment is made on only one occasion in a 12 Month period the User’s Unsecured Credit Limit shall not be increased in accordance with paragraph 3.1.5 above for that Month;
  - (ii) where a late payment is made on more than one occasion in a 12 Month period the User’s Unsecured Credit Limit shall be reduced to zero from the date of the second late payment.
- (b) where payment is made more than 2 Business Days from the Invoice Due Date then such User’s Unsecured Credit Limit shall be reduced to zero from the date of such payment default.

Subject to paragraph 3.1.5 and this paragraph 3.1.6, the User’s payment history may continue to be used following the date of any payment default as set out above to increase the reduced value of the User’s Unsecured Credit Limit in accordance with paragraph 3.1.5 above.

3.1.7 Where a User or Parent Company does not have an Approved Credit Rating, then upon request from such User, the User may select any one of the specified agencies for the Transporter to use to allocate an Unsecured Credit Limit to the User based upon the Independent Assessment Score of the User or Parent Company as follows:

- (a) where such User or Parent Company is unable to obtain an Approved Credit

Rating (up to a maximum of 20% of the relevant Transporter’s Maximum Unsecured Credit Limit); or

- (b) where such User or Parent Company has an Approved Credit Rating less than that in 3.1.3(a) (up to a maximum of 13⅓% of the relevant Transporter’s Maximum Unsecured Credit Limit).

A score of between 0 and 10 will be allocated to the User or Parent Company in accordance with the following table to calculate the User’s Unsecured Credit Limit:

Independent Assessment Score	Equivalent of the Independent Assessment Score to credit scores provided by the independent credit rating agencies for Independent Assessments			% of Transporter’s Maximum Unsecured Credit Limit
	Dunn & Bradstreet Report	Experian Business IQ Report	Creditsafe Report	
10	5A1	95-100	86-100	20
9	5A2/4A1	90-94	71-85	19
8	5A3/4A2/3A1	80-89	61-70	18
7	4A3/3A2/2A1	70-79	51-60	17
6	3A3/2A2/1A1	60-69	41-50	16
5	2A3/1A2/A1	50-59	30-40	15
4	1A3/A2/B1	40-49	25-29	13 <sup>1/3</sup>
3	A3/B2/C1	30-39	21-24	10
2	B3/C2/D1	20-29	15-20	6 <sup>2/3</sup>
1	C3/D2/E1	10-19	10-14	3 <sup>1/3</sup>
0	E2 to Z inclusive	Below 10	Below 10	0

The Transporter will set the Users Unsecured Credit Limit no higher than the lower of the credit value recommended within the Independent Assessment and the value calculated by applying the Independent Assessment Score to the Transporter’s Maximum Unsecured Credit Limit.

3.1.8 Any Unsecured Credit Limit allocated in accordance with paragraph 3.1.7 shall be reviewed annually. Where any costs are incurred by the Transporter in providing an Unsecured Credit Limit in accordance with paragraph 3.1.7, including any annual reviews, the User shall pay to the Transporter 20% of such costs incurred. All reassessments in addition to those mentioned above shall be paid for by the party requesting them.

3.1.9 In this paragraph 3 references to Users exclude Trader Users.

**3.2 Code Credit Limit and Relevant Code Indebtedness**

3.2.1 For the purposes of the Code:

- (a) a "**Code Credit Limit**" is the sum of a User's Unsecured Credit Limit and any security or surety provided by a User pursuant to paragraph 3.4, provided that such amount must be equal to or greater than the User's Value at Risk;
- (b) "Relevant Code Indebtedness" is:
  - (i) the aggregate amount, other than in respect of Energy Balancing Charges, for which a User is at any time liable to the Transporter pursuant to the Code or any Ancillary Agreement, determined on the basis of amounts accrued (and in accordance with paragraph (c) where applicable) and irrespective of whether such amounts have been invoiced under Section S or (where invoiced) have become due for payment; less
  - (ii) any amount which has been paid to the Transporter by the User by way of prepayment, on the basis that the Transporter may apply such amount without the User's consent in or towards payment of amounts referred to in paragraph (i), and which has not yet been so applied;
- (c) for the purposes of paragraph (b)(i) a User's liability for Capacity Charges in respect of a Day shall be treated as accruing on the following Day;
- (d) Subject to paragraph 3.3.4, "**Value at Risk**" at any point in time is the sum of:
  - (i) The aggregate amount (other than Energy Balancing Charges) invoiced to the User pursuant to Section S but remaining unpaid (irrespective of whether such amount has become due for payment); and
  - (ii) The average daily rate of the aggregate amount (other than Energy Balancing Charges) invoiced to the User in the previous calendar month multiplied by 20.

3.2.2 For the avoidance of doubt, the amount of a User's Relevant Code Indebtedness shall be determined by reference to the relevant provisions of the Code, and nothing in the Code shall be construed as withdrawing from a User any right to dispute whether the Transporter has correctly calculated such amount in any case, or from the Transporter any right to dispute the validity of any Invoice Query submitted by any User.

3.2.3 Without prejudice to paragraph 3.2.2, where a User has submitted an Invoice Query in accordance with Section S4.2.1 in respect of any Invoice Document the Transporter will review and give due consideration to such Invoice Query before taking any steps pursuant to paragraph 3.3.

3.2.4

- (a) A User's Code Credit Limit may from time to time be reviewed and revised, in accordance with the Code, save where either paragraph 3.2.5, 3.2.6 or 3.2.8 applies, in the case of (i), (ii), (iv) and (v) on notice of not less than 30 Days, or in the case of (iii) below on notice of not less than 2 Business Days following the Business Day on which a notice is issued in accordance with 3.2.9, (or in any such case, such lesser period agreed by the User) to the User:
  - (i) at intervals of approximately 12 months;

- (ii) at the User’s request (but subject to paragraph 3.2);
  - (iii) where any published Rating of the User or any person providing security for the User is revised downwards;
  - (iv) where any instrument of surety or security expires or is determined;
  - (v) at the Transporter's request where the Transporter has reasonable grounds to believe that the effect of the review will be to reduce the User's Code Credit Limit.
- (b) A Letter of Credit is deemed zero value for User’s Code Credit Limit purposes 30 days prior to the date of its expiry.
- (c) A Guarantee is deemed zero value for User’s Code Credit Limit purposes 30 days before expiry unless either extended or replaced by security or surety effective from no later than the day after the expiry date of the existing guarantee.
- 3.2.5 Where any published credit rating of the User or any person providing surety for a User is revised downwards to the extent that the credit rating following such revision is less than that in 3.1.3(a) then such User's Code Credit Limit may be immediately reviewed and revised by the Transporter in accordance with the Code, on notice to the User.
- 3.2.6 Where a Supplier of Last Resort (as defined in paragraph G2.1.7(b)) has been appointed and paragraph G2.1.8 applies, a Last Resort User's Code Credit Limit may be reviewed and revised by the Transporter in accordance with paragraph G2.1.10.
- 3.2.7 Subject to paragraph 3.2.8, the Transporter will bear the costs and fees that it incurs (but not any costs incurred by the User) in connection with any review of a User's Code Credit Limit in accordance with paragraph 3.2.4.
- 3.2.8 The Transporter will not be obliged to agree to any request of the User under paragraph 3.2.4(ii) unless the User agrees to reimburse to the Transporter the reasonable costs and fees payable by the Transporter to any third party in accordance with the Code in connection with such request.
- 3.2.9 Where a User’s Code Credit Limit has been revised downwards in accordance with paragraph 3.2.4(iii) or 3.2.5 above, the Transporter will notify the User accordingly on the next Business Day following the occurrence of the event described in paragraph 3.2.4(a)(iii).
- 3.2.10 Where the Transporter requires the User to provide additional surety or security, the notice given in accordance with 3.2.9 shall require that such User shall provide to the Transporter, by no later than 17.00 on the second Business Day following the date of such notice, additional surety or security in a form acceptable to the Transporter for an amount notified by the Transporter, such that when applied it will result in the Value at Risk of the User not exceeding 100% of the Users Code Credit Limit. Subject to paragraph 3.2.11 below, where a User has not provided such additional surety or security by such second Business Day then with effect from the next Business Day following such second Business Day the following shall be payable by the User:
- (a) such amount as set out in the table below based upon the amount of additional

surety or security demanded by the Transporter; and

Amount of additional surety or security required	Amount
Up to £999.99	£40
£1,000 to £9,999.99	£70
£10,000 or more	£100

- (b) a daily charge equivalent to that percentage rate as is set out from time to time in the Late Payments of Commercial Debts (Interest) Act 1998 multiplied by the amount of additional surety or security demanded by the Transporter.

3.2.11 Notwithstanding paragraph 3.2.10, where at any time as a direct consequence of an unanticipated increase in a Users registered aggregate “**Supply Point Capacity**”, a User’s Value at Risk increases materially, a User will have one calendar month from the date of notice given by the relevant Transporter, to provide additional surety or security and after expiry of such date, or paragraphs 3.2.10(a) and (b) shall apply.

### 3.3 Requirements as to Value at Risk

3.3.1 Where:

- (a) a User's Value at Risk exceeds 80% of its Code Credit Limit and the Transporter has given notice to the User to that effect; and
- (b) at any time following any notice given pursuant to (a) above, the User's Value at Risk exceeds 100% of its Code Credit Limit, the Transporter will notify the User of such event, giving such User 2 Business Days from the date of such notice to provide additional surety or security for the amount specified by the Transporter in the notice in order to reduce its Value at Risk to below 100% of its Code Credit Limit.

3.3.2 Without prejudice to paragraph 3.3.3, where a User fails to provide such additional surety or security as required in paragraph 3.3.1(b) by the date specified in the notice pursuant to 3.3.1(b):

- (a) with effect from the next Business Day after the date specified in such notice, the User shall pay to the Transporter that amount set out in the table in paragraph 3.2.10(a), based upon the amount of additional surety or security demanded by the Transporter and the daily charge set out in paragraph 3.2.10(b); and
- (b) subject to paragraph 3.3.1, where and for so long as the User’s Value at Risk exceeds 100% of the User’s Code Credit Limit, the Transporter shall be entitled to reject or refuse to accept all or any of the following by the relevant User:
  - (i) an application for System Capacity or increased System Capacity at any System Point under Sections B (including Annex B-3) or G; and/or
  - (ii) a notice of appointment under Section B3.13.8 if the User is the proposed Overrun User;

- (iii) in relation to the NTS:
    - (1) a System Capacity Trade under Section B5 in respect of which the User is Transferee User;
    - (2) a System Capacity Assignment under Section B6 in respect of which the User is the Assignee User; until such time as the User's Value at Risk is reduced to less than 100% of its Code Credit Limit; and
  - (c) where from the fifth Business Day after the date specified in the notice, the User's Value at Risk exceeds 100% of the User's Code Credit Limit, the Transporter shall be entitled to give the CDSP a Registration Block Notice which shall be effective until such time as the User's Value at Risk is reduced to less than 100% of its Code Credit Limit.
- 3.3.3 Subject to paragraph 3.3.1, where and for so long as the Value at Risk of the User for the time being exceeds 100% of the User's Code Credit Limit, the Transporter may give Termination Notice (in accordance with paragraph 4.3) to the User.
- 3.3.4 For the purposes of paragraph 3.3.2(b)(i) and (iii) and the application of Section B3.3.3(f), a User's (excluding DNO Users) Value at Risk shall be treated as including:
- (a) the amounts of the aggregate NTS Exit (Flat) Capacity Charges;
  - (b) the amounts of the aggregate NTS Entry Capacity Charges
- payable by the User for each Day in the following twelve (12) calendar months commencing from the first Day of the calendar month following the Day in respect of which the User's Value at Risk is to be determined, irrespective of whether such amounts have been invoiced under Section S.
- 3.4 Surety or Security under Code**
- 3.4.1 Any instrument of surety or security provided by a User pursuant to paragraph 3.4.6 (and whether or not entered into by the User) shall not be a part of the Code nor an Ancillary Agreement; and no provision of or modification of the Code, nor any inconsistency between the Code and any such instrument, and nothing done by the Transporter pursuant to the Code, shall prejudice or invalidate any such instrument.
- 3.4.2 Where a User has provided surety or security pursuant to paragraph 3.4.6 the User (or the person giving the surety) may request the Transporter to release all or any of such security or agree to a reduction in any maximum amount of such surety.
- 3.4.3 Following a request by a User under paragraph 3.4.2, the Transporter will as soon as reasonably practicable and, except where the User also requests a review (by an agency appointed by the Transporter for such purposes) and revision of its Code Credit Limit, in any event not more than 10 Business Days after such request, release security, or agree to a reduction in surety, to such extent or by such amount as will permit the condition in paragraph 3.4.4 to be satisfied.
- 3.4.4 The condition referred to in paragraph 3.4.3 is that the amount of the User's Value at Risk, at the date of such release or reduction is not more than 100% of the amount of the User's Code Credit Limit, determined in accordance with the Code on the basis of the

release of security or reduction in surety (and taking account of any alternative surety or security provided by the User).

3.4.5 For the purposes of Code:

**“Deposit Deed”** shall mean an agreement that is Enforceable and in such form as provided to the User from time to time by the Transporter enabling the deposit of cash as security;

**“Enforceable”** shall mean the Transporter (acting reasonably) is satisfied that the instrument of security or surety is legally enforceable and in this respect, where surety is provided by a company registered outside of England and Wales, the Country of residence of such company must have a sovereign credit rating of a Qualifying Company (where such ratings conflict, the lower of the ratings will be used) and the User shall at its own expense provides such legal opinion as the Transporter may reasonably require;

**“Letter of Credit”** shall mean an unconditional irrevocable standby letter of credit in such form as provided to the User from time to time by the Transporter from such bank as the Transporter may approve, (provided that payment may be made at a United Kingdom branch of such issuing bank) with a long term debt rating of not less than that of a Qualifying Company (where such ratings conflict, the lower of the ratings will be used);

**“Guarantee”** shall mean an on demand irrevocable guarantee or performance bond provided by a Qualifying Company or a Parent Company that is Enforceable and in such form as provided to the User from time to time by the Transporter;

**“Prepayment Agreement”** shall mean an agreement between the Transporter and the User that is Enforceable and in such form as provided to the User from time to time by the Transporter with the purpose of enabling a User to make payments of amounts calculated on a monthly basis by the Transporter (using an accrual methodology set out therein) as representing the Transporter’s estimate of the amounts (other than in respect of Energy Balancing Charges) which will become due by the User to the Transporter in a charging month;

**“Parent Company”** shall mean:

- (i) in the case of a company registered in England and Wales a public or private company within the meaning of Section 4 1 of the Companies Act 2006 that is either a shareholder of the User or any holding company of such shareholder (the expression holding company having the meaning assigned thereto by Section 1159, Companies Act 2006 as supplemented by Schedule 6 Companies Act 2006 and Section 144(3) Companies Act 1989); or
- (ii) in the case of an entity registered outside of England and Wales, such equivalent entity to (i) above that is acceptable to the Transporter, acting reasonably;

**“Qualifying Company”** shall mean:

- (i) in the case of a company registered in England and Wales a public or

private company within the meaning of section 1(3) of the Companies Act 1985 with a long term debt rating of at least A provided by a Credit Rating Agency as defined in 3.1.1 (where such ratings conflict, the lower of the ratings will be used); or

- (ii) in the case of an entity registered outside of England and Wales, such equivalent entity to (i) above that is acceptable to the Transporter, acting reasonably;

3.4.6 A User may extend its exposure beyond its Unsecured Credit Limit by providing surety or security in one or more of the forms set out below:

- (a) Letter of Credit; and/or
- (b) Guarantee; and/or
- (c) Deposit Deed; and/or
- (d) Prepayment Agreement;

provided that where an instrument of surety or security is conditional, the Transporter may agree with the User a value below 100% of its full face value. Where the value of the instrument of surety or security cannot be agreed between the User and the Transporter, the User may refer such dispute to Expert Determination in accordance with GT Section A, paragraph 2.

3.4.7 Each User shall provide to the Transporter:

- (a) a single telephone number, a single address, a single e-mail address and a single facsimile number by means of which the Transporter may contact a representative of the User for any purpose pursuant to Transportation Charges in connection with Section V3 and/or V4; and
- (b) the name(s) or title(s) of the User's representatives who may be contacted at such numbers and address; and
- (c) such User shall inform the Transporter where there are any amendments to the details provided pursuant to this section V3.4.7.

## **4 DISCONTINUING USERS AND TERMINATION**

### **4.1 General**

4.1.1 A User may cease to be a User of or in relation to a System pursuant to paragraph 4.2 or 4.3; and for the purposes of the Code a "**Discontinuing User**" is a User who so ceases to be a User and the "**User Discontinuance Date**" is the date with effect from which (in accordance with paragraph 4.2 or 4.3) a Discontinuing User ceases to be a User.

4.1.2 Upon a User's ceasing to be a User:

- (a) subject to paragraphs 5.6 and 4.3.7, the Shipper Framework Agreement shall cease to bind the Discontinuing User and (as respects the Discontinuing User) the Transporter;



- (b) each Ancillary Agreement to which a Discontinuing User is party shall, unless otherwise provided in such Ancillary Agreement, terminate as respects that User (but without prejudice to the continuance of that Agreement as respects any other User(s) party thereto) with effect from the User Discontinuance Date.
- 4.1.3 The Transporter will as soon as reasonably practicable after the User Discontinuance Date notify all other Users and the CDSP of a User's ceasing to be a User.
- 4.1.4 An Ancillary Agreement may be subject to termination as respects any User(s), in accordance with its terms, but (except as may be provided in such Ancillary Agreement) such termination shall not result in any such User ceasing to be a User.
- 4.1.5 A Shipper Framework Agreement shall have no fixed duration, but without prejudice to the provisions of this paragraph 4 as respects Discontinuing Users.
- 4.1.6 In this paragraph 4 references to Users include Trader Users, except in relation to paragraph 4.3.1(f), and DNO Users.

## **4.2 Voluntary discontinuance**

- 4.2.1 A User may at any time by giving notice ("**Discontinuance Notice**") to the Transporter apply to cease to be a User of or in relation to a System.
- 4.2.2 A User may not cease to be a User under this paragraph 4.2 until such time as:
  - (a) all amounts payable or (other than in respect of any recurrent charge becoming payable by reason only of the lapse of time after the date on which the last of the other requirements of this paragraph 4.2.2 is satisfied) which may become payable by the User to the Transporter pursuant to any provision of the Code, the Shipper Framework Agreement or any Ancillary Agreement have been paid in full;
  - (b) the User is not the Registered User in respect of any Supply Point and is not party to any Shared Supply Meter Notification;
  - (c) under National Gas Transmission's Network Code, there is no outstanding Daily Imbalance or NDM Reconciliation Quantity or DM Reconciliation Quantity in respect of the User;
  - (d) any requirements under any Ancillary Agreement in respect of termination under this paragraph 4.2 have been complied with;
  - (e) any outstanding breach, being a breach capable of remedy and of which the Transporter has given notice to the User, by the User of any provision of the Code or the Shipper Framework Agreement or any Ancillary Agreement shall have been remedied; and
  - (f) the User (if a Shipper User) has satisfied the Withdrawal Requirements (as defined in the DSC, or (if a Trader User) has satisfied the requirements for voluntary termination of the UK Link User Agreement;

and a User may not cease to be a User of the NTS until the User ceases to be a User of each LDZ.

- 4.2.3 Where a User has given notice under paragraph 4.2.1:
- (a) the User and the Transporter shall remain bound by the Code and the Shipper Framework Agreement and any Ancillary Agreement to which the User is party until the requirements of paragraph 4.2.2 are satisfied;
  - (b) the System Capacity which the User is registered as holding shall not be reduced or cancelled other than in accordance with the relevant provisions of the Code (and the User will remain liable for payment of Transportation Charges in respect thereof but may elect to make prepayment thereof).
- 4.2.4 Where a User has given notice under paragraph 4.2.1, after the satisfaction of the last of the requirements of paragraph 4.2.2 to be satisfied:
- (a) with effect from the 5th Business Day following such satisfaction, the User will cease to be a User;
  - (b) without prejudice to paragraph 4.2.5, the Transporter will as soon as reasonably practicable (and where possible before such date) inform the User of the date on which it ceases to be a User under paragraph (a).
- 4.2.5 Notwithstanding paragraph 4.2.4, without prejudice to paragraph 4.1.2(a), the Transporter or (as the case may be) the Discontinuing User shall remain liable, subject to and in accordance with the Code, to the other and (in the case of the Discontinuing User, subject to paragraph GT Section B2.4.2) to each other User, after the User Discontinuance Date:
- (a) for any amount which was or becomes payable under the Code or any Ancillary Agreement in respect of any period before the User Discontinuance Date; and
  - (b) in respect of any outstanding breach of any provision of the Code, the Shipper Framework Agreement or any Ancillary Agreement where such breach was not (for the purposes of paragraph 4.2.2(e)) capable of remedy or (notwithstanding that paragraph) was capable of remedy but was not remedied.

### 4.3 Termination

- 4.3.1 For the purposes of this paragraph there shall have occurred a "User Default" in relation to a User (the "Defaulting User") in any of the following events or circumstances:
- (a) where in relation to any amount (or amounts in aggregate) of not less than £10,000 which has become due for payment by the Defaulting User under the Code (excluding for the avoidance of doubt amounts the subject of an Invoice Query which by virtue of Section S4.2.2 have not become due for payment):
    - (i) the Defaulting User has not paid the amount in full by the 5th Business Day after the due date for payment;
    - (ii) on or after the 5th Business Day after the due date for payment the Transporter has given notice to the Defaulting User requiring payment of such amount; and

- (iii) the Defaulting User has not paid such amount in full by the 5th Business Day after the date of the Transporter's notice under paragraph (ii); or
- (b) in accordance with paragraph 3.3.3; or
- (c) where:
  - (i) the Defaulting User is in material breach, other than such a breach as is referred to in paragraph 4.3.9, of any material provision (other than a payment obligation) of the Code; and
  - (ii) the breach is capable of remedy by the Defaulting User; and
  - (iii) the Transporter has given notice (making reference to this paragraph 4.3) of such breach to the Defaulting User; and
  - (iv) within 14 Days after the Transporter's notice under paragraph (iii), the Defaulting User does not either:
    - (1) remedy the breach in all material respects, where the breach is capable of remedy within such period of 14 Days; or
    - (2) where the breach is not so capable of remedy, provide to the Transporter a programme (setting out the steps to be taken by the User and the timetable for taking such steps) for the remedy of the breach as soon as is reasonably practicable; and
  - (v) in the case in paragraph (iv)(2), the Defaulting User does not:
    - (1) remedy the breach in all material respects with all reasonable diligence and so far as reasonably practicable in accordance with the programme provided under that paragraph or a revised programme pursuant to paragraph (2); and
    - (2) where notwithstanding the reasonable diligence of the User it is not reasonably practicable for the User to remedy the breach in accordance with that programme, provide to the Transporter a revised such programme; and
  - (vi) the breach remains unremedied in any material respect after the expiry of 7 Days after a further notice by the Transporter to the Defaulting User to the effect that the Defaulting User has not complied with paragraph (iv) or (v); or
- (d) where:
  - (i) the Defaulting User is in material breach, other than such a breach as is referred to in paragraph 4.3.9, of any relevant provision (other than a payment obligation) of the Code; and
  - (ii) the breach is not capable of remedy; and
  - (iii) the Transporter has given notice (making reference to this paragraph 4.3) of the breach to the Defaulting User; and

- (iv) at any time within the period of 12 months following the Transporter's notice under paragraph (iii), there occurs a further material breach by the Defaulting User of the same provision of the Code; and
  - (v) the Transporter has given a notice of such further breach to the Defaulting User and a period of 7 Days has expired following such notice; or
- (e) save if and to the extent the provisions of section 233B of the Insolvency Act 1986 apply, where:
- (i) the Defaulting User is unable to pay its debts (within the meaning of Section 123(1) or (2) of the Insolvency Act 1986, but subject to paragraph 4.3.2), or any voluntary arrangement is proposed in relation to it under Section 1 of that Act or it enters into any composition or scheme of arrangement (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
  - (ii) the Defaulting User has a receiver (which expression shall include an administrative receiver within the meaning of Section 29 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking appointed; or
  - (iii) the Defaulting User has an administration order under Section 8 of the Insolvency Act 1986 made in relation to it; or
  - (iv) the Defaulting User passes any resolution for winding-up (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
  - (v) the Defaulting User becomes subject to an order by the High Court for winding-up; or
  - (vi) the Defaulting User becomes subject to a bankruptcy order; or
  - (vii) the Defaulting User becomes subject to an event made in a jurisdiction outside England and Wales, equivalent or analogous to any one or more of those events listed in paragraphs 4.3.1(e)(i) to (vi) above; or
- (f) where the Shipper's Licence granted to the Defaulting User is determined or revoked or otherwise ceases to be in force for any reason whatsoever, or such licence is assigned unless such assignment is contemporaneous with an assignment by the User of all of its rights and obligations under the Code and the Framework Agreement in accordance with GT Section B6.1;
- (g) an event which entitles National Gas Transmission to give a Termination Notice pursuant to Section X2.9.3, X2.10.10 or X3.2.2; or
- (h) the Defaulting User (if a Shipper User) has committed a DSC Default under (and as defined in) the DSC; or
- (i) the Defaulting User (if a Trader User) has committed a default as specified in the UK Link User Agreement.

- 4.3.2 For the purposes of paragraph 4.3.1(e)(i), Section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for '£750' there was substituted '£10,000'; and the Defaulting User shall not be deemed to be unable to pay its debts for the purposes of that paragraph if any such demand as is mentioned in the said Section is being contested in good faith by the Defaulting User with recourse to all appropriate measures and procedures.
- 4.3.3 Upon the occurrence of a User Default, and at any time after such occurrence at which the User Default is continuing the Transporter may (subject to the provisions of section 233B of the Insolvency Act 1986) give notice ("**Termination Notice**") to the Defaulting User to the effect that the User shall cease to be a User of or in relation to its System(s) with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice.
- 4.3.4 Without prejudice to the Transporter's right to give a Termination Notice, as set out in paragraph 4.3.3, where the condition in paragraph 4.3.5 is satisfied, Section X4 shall apply.
- 4.3.5 The condition referred to in paragraph 4.3.4 is that:
- (a) a User Default occurs by reason of the circumstances set out in any one or more of paragraphs 4.3.1(e)(ii), (iii), (vi) or (vii) to the extent that a person, analagous or equivalent to those persons appointed pursuant to paragraphs 4.3.1(e)(ii), (iii) or (vi) is appointed in a jurisdiction outside England and Wales ("**foreign insolvency practitioner**") in respect of the User; and
  - (b) (subject to the provisions of section 233B of the Insolvency Act 1986) the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate) fails to provide adequate assurances to National Gas Transmission in compliance with the principles established in Section X and the Energy Balancing Credit Rules (such assurances not to exceed a legal and binding commitment by the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate), to pay to National Gas Transmission all Energy Balancing Debt accruing from (and including) the date of appointment of the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate)), as soon as reasonably practicable after being appointed (but for the avoidance of doubt not within two Business Days of its appointment).
- 4.3.6 Where the Transporter gives Termination Notice to a Defaulting User, with effect from the date specified in the notice, the User will cease to be a User of its System(s) and paragraph 4.1.2 shall apply.
- 4.3.7 Subject to paragraph 6.5.6 of the Modification Rules, the giving of a Termination Notice and the application of paragraph 4.3.6 shall not affect the rights and obligations of the Transporter and the Defaulting User under the Code, the Framework Agreement and any Ancillary Agreement (including rights and obligations in respect of the User Default, and in respect of amounts including interest payable by either Party, and rights and obligations arising pursuant to any provision of the Code in respect of the User's ceasing to be a User) accrued up to the date referred to in paragraph 4.3.6, which shall continue to be enforceable notwithstanding that paragraph.
- 4.3.8 Where the Transporter has given a Termination Notice it shall be entitled to inform such persons as it thinks fit (including another Transporter) that it has done so, including the

supplier and consumer in relation to any Supply Point of which the Defaulting User was Registered User, the Connected System Operator or Delivery Facility Operator in relation to any Connected System Exit Point or System Entry Point comprised in an Aggregate System Entry Point at which the Defaulting User held System Capacity, and any person from whom the Transporter believes the Defaulting User to have purchased gas for delivery to the Total System; and it shall inform the CDSP that it has done so.

- 4.3.9 For the purposes of paragraphs 4.3.1(c)(i) and (d)(i) the following breaches are excluded:
- (a) a breach which results from a breach by the Transporter of the Code or an Ancillary Agreement;
  - (b) a failure to Interrupt (as described in Section B8.9);
  - (c) the delivery or tendered delivery by the User of non-compliant gas (as described in Section I3.5);
  - (d) a breach other than a wilful breach of a provision of the Code where the Code specifically provides some other remedy for such breach and such other remedy may reasonably be considered to be adequate in the circumstances.
- 4.3.10 For the purposes of paragraph 4.3.1(d)(i) a breach is a material breach of a relevant provision where and only where:
- (a) in the case of a material provision, the breach is wilful or reckless; or
  - (b) in the case of any provision, as a result of the breach the Transporter or any other User is in material breach of any material provision of the Code or any Legal Requirement or incurs any material liability or expense.
- 4.3.11 Where National Gas Transmission gives a User a Termination Notice pursuant to this paragraph 4 or Section X:
- (a) each Transporter shall be deemed to have given a Termination Notice to the Defaulting User to the effect that the User shall cease to be a User of its System(s) with effect from the same date specified in the notice given by National Gas Transmission;
  - (b) the User shall cease to be a User of its System(s) with effect from the date specified in the notice given to the User by National Gas Transmission; and
  - (c) paragraphs 4.3.7 and 4.3.8 shall apply.

## **5 INFORMATION AND CONFIDENTIALITY**

### **5.1 Transporter obligations**

5.1.1 The Transporter shall secure that Protected Information is not:

- (a) disclosed to any person other than:
  - (i) an officer or employee of the Transporter whose province it is to know the same; or

- (ii) a professional adviser of or consultant to the Transporter; or
- (iii) without prejudice to any requirement under the Transporter's Licence, any 10% Affiliate (other than an Affiliate which is the holder of a Shipper's Licence or a gas supplier's licence) of the Transporter

in any such case in accordance with the requirements of paragraph 5.4; or

- (b) used by the Transporter for any purpose other than carrying on the Transporter Activities.

5.1.2 "**Transporter Activities**" means the carrying on of transportation business (as defined in the Transporter's Licence), the operation, administration, maintenance and development of a relevant System and, the National Gas Transmission LNG Storage Facilities (in the case only of National Gas Transmission), facilitation of connections to a relevant System, and the implementation and performances of the Code, the Framework Agreement, any Ancillary Agreement and any Siteworks Contract.

5.1.3 In this paragraph 5 references to Users include Trader Users and DNO Users.

## 5.2 User obligations

5.2.1 Each User shall secure that Protected Information is not:

- (a) disclosed to any person other than:
  - (i) an officer or employee of the User whose province it is to know the same; or
  - (ii) a professional adviser of or consultant to that User or a User Agent appointed by that User; or
  - (iii) a 10% Affiliate (other than an Affiliate which is the holder of a Gas Transporter's Licence) of that User; or
  - (iv) subject to paragraph 5.2.3, a consumer or a supplier

in any such case in accordance with the requirements of paragraph 5.4; or

- (b) used by such User for any purpose other than one expressly contemplated by the Code or any Ancillary Agreement or Siteworks Contract to which such User is party.

5.2.2 GT Section B2.4.1 shall not apply in respect of this paragraph 5.

5.2.3 For the purposes of paragraph 5.2.1(a)(iv) Protected Information relating to a Supply Point may be disclosed to the supplier or consumer to the extent reasonably necessary to enable the conclusion and implementation of a contract of sale to the supplier (where relevant) and a contract of supply to the consumer.

## 5.3 Protected Information

5.3.1 In this Section "**Protected Information**" means:

- (a) for the purposes of the Transporter's obligations under paragraph 5.1:
  - (i) any information relating to the affairs of a User which is obtained by the Transporter pursuant to or in the course of the negotiation, implementation or performance of the Code, the Framework Agreement or any Ancillary Agreement to which that User is party;
  - (ii) the terms of any Ancillary Agreement;
- (b) for the purposes of a User's obligations under paragraph 5.2:
  - (i) any information relating to the affairs of the Transporter or of another User which is obtained by the User pursuant to or in the course of the negotiation, implementation or performance of the Code, the Framework Agreement or any Ancillary Agreement to which the User and (in relation to another User) that other User are party;
  - (ii) the terms of any Ancillary Agreement to which that User is party.

5.3.2 For the purposes of paragraph 5.3.1:

- (a) information obtained by a Party in the course of the negotiation of the Code or a Framework Agreement shall be Protected Information only insofar as such information was obtained in writing;
- (b) the fact that a Party receives information from the CDSP does not prevent such information being Protected Information for the purposes of that Party's obligations under paragraph 5.3.1;
- (c) the following information shall (without prejudice to the generality of paragraph 5.3.1(a)(i)) be treated as information relating to the affairs of a User:
  - (i) the identity, address and any other details of a supplier or consumer, or any representative thereof, insofar as disclosed by the User to the Transporter pursuant to or for the purposes of the Code;
  - (ii) (without prejudice to paragraph 5.5.2(e)(i)) information provided by the User to the Transporter pursuant to Sections L and O and details of the User's Code Credit Limit and record of payment of charges under the Code;
- (d) information which (pursuant to the terms of the DSC) belongs to the CDSP is not Protected Information.

5.3.3 The terms of the Code and a Framework Agreement are not Protected Information.

5.3.4 For the avoidance of doubt, the provisions of the Code are without prejudice to the requirements of the Data Protection Act 2018.

5.3.5 Confidentiality as between a Party or Parties and the CDSP is governed by the DSC and not the Code.

**5.4 Terms of permitted disclosure**



Where Protected Information is disclosed by the Transporter as permitted under paragraph 5.1.1(a) or by a User as permitted under paragraph 5.2.1(a), the Disclosing Party shall (without prejudice to its obligations under paragraph 5.1.1 or 5.2.1) take all reasonable steps to secure that the person to whom the information is disclosed:

- (a) is aware of the Disclosing Party's obligations under paragraph 5.1.1 or 5.2.1 in relation thereto; and
- (b) does not use or disclose the information other than as is permitted of such Party in accordance with paragraph 5.1.1 or 5.2.1.

## 5.5 Exceptions

5.5.1 For the purposes of this paragraph 5.5, "**Disclosing Party**" and "**Protected Party**" shall be construed as follows:

- (a) for the purposes of the Transporter's obligations under paragraph 5.1, the Disclosing Party is the Transporter and the Protected Party is the User to whose affairs any Protected Information relates;
- (b) for the purposes of a User's obligations under paragraph 5.2, the Disclosing Party is such User and the Protected Party is the Party (either the Transporter or another User) to whose affairs any Protected Information relates.

5.5.2 Nothing in paragraph 5.1 or 5.2 shall apply:

- (a) to the disclosure or use by the Disclosing Party of Protected Information to which the Protected Party has consented in writing;
- (b) to any Protected Information which:
  - (i) before it is obtained by the Disclosing Party is in the public domain; or
  - (ii) after it is obtained by the Disclosing Party enters the public domain
  - (iii) in either case otherwise than as a result of a breach by the Disclosing Party of its obligations under paragraph 5.1 or 5.2;
- (c) to the disclosure of any Protected Information to any person if and to the extent that the Disclosing Party is required to make such disclosure to such person:
  - (i) in compliance with the duties of the Disclosing Party under the Act or any other requirement of a Competent Authority; or
  - (ii) in compliance with the conditions of the Transporter's Licence or (as the case may be) Shipper's Licence held by the Disclosing Party or any document referred to in such licence with which the Disclosing Party is required by virtue of the Act or such licence to comply; or
  - (iii) in compliance with any other Legal Requirement; or
  - (iv) in response to a requirement of any stock exchange or regulatory authority or the Panel on Take-overs and Mergers; or

- (v) pursuant to any provision of GT Section A or pursuant to any judicial or other arbitral process or tribunal having jurisdiction in relation to the Disclosing Party;
- (d) to the disclosure of any Protected Information (whether pursuant to an Agency Function or a Direct Function) by the CDSP (and no disclosure of information by the CDSP shall be treated as disclosure by a Party).
- (e) to any Protected Information to the extent that the Disclosing Party is expressly permitted or required to disclose that information:
  - (i) under the terms of any agreement or arrangement made with the Protected Party or to which it is party (including the Code, the relevant Framework Agreement and any Ancillary Agreement to which the Protected Party is party or bound);
  - (ii) under the terms of the DSC;
- (f) to the disclosure of Protected Information to any lending or other financial institution proposing to provide or arrange the provision of finance to the Disclosing Party, where and to the extent that the disclosure of such information is reasonably required for the purposes of the provision or arrangement of such finance, and provided that the person to whom the information is disclosed undertakes in writing to and in terms reasonably satisfactory to the Protected Party to maintain the confidentiality of such information;
- (g) to the disclosure of any Protected Information to the Authority, where the Disclosing Party considers in good faith that the Protected Party may be in breach of a condition of the Transporter's Licence or (as the case may be) the Shipper's Licence, to the extent reasonably necessary to draw such possible breach to the attention of the Authority;
- (h) to the disclosure of any Protected Information to any person proposing to make a connection directly or indirectly to a System, where and to the extent that the disclosure of such information is reasonably required for the purposes of supporting the Transporter's charges or requirement to allow such proposed connection to a System to be made and provided that the person to whom the information is to be disclosed is informed in writing of the confidentiality of such information and that prior to disclosure, such person has entered into a confidentiality agreement with the Transporter which prohibits use or disclosure of such Protected Information in terms no less onerous than those contained in this paragraph 5; or
- (i) to the disclosure of Protected Information to the CDSP to the extent such disclosure is required or permitted under Code or necessary for the purposes of the undertaking by the CDSP of its functions under the Code or is required under the DSC.

5.5.3 Nothing in paragraph 5.1 shall apply to the disclosure by the Transporter of Protected Information:

- (a) to any person to the extent such disclosure is required pursuant to the Modification Rules;

- (b) to any User Agent where the disclosure by the Transporter of such Protected Information to the appointing User would not have infringed paragraph 5.1;
- (c) referred to in paragraph 5.3.2(b)(i) where the supplier or consumer concerned has consented to such disclosure pursuant to a Siteworks Contract, Network Exit Provisions or other document contemplated by the Act, the Transporter's Transporter's Licence or the Code as being entered into by the Transporter and the consumer;
- (d) to the Authority where (in connection with any Agency Function of the CDSP) such information is accessible by the Authority by or from the UK Link System to the extent of the access and in accordance with any function or facility thereof described in the UK Link Manual;
- (e) to the Trading System Operator to the extent required pursuant to the provisions of Section D or to any person to the extent required pursuant to the Trading System Arrangements;
- (f) to a consumer or an appropriate person to the extent designated by the authority within Standard Special Condition A31 of the Transporter's Licence and a supplier shall be an appropriate person pursuant to Standard Special Condition A31((2)(d)(ii) where its application is for the receipt of data for change of supplier purposes;
- (g) to another Transporter to the extent such disclosure is required for the purposes of the Code or the Transporter's Licence;
- (h) to a contractor or agent of the Transporter where the contractor or agent has entered into a confidentiality agreement with the Transporter on terms no less onerous than those of this paragraph 5;

#### 5.5.4 Where:

- (a) the Disclosing Party has complied with the data security requirements of the DSC; and
- (b) notwithstanding such compliance a person obtains any Protected Information by unauthorised access to any element of UK Link for the security of which the Disclosing Party is (in accordance with the DSC) responsible

the Disclosing Party shall not be in breach of paragraph 5.1 or 5.2 by virtue of such person having so obtained such Protected Information.

## 5.6 Survival

The provisions of paragraphs 5.1 to 5.5 shall continue, for a period of 3 years after the User Discontinuance Date, to bind a Discontinuing User and (as respects the Discontinuing User) the Transporter and each other User, notwithstanding that the Discontinuing User has ceased to be a User and irrespective of the reason for such cessation.

## 5.7 Transporter's Licence

Nothing in the Code, a Framework Agreement or any Ancillary Agreement shall be construed as requiring the Transporter to disclose or use any information in breach of any requirement of the Transporter's Licence.

## 5.8 Data ownership

- 5.8.1 Subject to paragraph 5.8.2(a), the data, including metering data, which is processed by or recorded or maintained on the UK Link System by the CDSP pursuant to its Agency Functions (including all intellectual property rights in such data) shall belong for the purposes of the Code to the Transporter which owns or operates the System to which such data relates; and subject to paragraph 5.8.2(b) the Transporter may, but without prejudice to paragraph 5.1 or any other requirement of the Code, use and deal with such data as it thinks fit.
- 5.8.2 Where pursuant to the Code a User provides or arranges for the provision of data to a Transporter (including provision to the CDSP behalf of the Transporter pursuant to its Agency Functions):
- (a) such data (as provided to the Transporter by the User) shall belong to the User;
  - (b) the User hereby grants to the Transporter (its successors, assigns, agents and contractors) a perpetual, non-exclusive, royalty-free licence (which shall survive the User Discontinuance Date) in respect of such data and all intellectual rights therein to use, copy, adapt and deal with such data for the purposes of performance and implementation of the Code and for other purposes contemplated by the Code, but not otherwise;
  - (c) paragraph 5.8.1 shall apply in respect of data derived (pursuant to any process) by the Transporter from such data and in all compilations created by or on behalf of the Transporter of such data.
- 5.8.3 Where pursuant to the Code the Transporter provides data to a User or data which is recorded or maintained on the UK Link System is available to a User, the User shall (but without prejudice to paragraph 5.2) be entitled without charge to use such data for the purposes of performance and implementation of the Code, and for other purposes contemplated by the Code, but not otherwise.

## 5.9 Operational and Market Data

- 5.9.1 Subject to the provisions of paragraph 5.9.2 and the other provisions of the Code, National Gas Transmission shall arrange for the data referred to in Annex V-1, ("**Operational and Market Data**") to be published or made available in the manner specified in Annex V-1.
- 5.9.2 National Gas Transmission shall not be obliged to publish or make available operational and market data pursuant to paragraph 5.9.1 where that data is not available to National Gas Transmission.
- 5.9.3 After forecasting demand in accordance with Section H 5.2.3 and Section H 5.2.4 for each Gas Flow Day in the period commencing at 05:00 on 1 October and ending at 05:00 on 1 April, on the Preceding Day National Gas Transmission shall determine whether the Forecast Total System Demand for the Gas Flow Day in question is:

- (a) greater than, or equal to, 95% of the Expected Available Supply for such Gas Flow Day
  - (b) greater than, or equal to, the Expected Available Supply for such Gas Flow Day.
- 5.9.4 National Gas Transmission shall:
- (a) where the threshold in paragraph 5.9.3(a) is reached, issue an Active Notification Communication by means of the Active Notification System informing Users of its determination; and
  - (b) where the threshold in paragraph 5.9.3(b) is reached, issue (by means of publication on its website) a notice informing Users of its determination (a **“Margins Notice”**).
- 5.9.5 National Gas Transmission may, in its sole discretion, extend the period within which it shall make determinations pursuant to paragraph 5.9.3 (and where necessary issue notices pursuant to 5.9.4) to end at 05:00 on 1 May.
- 5.9.6 Where a Margins Notice is issued, it shall remain in force until the end of the Gas Flow Day to which it is applicable, unless superseded by a Gas Balancing Notification.
- 5.9.7 National Gas Transmission may issue (by means of publication on its website) a notification (**“Gas Balancing Notification”**) where during or before a Gas Flow Day, an event affecting either supply or demand, for the Gas Flow Day in question is notified to National Gas Transmission, or National Gas Transmission otherwise becomes aware of circumstances, that may (in the reasonable opinion of National Gas Transmission) result in the quantities of gas on the Total System being insufficient for the purpose of meeting the Forecast Total System Demand. The issue of a Gas Balancing Notification by National Gas Transmission shall indicate the start of a Voluntary DSR Period for the purposes of Section D5.
- 5.9.8 Where a Gas Balancing Notification is issued, it shall remain in force until National Gas Transmission issues a GBN Withdrawal Notice.
- 5.9.9 For the purposes of the Code:
- (a) **“Expected Available Supply”** shall mean the sum of:
    - (i) the amount of gas National Gas Transmission reasonably expects (having taken into consideration all relevant information available to it, closely monitored the position and adjusted appropriately from time to time), the UK Continental Shelf, Norway and Interconnectors shall be capable of delivering onto the Total System on any Gas Flow Day in the period commencing at 05:00 on 1 October and ending at 05:00 on 1 April (as this period may be extended under paragraph 5.9.5), as published on its website;
    - (ii) an aggregate amount of gas which LNG Importation Facilities shall be deemed capable of delivering onto the Total System on any Gas Flow Day in the period commencing at 05:00 on 1 October and ending at 05:00 on 1 April (as this period may be extended under paragraph 5.9.5), (**“LNG<sub>d</sub>”**) determined as follows:

$$LNG_d = \text{Min} \left[ ECWC_d, \frac{US_d}{2} \right]$$

where:

Min means the lower of;

ECWC<sub>d</sub> means the expected cold weather capability of all LNG Importation Facilities for the Gas Flow Day which is equal to:

$$ECWC_d = \sum SEPLIF_p$$

where:

∑ means the sum of all System Entry Points comprised in all LNG Importation Facilities;

SEPLIF<sub>p</sub> means the 95<sup>th</sup> percentile of the Entry Point Daily Quantity Delivered at each System Entry Point comprised in each LNG Importation Facility within the period commencing at 05:00 on 1 October and ending at 05:00 on 1 April in the previous three Gas Years; and

US<sub>d</sub> means the aggregate of the usable stock at each LNG Importation Facility for the Gas Flow Day which is equal to:

$$US_d = SL_d - MSTL_d$$

where:

SL<sub>d</sub> means the aggregate volume of gas in stock in the tanks of each LNG Importation Facility for the relevant Gas Flow Day as it is notified to National Gas Transmission by the facility's Delivery Facility Operator; and

MSTL<sub>d</sub> means National Gas Transmission's determination of the aggregate of an amount of gas in respect of each LNG Importation Facility which is equal to the lowest volume of gas which has been held in stock at that facility at any time up to and including 15 September in the current Gas Year and in each of the whole of the previous two Gas

Years, provided that (i) such lowest volume of gas shall be increased by the amount which National Gas Transmission reasonably believes would have boiled off over the following 18 days at that facility; and (ii) where the value determined for that facility for the purposes of this MSTL<sub>d</sub> calculation exceeds the value so determined for the period commencing at 05:00 on 1 October 2019 and ending at 05:00 on 1 April 2020, the value so determined for the period commencing at 05:00 on 1 October 2019 and ending at 05:00 on 1 April 2020 shall apply; and

- (iii) the qualifying Storage Deliverability from relevant Storage Facilities over two (2) full Days at maximum withdrawal rates;
- (b) **“Two Day Ahead Minimum Storage Deliverability Amount”** means, a quantity of gas from the Safety Monitor for all Storage Facility Types that could be withdrawn from all relevant Storage Facility Types in two (2) Days at their respective maximum withdrawal rates; and
- (c) **“GBN Withdrawal Notice”** means a notice from National Gas Transmission issued where National Gas Transmission determines (in its reasonable opinion) that:
  - (i) there is no longer an actual or imminent risk to system safety; or
  - (ii) circumstances in which the quantities of gas on the Total System will be insufficient for the purpose of meeting the Forecast Total System Demand have ceased to exist.

For the purposes of this paragraph a Storage Facility will be a **“relevant”** Storage Facility if (i) it is a Storage Facility whose deliverability and/or storage space National Gas Transmission has used in the calculation of the Safety Monitor and (ii) the quantity of gas stored in that Storage Facility and available for withdrawal is greater than or equal to the quantity of gas that could be withdrawn from that Storage Facility in two (2) Days at its maximum withdrawal rate.

## 5.10 System Operator Commodity Charge Information

5.10.1 National Gas Transmission shall arrange for the information referred to in Annex V-2 (**“SO Commodity Charge Information”**) to be published in the manner and frequency specified in Annex V-2.

5.10.2 Where National Gas Transmission is not reasonably able to publish SO Commodity Charge Information in the manner and frequency set out in Annex V-2, the requirements of paragraph V5.10.1 shall not apply, and National Gas Transmission shall publish the SO Commodity Charge Information as soon as is reasonably practicable.

## 5.11 Transportation Revenue Information

In each calendar month the NTS Operator shall (subject to any confidentiality obligations to which it may from time to time be subject) arrange for the relevant information referred to in Annex V-3 (for the purposes of this paragraph 5.11 and Annex V-3, "**transportation revenue information**") to be published on such website as may be notified by the NTS Operator to Users from time to time, within 15 Business Days following the end of the immediately preceding calendar month (for the purposes of this paragraph 5.11 and Annex V-3, the "**immediately preceding month**").

## 5.12 DN Operator Cost Information

5.12.1 For the purposes of this paragraph 5.12 and Annex V4.

- (a) "**Quarter**" shall mean a three month period ending on November, February, May and August (inclusive) in any year;
- (b) "**Forecast Collected Revenue**" shall mean the DN Operator's reasonable estimate of the revenue to be recovered in respect of the relevant Formula Year referred to using such criteria as the DN Operator shall consider reasonably appropriate and having regard to the provisions of the DN Operator's Transportation Statement and any revenue or price control restrictions to which it may be subject from time to time (it being acknowledged that such estimate may be subject to revision from time to time);
- (c) "**Final Allowed Revenue**" shall mean an amount reasonably determined by the DN Operator on an accruals basis (based on such information as is reasonably available to it at the relevant time) of revenue recovered or to be recovered in respect of a relevant Formula Year (it being acknowledged that such amount may be subject to a re-determination from time to time);
- (d) The terms "**Z, F and K**" shall have the meanings attributed to them in the relevant DN Operator's Gas Transporters' Licence in respect of the relevant Formula Year;
- (e) references to incentives, payments and adjustments are to be construed in aggregate in the context of a Distribution Network;
- (f) "**Cost Information**" shall mean the information in respect of the relevant Formula Year set out in Annex V4 in the format prescribed from time to time, including any commentary as appropriate;
- (g) "**Required Date**" shall mean by the 10<sup>th</sup> Business Day following the end of the Quarter for which the information prescribed in Annex V4 is being provided.

5.12.2 A DN Operator shall arrange for the publication each Quarter of the Cost Information by the Required Date on the website of the Joint Office of Gas Transporters.

5.12.3 Cost Information beyond the expiry of the DN Operator price control period ending 31 March 2013 will be based on assumptions to be subject to further agreement between the DN Operators and Shippers.

## 5.13 Incident Communications



5.13.1 The Transporter shall, as soon as reasonably practicable after the occurrence of any of the incidents referred to in paragraph 5.13.2 below (subject always to any obligations of confidentiality and to any obligations (whether pursuant to any Legal Requirement or otherwise) which the Transporter may reasonably determine have a higher priority in the event of an incident) provide to relevant Users such information regarding the incident as is set out in the document entitled ‘Schedule for Shipper Communications in Incidents of CO Poisoning, Gas Fire/ Explosions and Local Gas Supply Emergency’ as such document may from time to time be amended by the Transporters upon notice to Users (the “**Shipper Incident Communication Procedure**”).

5.13.2 The incidents referred to in paragraph 5.13.1 above are:

- (a) explosions or fires due to an escape of gas;
- (b) incidents involving death or major injury due to carbon monoxide poisoning from gas; and
- (c) incidents resulting in a failure to supply more than 250 System Exit Points at any one time,

in each case as more particularly described and defined in the Shipper Incident Communication Procedure.

5.13.3 The Shipper Incident Communication Procedure shall contain the methods by which a User may obtain the information set out therein.

## **6 USER AGENTS**

### **6.1 User Agents general**

6.1.1 A User may, subject to and in accordance with this paragraph 6, appoint another person to be the agent of the User for the purposes of making and receiving Code Communications or particular Code Communications on behalf of the User.

6.1.2 For the purposes of the Code, a "**User Agent**" is a person who has been appointed as agent of a User in accordance with paragraph 6.1.1.

6.1.3 Subject to paragraph 6.4.3, a User may appoint more than one person as User Agent.

6.1.4 A person may be appointed as User Agent by more than one User.

6.1.5 In paragraph 6 references to Users, except in paragraph 6.5, include Trader Users and DNO Users.

6.1.6 The appointment of a User Agent by a Shipper User shall be effective for the purposes of the DSC as well as the Code.

6.1.7 This paragraph 6 shall be a CDSP-Related Provision for the purposes of GT Section D1.7.2.

### **6.2 User Agent for UK Link Communications**

6.2.1 A person who is a User or another UK Link User may be appointed as User Agent (a

"UK Link User Agent") for the purposes of making and receiving Code Communications as UK Link Communications.

- 6.2.2 A UK Link User Agent may be appointed for the purposes of making and receiving on behalf of the appointing User Code Communications within all or any of the categories specified (for the purposes of this paragraph 6.2) in the UK Link Manual.
- 6.2.3 The scope of a UK Link User Agent's authority may not be limited other than by reference to the categories referred to in paragraph 6.2.2; and a UK Link User Agent will at all times be authorised to make and receive any Code Communication on behalf of the appointing User within the category(ies) for which they are appointed.
- 6.2.4 The appointing User may change the categories of Code Communication for which a UK Link User Agent is appointed by giving notice to the Transporters and the CDSP to that effect specifying the changed categories in accordance with paragraph 6.2.2 and the date in accordance with paragraph 6.3.4 with effect from which such change is to take effect.
- 6.2.5 A User shall terminate (in accordance with paragraph 6.3.3) the appointment of a UK Link User Agent if the agent ceases to be a UK Link User.

### **6.3 User Agent appointment**

- 6.3.1 A User wishing to appoint a User Agent shall give notice to the Transporters and the CDSP:
- (a) specifying the identity of the appointing User and the proposed User Agent;
  - (b) specifying the categories of Code Communication (in the case of UK Link Communications, in accordance with paragraph 6.2.2) for which the User Agent is to be appointed, or specifying that the User Agent is appointed for all such categories; and
  - (c) specifying the Day in accordance with paragraph 6.3.4 with effect from which the appointment is to take effect.
- 6.3.2 The appointment of the User Agent shall be effective from the Day specified in accordance with paragraph 6.3.1(c), and shall continue, subject to any change under paragraph 6.2.4, until terminated in accordance with paragraph 6.3.3.
- 6.3.3 The appointing User may terminate the appointment of a User Agent by giving notice to the Transporters and the CDSP to that effect specifying the date in accordance with paragraph 6.3.4 with effect from which such termination is to take effect.
- 6.3.4 The date with effect from which a User Agent is appointed, or the categories of Code Communication for which a UK Link User Agent is appointed may be changed, or the appointment of a User Agent may be terminated, shall be not less than 5 Business Days after the User's notice to the Transporters and the CDSP thereof; provided that upon the User's request in exceptional circumstances the Transporters will endeavour to accommodate notice (of any such matter) of a lesser period.

### **6.4 User Agent effect of appointment**

- 6.4.1 A Code Communication given by a User Agent shall identify the appointing User on whose behalf the Code Communication is given, and (subject to paragraph 6.4.2) shall not be effective unless it does so.
- 6.4.2 Where a User Agent who is itself a User gives any Code Communication which does not state that it is given on behalf of an appointing User and identify that User, such Code Communication shall be treated as given by the User Agent on its own account in its capacity as User.
- 6.4.3 Any Code Communication given by a User Agent within the categories for which such agent is appointed shall be deemed to have been given by and shall be binding on the appointing User, and the Transporters and the CDSP shall be entitled without enquiry as to the agent's authority to rely on such Code Communication for all purposes of the Code.
- 6.4.4 A User who has appointed a User Agent may continue itself to give Code Communications.
- 6.4.5 Where a User has appointed one or more User Agents:
- (a) the User shall be responsible for ensuring that the actions of the User and each such agent are not in conflict;
  - (b) where any Code Communication is given by the User or any such agent:
    - (i) to the extent any further Code Communication is subsequently given by any of them which (in accordance with the Code) is effective to modify or revoke the earlier Code Communication, the earlier Code Communication shall be so modified or revoked;
    - (ii) except as provided in paragraph (i), any Code Communication subsequently given by any of them which conflicts with the earlier Code Communication will be disregarded.
- 6.4.6 No Transporter shall be responsible, and the CDSP shall not be responsible, for any unauthorised use or disclosure by a User Agent of information relating to the appointing User (whether or not obtained, in the case of a UK Link User Agent, in its capacity as UK Link User).

## **7 TRANSPORTER AS USER**

### **7.1 User Capacities**

7.1.1 This paragraph 7 applies where:

- (a) under any provision of the Code a Transporter (the "**relevant Transporter**") is referred to as a User;
- (b) the Transporter who owns or operates the System(s) in respect of which the relevant Transporter is such User, is the same person as that Transporter.

7.1.2 The provisions referred to in paragraph (a), and the capacities ("**Transporter User Capacities**") in which the Transporter is referred to as User thereunder, are:

- (a) in relation to the NTS, as follows:
  - (i) the provisions of Section B and J under which the Transporter is the holder of NTS Offtake Capacity and in connection with the offtake of gas at NTS/LDZ Offtakes;
  - (ii) the provisions of Section K under which the Transporter for Operating Margins Purposes is a User in respect of relevant System and Storage Facilities;
  - (iii) the provisions of Section N under which the Transporter as NTS Shrinkage Provider and as LDZ Shrinkage Provider is a User of the NTS;
  - (iv) the provisions of Section R under which National Gas Transmission LNG Storage may be a User in respect of the NTS;
- (b) in relation to an LDZ, under the provisions of Section J under which the DNO User is a User of the relevant System in connection with the offtake of gas at LDZ/LDZ Offtakes;
- (c) in relation to any System, the provisions of paragraph 1.2.2.

7.1.3 Where a User becomes a Discontinuing User following a Termination Notice under paragraph 4.3, the Transporter shall not be taken to be acting as User by reason of the fact that it may, for administrative or other purposes (including any purposes in connection with such an undertaking as is referred to in Section F4.5.6) establish particular arrangements (including any arrangements within UK Link) to account for gas offtaken at Supply Meter Points of which the User was Registered User.

## **7.2 Effect of relevant provisions**

7.2.1 For the purposes of giving effect to the provisions referred to in paragraph 7.1, the Transporter will:

- (a) account for payments to be made to and by it pursuant to the Code in each Transporter User Capacity;
- (b) account (in particular in applying the provisions of Section E as to the determination of quantities delivered to and offtaken from the Total System) for the quantities of gas delivered and offtaken from the Total System by it in each Transporter User Capacity;
- (c) in particular, in determining the amounts of Market Balancing Action Charges, other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements, Balancing Charges payable and quantities of gas delivered to the Total System by National Gas Transmission in each Transporter User Capacity;
- (d) secure that accounting records are maintained sufficient to allow separate identification of the payments referred to in paragraph (a) and the calculation of the amounts of such payments;

- (e) nominate personnel in respect of each relevant Transporter User Capacity, each of which shall be treated as the Authorised Representative(s) of a separate UK Link User for the purposes of the UK Link Terms and Conditions, and conduct operations under the Code in accordance with that Section separately in respect of each such capacity.
- 7.2.2 Nothing in the Code shall require the Transporter to establish separate subsidiaries, or (other than as provided in paragraph 7.2.1) to prepare separate accounts, or to maintain separate bank accounts, in respect of the Transporter User Capacities; nor to give any Code Communication (other than under Contingency Procedures) which is not to be given as a UK Link Communication.
- 7.2.3 The Code shall, to the extent of any reference to the Transporter (including National Gas Transmission LNG Storage) as User, be construed in accordance with this paragraph 7.

## **8 LIABILITY AND RELATED ISSUES**

### **8.1 Limitation of liability**

- 8.1.1 Subject to the further provisions of this paragraph 8, each Party agrees and acknowledges that:
- (a) no Party shall be liable to any other Party for loss arising from any breach of the Code, a Framework Agreement or an Ancillary Agreement, other than (but without prejudice to any other provision of the Code or an Ancillary Agreement which excludes or limits liability in respect of any breach) for loss directly resulting from such breach and which at the relevant date was reasonably foreseeable as not unlikely to occur in the ordinary course of events from such breach in respect of:
    - (i) physical damage to the property of any other Party; and/or
    - (ii) the liability (in law) of any other such Party to any other person for loss in respect of physical damage to the property of such person;
  - (b) no Party shall in any circumstances be liable in respect of any breach of the Code, a Framework Agreement or any Ancillary Agreement to any other Party for:
    - (i) any loss of profit, loss of revenue, loss of use, loss of contract, loss of goodwill, or increased cost of working; or
    - (ii) any indirect or consequential loss; or
    - (iii) except as provided in paragraphs 8.1.1(a)(ii) and 8.1.5, loss resulting from the liability of any other Party to any other person howsoever and whensoever arising.
- 8.1.2 For the purposes of paragraph 8.1.1(a) the "**relevant date**" is the date of the relevant Framework Agreement or as the case may be of an Ancillary Agreement, except that where the breach in question would not have been a breach of the Code but for a modification (pursuant to the Modification Rules or the Transporter's Licence) of the

Code, the relevant date shall be the date of such modification.

- 8.1.3 The amount or amounts for which a Party may be liable to any other Party or Parties pursuant to paragraph 8.1.1(a) in respect of any one event or circumstance constituting or resulting in the first Party's breach of a provision of the Code, a Framework Agreement and/or any Ancillary Agreement shall not exceed:
- (a) as respects the liability of the Transporter to any one User or of any one User to the Transporter, £1,000,000;
  - (b) as respects the liability in aggregate of the Transporter to Users collectively or of Users collectively to the Transporter, £10,000,000.
- 8.1.4 Paragraph 8.1.1 is without prejudice to any provision of the Code or any Ancillary Agreement which provides for an indemnity, or which provides for any Party to make a payment to another.
- 8.1.5 Nothing in the Code or any Ancillary Agreement shall exclude or limit the liability of any Party for death or personal injury resulting from the negligence of such Party.
- 8.1.6 In this paragraph 8 references to Users include DNO Users.
- 8.1.7 Liability as between a User or Users and the CDSP is addressed in the DSC.

## **8.2 Exclusion of certain rights and remedies**

- 8.2.1 The rights and remedies of the Parties pursuant to the Code, a Framework Agreement and any Ancillary Agreement exclude and are in place of any rights or remedies of any Party in tort (including negligence and nuisance) or misrepresentation in respect of the subject matter of the Code, a Framework Agreement or such Ancillary Agreement; and accordingly, but without prejudice to paragraphs 8.1.5 and 8.2.4, each Party (to the fullest extent permitted by law):
- (a) waives any rights or remedies; and
  - (b) releases each other Party from any duties or liabilities
- arising in tort or misrepresentation in respect of the subject matter of the Code, a Framework Agreement or such Ancillary Agreement.
- 8.2.2 Without prejudice to paragraph 8.2.1, where any provision of the Code or any Ancillary Agreement provides for any amount to be payable by a Party upon or in respect of that Party's breach of any provision of the Code, a Framework Agreement or any Ancillary Agreement, each Party agrees and acknowledges that the remedy conferred by such provision is exclusive of and is in substitution for any remedy in damages in respect of such breach or the event or circumstance giving rise thereto.
- 8.2.3 For the avoidance of doubt, nothing in this paragraph 8 shall prevent any Party from or restrict it in enforcing any obligation (including suing for a debt) owed to it under or pursuant to the Code, a Framework Agreement or any Ancillary Agreement.
- 8.2.4 Nothing in this paragraph 8 shall constitute a waiver by any Party of any right or remedy it may have (other than pursuant to the Code) in respect of a breach by any

other Party of any Legal Requirement.

- 8.2.5 Subject to any provision of the Code pursuant to which the Transporters collectively assume any obligation or liability:
- (a) only the relevant Transporter owes any obligation pursuant to the Code to any Shipper User; and
  - (b) each Shipper User:
    - (i) waives any rights or remedies against any Transporter other than the relevant Transporter; and
    - (ii) releases each other Transporter from any duties or liabilities arising in tort (including negligence and nuisance) or misrepresentation in respect of the subject matter of the Code, a Framework Agreement or any Ancillary Agreement

in relation to a System Point on a particular System.

- 8.2.6 GT Section B6.4.1 shall not apply in relation to the terms in paragraph 8.2.5(b) which may accordingly be enforced by a Transporter other than the relevant Transporter, but without prejudice to GT Section B6.4.2.

### **8.3 Effect of this paragraph**

- 8.3.1 Each provision of this paragraph 8 shall be construed as a separate and severable contract term, and shall as respects any Discontinuing User survive that User's ceasing to be a User.
- 8.3.2 Each Party acknowledges and agrees that the provisions of this paragraph 8 have been the subject of discussion and negotiation and are fair and reasonable having regard to the circumstances as at the date of the Framework Agreement.

### **8.4 Liquidated damages**

Where any provision of the Code provides for any amount to be payable by a Party upon or in respect of that Party's breach of any provision of the Code, each Party agrees and acknowledges that such provision has been the subject of discussion and negotiation, and that the amount provided to be payable represents no more than a genuine pre-estimate of the loss of the Party to which such amount is payable.

### **8.5 Indemnities**

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

- (a) as respects the liability of the Transporter to any one User or of any one User to the Transporter, £1,000,000;
- (b) as respects the liability in aggregate of the Transporter to Users collectively or of Users collectively to the Transporter, £20,000,000.

## **9 NEUTRALITY AND AGGREGATE NDM RECONCILIATION AUDITOR; OPERATIONS REPORTING**

### **9.1 Neutrality Auditor**

9.1.1 National Gas Transmission will, subject to paragraphs 9.1.3 and 9.1.4, appoint in accordance with paragraph 9.2.1 a person eligible for appointment as a company auditor (within the meaning of Part II of the Companies Act 1989) to conduct a review (after the relevant period) of whether, in the opinion of such person, in each relevant period, in calculating Neutrality Charges and Relevant Incentive Charges, National Gas Transmission has complied in material respects with applicable provisions of the Code.

9.1.2 For the purposes of paragraphs 9.1 to 9.3:

- (a) **"Neutrality Charges"** means Balancing Neutrality Charges and Reconciliation Neutrality Charges;
- (b) **"Relevant Incentive Charges"** are Capacity Neutrality Charges (under Section B2.12.9(a)) and User Daily Incentive Amounts (under Section D3.4.2(b));
- (c) **"relevant period"** means each Gas Year or any other period (whether shorter or longer than a Gas Year) proposed by National Gas Transmission after consultation with the Uniform Network Code Committee or any relevant Sub-committee where the Authority (upon National Gas Transmission's application) gives Condition A11(18) Approval to National Gas Transmission's implementing this paragraph 9.1 on the basis of such other period;
- (d) the person appointed under paragraph 9.1.1 in respect of a relevant period is the **"Neutrality Auditor"**.

9.1.3 A Neutrality Auditor may not be appointed for a relevant period:

- (a) where National Gas Transmission proposes after consultation with the Uniform Network Code Committee or any relevant Sub-committee and where the Authority (upon National Gas Transmission's application) gives Condition A11(18) Approval that such Neutrality Auditor not be appointed; or
- (b) where:
  - (i) pursuant to this paragraph 9.1.3 a Neutrality Auditor was not appointed for the immediately prior relevant period; and
  - (ii) National Gas Transmission reasonably determines that such Neutrality Auditor should not be appointed after consultation with the Uniform Network Code Committee or any relevant Sub-committee, unless (upon the application of National Gas Transmission or any User made within 10 Business Days after National Gas Transmission notified to Users the decision of the Uniform Network Code Committee or Sub-committee) the Authority in any case shall give Condition A11(18) Disapproval.

9.1.4 In the event that a Neutrality Auditor is appointed for a relevant period following relevant period(s) where (pursuant to paragraph 9.1.3) the Neutrality Auditor was not appointed, they may not review any prior relevant period unless expressly instructed by



the Uniform Network Code Committee in accordance with paragraph 9.2.1.

- 9.1.5 In this paragraph 9 references to Users include Trader Users, except in relation to paragraphs 9.5, 9.6 and 9.7, and exclude DNO Users.

## **9.2 Basis and terms of appointment**

- 9.2.1 The person appointed as Neutrality Auditor for each relevant period, and the period and (subject to the further provisions of this paragraph 9.2) the terms of their appointment, including the scope and objectives of the review under paragraph 9.1.1, shall be the person, period and terms from time to time agreed by the Uniform Network Code Committee or any relevant Sub-committee, unless (upon the application of National Gas Transmission or any User made within 10 Business Days after National Gas Transmission notified to Users the decision of the Uniform Network Committee or Sub-committee) the Authority in any case shall give Condition A11(18) Disapproval to National Gas Transmission's making an appointment of the Neutrality Auditor on such basis (in which case National Gas Transmission will arrange for an alternative proposal to be considered by the Uniform Network Code Committee or any relevant Sub-committee).

- 9.2.2 The terms of appointment will require that:

- (a) the Neutrality Auditor shall present to and discuss with National Gas Transmission its draft findings before reporting under paragraph (b);
- (b) the Neutrality Auditor shall report their findings to National Gas Transmission and the Uniform Network Code Committee or any relevant Sub-committee;
- (c) without prejudice to paragraph (b), the Neutrality Auditor shall agree to permit a representative of each User to attend a meeting of the Uniform Network Code Committee or any relevant Sub-committee at which the Neutrality Auditor's report is presented;
- (d) the Neutrality Auditor shall undertake, in reasonable terms, to keep confidential the information disclosed to the Neutrality Auditor in the course of its review.

- 9.2.3 A copy of the Neutrality Auditor's full report will be provided by National Gas Transmission to each User and to the Authority.

- 9.2.4 The fees and costs of the Neutrality Auditor will be paid by National Gas Transmission and recovered from Users as follows:

- (a) before each relevant period the fees and costs of the Neutrality Auditor will be estimated by National Gas Transmission and the amount of such estimate, divided by the number of months in the relevant period will be an additional Monthly Adjustment Neutrality Cost under Section F4.5.3(a)(v) for each month in the relevant period;
- (b) when the Neutrality Auditor's final account for the relevant period is rendered, the amount of the difference between the amount thereof and the estimate under paragraph (a) will be an additional Monthly Adjustment Neutrality Cost under Section F4.5.3(a)(v) or (as the case may be) an additional Monthly Adjustment Neutrality Revenue under Section F4.5.3(b)(iv) for the month following that in

which it is rendered.

### **9.3 Effect of Neutrality Auditor's report**

- 9.3.1 Where the report of the Neutrality Auditor contains a recommendation to the effect that the provisions of the Code as to the calculation of Neutrality Charges and Relevant Incentive Charges would be materially better implemented by a change in the procedures and controls adopted by National Gas Transmission for such calculation, National Gas Transmission will take all reasonable steps to comply with such recommendations, unless the Authority shall upon the application of National Gas Transmission give Condition A11(18) Approval to its not doing so.
- 9.3.2 Nothing in the report of the Neutrality Auditor shall entitle any User or National Gas Transmission to require any recalculation of, or to any adjustment in respect of, or to withhold payment or require repayment of, any Neutrality Charges and Relevant Incentive Charges, nor give rise to any liability of National Gas Transmission to any User in respect thereof.

### **9.4 Operations reporting**

- 9.4.1 National Gas Transmission will, in accordance with the Uniform Network Code Operations Reporting Manual, and subject to paragraph 9.4.3, publish each month and at such other intervals as may be specified in such manual, information relating to:
- (a) the implementation by National Gas Transmission of certain provisions of the Code, including the Operational Balancing Steps taken by National Gas Transmission;
  - (b) the operations of Users pursuant to certain provisions of the Code.
- 9.4.2 For the purposes of the Code the "**Uniform Network Code Operations Reporting Manual**" is the document so entitled prepared and (subject to paragraph 9.4.5) governed in accordance with [Section V12 of the UNC TPD].
- 9.4.3 In accordance with the Uniform Network Code Operations Reporting Manual, the form in which information under paragraph 9.4.1(b) is provided:
- (a) to a User, will identify that User in the context of the information which relates to that User, but will not identify any other User in the context of the information which relates to such other User;
  - (b) to the Authority, will identify each User in the context of the information which relates to such User;
  - (c) to any other person, will not identify any User in the context of the information which relates to such User.
- 9.4.4 Each User hereby authorises National Gas Transmission to publish in accordance with paragraph 9.4.1 such information relating to such User, in such form, as is provided for in the Uniform Network Code Operations Reporting Manual.
- 9.4.5 If National Gas Transmission proposes to revise the Uniform Network Code Operations Reporting Manual, it shall obtain prior approval by Panel Majority of the Uniform

Network Code Committee, and if such revision materially increases the extent of the information relating to Users to be published pursuant thereto:

- (a) National Gas Transmission will notify Users of its proposal not less than one month before implementing such proposal;
- (b) any User may, within 14 Days after National Gas Transmission's notification under paragraph (a), notify National Gas Transmission that the User objects to such revision, providing reasonable details of the grounds for the User's objection;
- (c) if a User so notifies an objection to National Gas Transmission, National Gas Transmission will not implement the revision unless the Authority shall (upon National Gas Transmission's application) give Condition A11(18) Approval to its doing so.

## 10 COMPENSATION

### 10.1 Introduction

10.1.1 For the purposes of this paragraph 10:

- (a) "**Compensation Rule**" means a rule pursuant to the Code, identified as such and providing for the Transporter or Transporters to pay an amount by way of compensation to Users;
- (b) "**Compensation Year**" means a period of 12 months expiring 31 March in any year;
- (c) "**Compensation Provisions**" means the provisions of the Code which establish a Compensation Rule;
- (d) "**Compensation Group**" means a group of Compensation Rules, such groups being designated as Groups A to L inclusive, and the Compensation Group to which each Compensation Rule belongs being specified in the relevant Compensation Provisions;
- (e) the "**Group Limit**" in respect of each Compensation Group is as follows:
  - (i) for each of Groups A, B, C and D: £5,000,000;
  - (ii) for Group G: £4,000,000 in respect of Larger Supply Points and £1,000,000 in respect of Smaller Supply Points;
  - (iii) for Group H: £1,000,000 in respect of Larger Supply Points and £1,000,000 in respect of Smaller Supply Points;
  - (iv) for Group J: £2,500,000 in respect of Larger Supply Points;
- (f) an amount is "**adjusted**" where it has been adjusted pursuant to paragraph 10.2.2 and/or 10.2.3, and otherwise is "**unadjusted**".

10.1.2 In this paragraph 10 references to Users exclude Trader Users and DNO Users.

**10.2 Aggregate payment caps**

10.2.1 The aggregate amount payable pursuant to all of the Compensation Rules in any Compensation Group (excluding amounts in respect of interest) by the Transporters to all Users in respect of any month (month ‘n’, where n is 1 for the first month in the Compensation Year, 2 for the second such month, and so on) in any Compensation Year shall not exceed an amount (the "**Monthly Available Compensation Amount**") determined as the lesser of:

$$(CML - PP) * SF$$

or

$$GLI * SF$$

where:

CML is the cumulative monthly limit for that Group calculated as:

$$GL * n / 12$$

where GL is the amount of the Group Limit;

PP is zero (0) in relation to month 1, and otherwise is the aggregate amount (adjusted pursuant to paragraphs 10.2.2 and 10.2.3) payable pursuant to all of the Compensation Rules in the relevant Compensation Group in respect of months 1 to n-1 inclusive;

GLI the aggregate unadjusted amount payable pursuant to all of the Compensating Rules in the Compensation Group in respect of month n;

SF is a scaling factor which shall be the lesser of one (1) and a factor determined as:

$$\frac{(50,000,000 * n) / 12 - APP}{AMC}$$

where:

APP is the sum, for all Compensation Groups, of the amounts PP in relation to months 1 to n-1;

AMC is the sum, for all Compensation Groups, of the lesser of:

(1) GLI;

or

(2) the cumulative monthly limit CML for the Compensation Group in relation to month n less PP.

10.2.2 Where in respect of any month the aggregate unadjusted amount payable by the Transporters pursuant to all of the Compensation Rules in any Compensation Group would exceed the applicable Monthly Available Compensation Amount, determined in accordance with paragraph 10.2.1 but on the basis of a scaling factor SF equal to one,

the amounts payable by the Transporters to Users pursuant to each Compensation Rule in respect of that month shall be reduced pro rata so that the aggregate of such reduced amounts is equal to the Monthly Available Compensation Amount.

- 10.2.3 The amounts, adjusted in accordance with paragraph 10.2.2, payable by the Transporters to Users pursuant to each Compensation Rule in respect of that month shall be further adjusted by the scaling factor SF.

### **10.3 Invoicing and payment**

- 10.3.1 Subject to paragraphs 10.3.2 and 10.3.3, amounts payable by the Transporters pursuant to each Compensation Rule will be invoiced and are payable in accordance with Section S.
- 10.3.2 Any amount payable by the Transporters pursuant to a Compensation Rule will be payable not later than the 15th Day of the payment month (which date will be the Invoice issue date in respect of an Invoice Document in respect of any such amounts).
- 10.3.3 Where (whether or not by reason of the Invoice Document being submitted after such date) the Transporters make payment after the date referred to in paragraph 10.3.2, the Transporters will pay interest on the amount payable with effect from such date, provided that until the last Day of the payment month the Applicable Interest Rate shall be the rate under Section S3.6.4(b).
- 10.3.4 The Transporters will provide by way of supporting data with each relevant Invoice Document reasonable details of the basis on which the Invoice Amounts (pursuant to a Compensation Rule) are calculated (not for the avoidance of doubt including details of the calculations of any Compensation Relevant Value).
- 10.3.5 For the purposes of this paragraph 10.3 (as it applies for the purposes of any Compensation Rule), the "**payment month**" is the month specified in the relevant Compensation Provisions.
- 10.3.6 Where pursuant to any Compensation Rule any amount is payable by the Transporters (rather than by a Transporter individually):
- (a) the Transporters will notify each User of the amount payable by each Transporter to the User for a month (which amounts shall in aggregate be equal to the amount determined as payable to the User under the Compensation Rule);
  - (b) each Transporter shall pay such User the amount so notified.

### **10.4 Force Majeure**

Where by reason of Force Majeure a Transporter is unable to comply in any case with any requirement by reference to which a Compensation Rule applies, the Transporter(s) shall not be treated as having failed to comply with such requirement in such case for the purposes of the Compensation Provision (and for the purposes of any relevant aggregate requirement) including whether the Transporter(s) have complied with the requirement in a given percentage of cases.

### **10.5 Audit**

For the purposes of paragraphs 10.7 to 10.9 (providing for the review by the Compensation Value Auditor of the determination of Compensation Relevant Values):

- (a) in relation to each Compensation Group, the maximum aggregate amount payable in a month pursuant to paragraph 10.2 is a Compensation Relevant Value;
- (b) in relation to each Compensation Rule referred to in paragraph 10.1, the relevant percentage is a Compensation Relevant Value.

## 10.6 Disapplication

10.6.1 If at any time the Transporters shall have delivered a dis-application request pursuant to Special Condition 9.6 of the Transporter's Licence, or the equivalent provision in any condition of that licence which may apply following any modification of that licence, then if the Transporters shall give notice to the Authority not less (except with the consent of the Authority) than 9 months before the dis-application date (as defined in that condition), all Compensation Rules and the related Compensation Provisions shall cease to have effect with effect from the dis-application date.

10.6.2 If the Transporters give notice under paragraph 10.6.1 they will so inform Users as soon as reasonably practicable after doing so.

## 10.7 Compensation Value Auditor

10.7.1 The Transporters will, subject to paragraphs 10.7.3 and 10.7.4, appoint a person eligible for appointment as a company auditor (within the meaning of Part II of the Companies Act 1989) to conduct a review (after the relevant period) of whether, in the opinion of such person, in each relevant period, in determining the values of Compensation Relevant Values, each Transporter has complied in material respects with applicable provisions of the Code.

10.7.2 For the purposes of this paragraph 10:

- (a) a "**Compensation Relevant Value**" is the value of any amount or percentage, by reference to which (pursuant to particular provisions of the Code) the amount or maximum amount payable by the Transporters by way of compensation to Users is determined, specified as being such in any provision of the Code;
- (b) "relevant period" means:
  - (i) the period from the UNC Implementation Date until 30 September 2005; and
  - (ii) thereafter, each Gas Year or any other period (whether shorter or longer than a Gas Year, but not shorter than 3 months) proposed by the Transporters after consultation with the Uniform Network Code Committee or any relevant Sub-committee where the Authority (upon the Transporters' application) gives Condition A11(18) Approval to the Transporters implementing this paragraph 10 on the basis of such other period;
- (c) the person appointed under paragraph 10.7.1 in respect of a relevant period is

the "**Compensation Value Auditor**".

10.7.3 A Compensation Value Auditor may not be appointed for a relevant period:

- (a) where the Transporters propose after consultation with the Uniform Network Code Committee or any relevant Sub-committee and where the Authority (upon the Transporters application) gives Condition A11(18) Approval that such Compensation Value Auditor not be appointed; or
- (b) where:
  - (i) pursuant to this paragraph 10.7.3 a Compensation Value Auditor was not appointed for the immediately prior relevant period; and
  - (ii) the Transporters reasonably determine that such Compensation Value Auditor should not be appointed after consultation with the Uniform Network Code Committee or any relevant Sub-committee, unless (upon the application of the Transporters or any User made within 10 Business Days after the Transporters notified to Users the decision of the Uniform Network Code Committee or Sub-committee) the Authority in any case shall give Condition A11(18) Disapproval.

10.7.4 In the event that a Compensation Value Auditor is appointed for a relevant period following relevant period(s) where (pursuant to paragraph 9.1.3) the Compensation Value Auditor was not appointed, they may not review any prior relevant period unless expressly instructed by the Uniform Network Code Committee in accordance with paragraph 10.8.1.

## **10.8 Basis and terms of appointment**

10.8.1 The person appointed as Compensation Value Auditor for each relevant period, and the period and (subject to the further provisions of this paragraph 10.8) the terms of their appointment, including the scope and objectives of the review under paragraph 10.7.1, shall be the person, period and terms agreed by the Uniform Network Code Committee or any relevant Sub-committee, unless (upon the application of the Transporters or any User made within 10 Business Days after the Transporters notify to Users the decision of the Uniform Network Code Committee or Sub-committee) the Authority in any case shall give Condition A11(18) Disapproval to the Transporters making an appointment on such basis (in which case the Transporters will arrange for an alternative proposal to be considered by the Network Code Committee of any relevant sub-committee).

10.8.2 The terms of appointment will require that:

- (a) the Compensation Value Auditor shall present to and discuss with the Transporters its draft findings before reporting under paragraph (b);
- (b) the Compensation Value Auditor shall report their findings to the Transporters and the Uniform Network Code Committee or any relevant Sub-committee;
- (c) without prejudice to paragraph (b), the Compensation Value Auditor shall agree to permit a representative of each User to attend a meeting of the Uniform Network Code Committee or any relevant Sub-committee at which the Compensation Value Auditor's report is presented;

- (d) the Compensation Value Auditor shall undertake, in reasonable terms, to keep confidential the information disclosed to the Compensation Value Auditor in the course of its review.

10.8.3 A copy of the Compensation Value Auditor's full report will be provided by the Transporters to each User and to the Authority.

10.8.4 The fees and costs of the Compensation Value Auditor will be paid by the Transporters and (subject to paragraph 10.8.5) recovered from Users as follows:

- (a) before each relevant period the fees and costs of the Compensation Value Auditor will be estimated by the Transporters and the amount of such estimate, divided by the number of months in the relevant period will be an additional Monthly Adjustment Neutrality Cost under Section F4.5.3(a)(v) for each month in the relevant period;
- (b) when the Compensation Value Auditor's final account for the relevant period is rendered, the amount of the difference between the amount thereof and the estimate under paragraph (a) will be an additional Monthly Adjustment Neutrality Cost under Section F4.5.3(a)(v) or (as the case may be) an additional Monthly Adjustment Neutrality Revenue under Section F4.5.3(b)(iv) for the month following that in which it is rendered.

10.8.5 Where a report of the Compensation Value Auditor contains a finding that the Transporter (or the Transporters) failed in a material respect to determine a Compensation Relevant Value in accordance with the applicable provisions of the Code, that part of the fees and costs of the Compensation Value Auditor certified by the auditor as relating to the review (under paragraph 10.7.1) in respect of that Compensation Relevant Value shall be borne by the Transporters and not recovered from Users pursuant to paragraph 10.8.4.

## **10.9 Effect of Compensation Value Auditor's report**

Where the report of the Compensation Value Auditor contains a recommendation to the effect that the provisions of the Code as to the determination of Compensation Relevant Values would be materially better implemented by a change in the procedures adopted by the Transporters for such determination, the Transporters will take all reasonable steps to comply with such recommendation, unless the Authority shall upon the application of the Transporters give Condition A11(18) Approval to its not doing so.

## **11 GENERAL**

### **11.1 Suppliers and Consumers**

11.1.1 Where:

- (a) the Code provides for the Transporter to do anything at or affecting any Supply Point Premises or the offtake of gas from the Total System at any Supply Point;
- (b) in doing that thing the Transporter complies with the requirements of the Code and any other agreement with the User, supplier or consumer in relation thereto, does not act unlawfully, and is not negligent; and



- (c) by reason of the Transporter doing that thing the consumer or supplier suffers loss or damage or claims to have done so or otherwise makes any claim or complaint or brings any action or proceeding against the Transporter (other than pursuant to a contract between the Transporter and such consumer or supplier)

the User or each User which is (at the time at which the Transporter does such thing) the Registered User in respect of the relevant Supply Point shall indemnify the Transporter and hold it harmless against any liability to such consumer or supplier in respect of any such loss damage, claim, complaint, action or proceeding, and all costs and expenses incurred in connection therewith.

11.1.2 Nothing in the Code or a Framework Agreement or (except as may be expressly provided therein) an Ancillary Agreement shall be construed as imposing upon the Transporter any obligation or duty to or enforceable by a consumer or a supplier; and no User shall make any commitment to any supplier or consumer binding on or purporting to bind the Transporter.

11.1.3 Nothing in the Code, a Framework Agreement or any Ancillary Agreement shall prevent the Transporter from exercising any right or remedy which it may have against a consumer or supplier at law or pursuant to the Act or otherwise.

11.1.4 In this paragraph 11.1 references to a Supply Points include CSEP Supply Points.

11.1.5 For the purposes of this paragraph 11.1, in relation to a CSEP Supply Point:

- (a) a reference to the offtake of gas from the Total System is to the offtake of gas from the IGT System at the IGTS Supply Point;
- (b) a reference to a consumer, supplier or premises is to the consumer, supplier or premises at the IGTS Supply Point;
- (c) a reference to a User is to an IGTS User; and
- (d) a reference to the Registered User, is to the User (as IGTS User) which is the Registered IGTS User of the corresponding IGTS Supply Point in accordance with IGTAD Section A2.1.

11.1.6 Where a User receives a distributed payment for consumer compensation it will relay the distributed payment to the Supplier, or in the absence of any Supplier direct to the end consumer, within 10 Business Days of receipt of the distributed payment.

## **11.2 Transporter performance**

11.2.1 In relation to exercising its discretions and performing obligations under the Code the Transporter shall at all times:

- (a) act in a reasonable and prudent manner in relation to the management and operation of each of its Systems; and
- (b) act reasonably and in good faith in its dealings with Users;

save that the foregoing shall not apply to the extent that:

- (i) there is any standard of performance already provided for by any

statute, regulation or licence condition to which the Transporter is subject; or

- (ii) the Transporter would thereby be required to act in a manner which would conflict with any Legal Requirement.

11.2.2 For the avoidance of doubt the operation of this paragraph 11.3 shall not prevent the Transporter from performing any obligation under the Code.

### **11.3 Trader User Requirements**

A Trader User shall not knowingly or recklessly pursue any course of conduct (either alone or with some other person) which is likely to prejudice:

- (a) the safe and efficient operation by National Gas Transmission of the NTS;
- (b) the safe, economic, and efficient Operational Balancing of the Total System;
- (c) the due functioning of the arrangements set out in National Gas Transmission’s Network Code.

## **12 GENERAL PROVISIONS RELATING TO UNC RELATED DOCUMENTS**

### **12.1 Purpose**

The purpose of this Section is to establish generic governance arrangements in respect of the following UNC Related Documents (each a “**Document**” and collectively the “**Documents**”):

- (a) Network Code Operations Reporting Manual as referenced in Section V9.4;
- (b) Network Code Validation Rules referenced in Section M5.3.3;
- (c) ECQ Methodology as referenced in Section Q6.1.1(c);
- (d) Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ Measurement Installations as referenced in OAD Section D3.1.5.
- (e) the Distribution Network Operator Designated Class 1 Guidance Document referred to in Section B4.7 and the Customer Settlement Error Claims Process Guidance Document referenced in Section E1.3.10; and
- (f) the Derogation Guidance Document referred to in GT Section B7.

### **12.2 Publication Requirements**

Each Document shall be kept up to date and published by the Transporters on the Joint Office of Gas Transporters website.

### **12.3 Modifications**

Should a User or Transporter wish to propose modifications to any of the Documents, such proposed modifications shall be submitted to the Uniform Network Code

Committee and considered by the Uniform Network Committee or any relevant sub-committee where the Uniform Network Committee so decide by majority vote.

## 12.4 Approved Modifications

12.4.1 If the event that the a proposed modification is approved by a majority vote of the Uniform Network Code Committee, the modification shall be implemented. Where the Uniform Network Code Committee fails to achieve majority approval the proposed modification shall be considered in accordance with the provisions set out in Section 7 of the Uniform Network Code Modification Rules unless the Uniform Network Code Committee determines otherwise.

12.4.2 Each revised version of a Document shall be version controlled and retained by the Transporters. It shall be made available on the Joint Office of Gas Transporters website.

## 13 NTS CONNECTIONS

### 13.1 Connection Applications

13.1.1 If a User or any other person (the “**Connection Applicant**”) wishes to request:

- (a) a connection to the NTS at a new (as yet unbuilt) NTS System Point; or
- (b) the modification of an existing NTS System Point;

then the Connection Applicant shall complete and submit to National Gas Transmission an application (in the form prescribed by National Gas Transmission from time to time) (the “**Connection Application**”) and comply with the terms thereof. In addition, and at the same time, the Connection Applicant shall pay the relevant fee (the “**Connection Application Fee**”).

13.1.2 A Connection Application shall be a “**Competent Connection Application**” where:

- (a) the application form has been correctly and fully completed;
- (b) the requested technical data has been fully provided and the applicant has indicated whether or not the application relates to a Standard Design Connection; and
- (c) the relevant Connection Application Fee has been paid in full and is available to National Gas Transmission in cleared funds.

13.1.3 National Gas Transmission shall:

- (a) as soon as reasonably practicable, and in any case no more than two (2) Business Days from the date of receipt of the Connection Application, acknowledge receipt of such Connection Application;
- (b) as soon as reasonably practicable;
  - (i) confirm that it is a Competent Connection Application (no more than five (5) Business Days after the date that the Connection Application is

deemed to be a Competent Connection Application); or

- (ii) advise the Connection Applicant that the offer is not a Competent Connection Application and specify the reasons that the Connection Application is not a Competent Connection Application; and
- (c) where it considers that further information or data is required in order for it to consider or progress the Connection Application, request such further information or data from the Connection Applicant. The Connection Applicant shall provide the requested information or data as soon as reasonably practicable and in any case no more than five (5) Business Days after the date of receipt of the request from National Gas Transmission.

13.1.4 Where a submitted Connection Application is not a Competent Connection Application, the Connection Applicant may resubmit, amend or supplement the Connection Application and the provisions of paragraph 13.1.3 shall apply in relation to such resubmitted, amended or supplemented Connection Application.

13.1.5 The Connection Applicant may withdraw, by written notification to National Gas Transmission, a Connection Application at any time before a Connection Offer is made. In relation to the withdrawal of a Full Connection Application only, the Connection Application Fee shall be refunded to the Connection Applicant less a deduction for actual costs (including reasonable overheads) reasonably incurred by National Gas Transmission in progressing the Connection Application up to the date of withdrawal.

13.1.6 For the purposes of the Code a “**Standard Design Connection**” means:

- (a) a standard design connection in accordance with the document named ‘National Gas Transmission T/PM/G/19 – Management Procedure for Application of Model Design Appraisals for Entry and Exit Connections up to 300mm Minimum Offtake Connections’; and
- (b) in respect of which, unless National Gas Transmission otherwise agrees in writing, the maximum rate at which gas can be delivered to or offtaken from the NTS does not exceed 57.3 GWh/Day at a design pressure of 38barg;

and any other connection is a “**Non-Standard Design Connection**”.

## 13.2 Connection Application Fees

13.2.1 The Connection Application Fee in relation to:

- (a) an Initial Connection Application shall be:
  - (i) the same monetary value for all categories of NTS connections; and
  - (ii) a fixed, full and final amount that shall not be subject to any adjustment by National Gas Transmission once paid by the Connection Applicant (nor shall the Connection Applicant be entitled to any refund of part of the Connection Application Fee);
- (b) an Initial Connection Application and a Full Connection Application in respect of a Standard Design Connection shall be a fixed amount.

- 13.2.2 Following the issue of a Full Connection Offer or the withdrawal of a Full Connection Application by the Connection Applicant, or where National Gas Transmission has not provided a Full Connection Offer as set out in paragraph 13.4.3; National Gas Transmission shall calculate the total actual costs (including a reasonable overhead) reasonably incurred by National Gas Transmission in progressing the Full Connection Application and preparing and issuing the Full Connection Offer, including undertaking all necessary design and engineering studies and preparing the relevant agreement for undertaking the detailed design of the connection and the associated physical construction works (“**Construction Agreement**”). Where these costs are less than the Connection Application Fee paid by the Connection Applicant, National Gas Transmission shall refund such difference to the Connection Applicant. Where these costs are greater than the Connection Application Fee paid by the Connection Applicant, National Gas Transmission shall invoice the Connection Applicant for the difference.
- 13.2.3 For the avoidance of doubt, no reconciliation under paragraph 13.2.2 shall be undertaken in relation to an Initial Connection Offer or an Initial Connection Application or, in relation to a Standard Design Connection, a Full Connection Offer or a Full Connection Application.
- 13.2.4 The Connection Application Fees will be reviewed, updated and published in accordance with Uniform Network Code Transportation Principal Document - Section Y, Connection Charging Methodology, Section 2, paragraphs 25A and 25B.

### 13.3 Types of Connection Offers

- 13.3.1 A “**Connection Offer**” shall be either an Initial Connection Offer or a Full Connection Offer, and the Connection Application shall identify the type of Connection Offer being applied for. For the purposes of the Code:
- (a) an “**Initial Connection Offer**” is an early estimate of the physical construction costs, programme of works and layout of the proposed Connection based only on a desktop exercise by National Gas Transmission and will provide the Connection Applicant with the information as described at paragraph 13.4.1 and a draft Construction Agreement (unless waived by the Applicant at the point of Application). An Initial Connection Offer may only be applied for in relation to a single point of connection to the NTS, and not for the purposes of exploring multiple options or locations to connect to the NTS;
  - (b) a “**Full Connection Offer**” is a detailed estimate of the physical construction costs, programme of works and layout of the proposed Connection based on design and engineering studies and will provide the Connection Applicant with the information as described at paragraph 13.4.2 and a draft Construction Agreement. For the avoidance of doubt, there will still be a detailed design and build stage after the Full Connection Offer is provided;
  - (c) an “**Initial Connection Application**” is a Connection Application in relation to an Initial Connection Offer; and
  - (d) a “**Full Connection Application**” is a Connection Application in relation to a Full Connection Offer.

### 13.4 Content of Connection Offers

## 13.4.1 An Initial Connection Offer shall comprise, as a minimum:

- (a) an estimate of the Connection Applicant's financial liabilities in relation to construction works costs that would be incurred in providing the requested connection to the NTS, together with details of the indicative timing of payments in respect of such costs, including provision for reconciliation of actual costs post-construction, where reasonably incurred by National Gas Transmission;
- (b) an indicative programme of the proposed construction works, including an indication of whether NTS reinforcement may be required, the indicative completion date and the key milestones;
- (c) the proposed indicative location of the proposed Connection and a draft connection layout drawing;
- (d) a draft Construction Agreement, unless the Connection Applicant has advised National Gas Transmission that it does not require a draft Construction Agreement to be provided as part of the Initial Connection Offer;
- (e) an indication of the works required by National Gas Transmission to produce a Full Connection Offer (should the Connection Applicant submit a Full Connection Application based on the Initial Connection Offer); and
- (f) details of the Connection Application Fee that would be payable by the Connection Applicant in relation to a Full Connection Application (should the Connection Applicant submit a Full Connection Application based on the Initial Connection Offer), which fee would be subject to reconciliation as set out in paragraph 13.2.2.

## 13.4.2 A Full Connection Offer shall comprise, as a minimum:

- (a) a copy of any relevant design or engineering study report, as required by National Gas Transmission to make the Full Connection Offer and paid for by the Applicant as part of the Application Fee;
- (b) a draft Construction Agreement in relation to the proposed construction works;
- (c) an indicative programme of the proposed construction works, including as a minimum:
  - (i) the anticipated dates on which the connection will be available to the Connection Applicant for testing and commissioning and commercial operation, with details as to how such dates are contingent on any relevant planning or other consents being obtained;
  - (ii) details of the location of the proposed Connection, including Ordnance Survey (or equivalent) map with grid references and a site layout drawing;
  - (iii) an indicative project plan containing:
    - (1) an indicative milestone date when National Gas Transmission would expect to apply to the Authority (where applicable) for funding in

- accordance with Part C of Special Condition 3.13 of its Gas Transporter’s Licence;
- (2) an indicative earliest milestone date at which System Capacity could be applied for by a User in order for the Connection Applicant to align its capacity needs with the indicative connection completion date;
  - (3) an indicative milestone date by when the relevant Network Exit Agreement, Network Entry Agreement, Storage Connection Agreement or Supplemental Agreement has to be signed (as appropriate and where applicable); and
  - (4) an indicative programme of works to deliver the requested connection or modification including:
    - (aa) an overall project timeline and key milestone dates;
    - (bb) details of payment milestones;
    - (cc) any credit requirements;
    - (dd) indicative dates for purchase of long-lead items; and
    - (ee) details of any additional activities or studies required if the Connection Offer is accepted, including the indicative cost of such activities or studies.

For the avoidance of doubt, the indicative project plan is intended to be used as guidance only to assist the Connection Applicant with general project planning and in no way does it oblige National Gas Transmission to make System Capacity available at the NTS System Point.

- (iv) any foreseeable planning and other consent milestone dates;
  - (v) where National Gas Transmission is requested by the Connection Applicant to construct the connecting pipeline, an indication of the potential size and route corridor of any connecting pipeline to be constructed by National Gas Transmission subject to the outcome of any planning application National Gas Transmission may have to submit in relation to such pipeline; and
  - (vi) an indicative draft of any relevant Network Exit Agreement, Network Entry Agreement, Storage Connection Agreement or Supplemental Agreement (or amendment thereto) (as appropriate and where applicable) that has to be signed in relation to the relevant NTS System Point, which shall include the relevant technical parameters;
- (d) the Full Connection Offer shall contain an estimate of the construction works costs to be paid by the Connection Applicant pursuant to the draft Construction Agreement, together with dates on which payments in respect of such amounts would be due to be made, if the Full Connection Offer is accepted.

13.4.3 Where a physical connection (as requested pursuant to the Full Connection Application) to the NTS is not deemed by National Gas Transmission (acting reasonably) to be feasible for technical or engineering reasons, National Gas Transmission shall not be required to produce the relevant Full Connection Offer and shall provide written notification to the Connection Applicant and the Authority, with an explanation why physical connection (and therefore provision of a Full Connection Offer) is not possible.

## 13.5 Connection Offers

- 13.5.1 National Gas Transmission shall issue a Connection Offer to the Connection Applicant as soon as reasonably practicable and in any event within:
- (a) in the case of an Initial Connection Offer, within two (2) months of the date on which National Gas Transmission notifies the Connection Applicant that the relevant Initial Connection Application is a Competent Connection Application; and
  - (b) in the case of a Full Connection Offer, within:
    - (i) in the case of a Standard Design Connection where National Gas Transmission determines:
      - (1) no feasibility study is required, three (3) months;
      - (2) a feasibility study is required, six (6) months;
    - (ii) in the case of a Non-Standard Design Connection;
      - (1) six (6) months (where the connection point requested by the Connection Applicant is in a greenfield location (being a location that has not previously been the subject of development) and the Full Connection Offer is in respect of a minimum offtake connection to the NTS with a ramp rate of less than 50MW/minute); or
      - (2) where paragraph (1) does not apply nine (9) months
- (or such longer time as the Authority may agree, or be deemed to have agreed, pursuant to paragraph 13.5.2) of the date on which National Gas Transmission has confirmed to the Connection Applicant that the Connection Application is a Competent Connection Application (the “**Connection Offer Deadline**”).
- 13.5.2 Where National Gas Transmission reasonably believes that it will be unable to issue a Connection Offer to the Connection Applicant by the Connection Offer Deadline, National Gas Transmission may apply to the Authority for an extension to the Connection Offer Deadline. The Connection Offer Deadline shall be extended as directed by the Authority in response to such application. Pending any decision by the Authority in response to such application, the Connection Offer Deadline shall remain as determined pursuant to paragraph 13.5.1.
- 13.5.3 To accept a Full Connection Offer, the Connection Applicant must sign and return the Construction Agreement contained within such Full Connection Offer, which will then be countersigned by National Gas Transmission and a copy returned to the Connection Applicant.
- 13.5.4 An Initial Connection Offer is not an offer capable of acceptance and is not binding on National Gas Transmission or the Connection Applicant and in order to proceed further, the Connection Applicant must submit a Full Connection Application.
- 13.5.5 A Connection Offer will be open for acceptance by the Connection Applicant for a period of three (3) months from the date of the Connection Offer. Failure by the Connection Applicant to accept the Connection Offer within such three (3) month period will cause the Connection Offer to lapse and any subsequent purported



acceptance of the Connection Offer by the Connection Applicant may be treated as null and void by National Gas Transmission.

13.5.6 A feasibility study may be required in order to be able to provide a Full Connection Offer to the Connection Applicant except where the connection point requested by the Connection Applicant is in a greenfield location (being a location that has not previously been the subject of development) and the Full Connection Offer is in respect of a minimum offtake connection to the NTS with a ramp rate of less than 50MW/minute. Where a feasibility study is required in order to be able to provide a Full Connection Offer:

- (a) National Gas Transmission shall undertake such feasibility study and shall provide the Connection Applicant with a copy of the resulting feasibility study report within three (3) months of the date on which National Gas Transmission notifies the Connection Applicant that the Full Connection Application is a Competent Connection Application;
- (b) no later than three (3) months after receipt of the feasibility study report, the Connection Applicant may notify National Gas Transmission that it wishes National Gas Transmission to provide a Full Connection Offer based on the feasibility study report (provided that, where the feasibility study report contains specific questions for the Connection Applicant to answer, the Connection Applicant has provided sufficiently detailed answers to such questions within such three (3) month period;
- (c) the time between (i) National Gas Transmission providing the feasibility study report to the Connection Applicant and (ii) the Connection Applicant notifying National Gas Transmission that it wishes National Gas Transmission to provide a Full Connection Offer based on the feasibility study report (and, where applicable, providing sufficiently detailed answers to any specific questions set out in the feasibility study report) shall be discounted when determining whether National Gas Transmission has complied with its obligation under paragraph 13.5.1; and
- (d) if, by the date falling three (3) months after receipt of the feasibility study report, the Connection Applicant has not notified National Gas Transmission that it wishes National Gas Transmission to provide a Full Connection Offer based on the feasibility study report, then the Connection Applicant shall be deemed to have given notice to National Gas Transmission to terminate work on the Full Connection Application.

### **13.6 Modification of a Full Connection Offer**

13.6.1 Where, after a Full Connection Offer has been made and accepted, the Connection Applicant wishes to request an amendment to the whole or part of the Full Connection Offer, a “**Connection Offer Modification Application**” (in the form prescribed by National Gas Transmission) must be submitted by the Connection Applicant to National Gas Transmission.

13.6.2 A Connection Offer Modification Application shall be deemed to be a Full Connection Application and the provisions of this paragraph 13 shall apply accordingly, provided that:

- (a) the Connection Application Fee in relation to a Connection Offer Modification Application shall be either:
  - (i) an amount as may be mutually agreed by the Applicant and National Gas Transmission; or
  - (ii) in the absence of such agreement, 75% of the Connection Offer Application Fee which was paid by the Connection Applicant for the relevant Full Connection Offer;
- (b) the Full Connection Offer shall be based on the original Full Connection Application as modified by the Connection Offer Modification Application (and so paragraph 13.4.2 shall be deemed to be amended accordingly); and
- (c) references in this paragraph 13 to the Construction Agreement shall be references to an agreement to amend the Construction Agreement signed by the Connection Applicant in accepting the original Full Connection Offer.

### **13.7 Information Publication Requirements**

13.7.1 For the purposes of the Connections Offer process, National Gas Transmission shall publish the following information on its public website:

- (a) a draft standard form of Construction Agreement for different connection types;
- (b) a draft generic Advance Reservation of Capacity Agreement, Network Exit Agreement, Network Entry Agreement and Storage Connection Agreement;
- (c) generic technical specifications and standards associated with the Connection Offer processes which are not site-specific;
- (d) a generic Connection Offer template; and
- (e) Connection Application templates.

13.7.2 National Gas Transmission shall publish the following information on a quarterly basis:

- (a) the number of Competent Connection Applications for Connection Offers (received in the previous quarter and the cumulative total for the calendar year in question;
- (b) the cumulative total for the calendar year in question of Full Connection Offers made in accordance with the timescales set out in paragraph 13.5.1; and
- (c) the cumulative total for the calendar year in question of Initial Connection Offers made in accordance with the timescales set out in paragraph 13.5.1.

### **13.8 Applicant Requested Pre-Connection Studies**

13.8.1 Where a potential Connection Applicant wishes to explore options for connecting to the NTS, a “**Pre-Connection Study**” may be requested. Such a Pre-Connection Study request shall not, for the avoidance of doubt, be a Connection Application for the purposes of the Code. Following receipt of such a request, National Gas Transmission

shall seek to agree the terms on which it will undertake any such study with the person submitting the request.

- 13.8.2 If such a Pre-Connection Study is undertaken by National Gas Transmission pursuant to such a request and produces data or information which can be re-used for the purposes of a subsequent Connection Offer to the potential Connection Applicant, then the Application Fee and timescales for such a subsequent Connection Offer may, at National Gas Transmission’s discretion, be reduced accordingly.
- 13.8.3 For the avoidance of doubt, the carrying out of a Pre-Connection Study is not a pre-requisite for submitting either an Initial Connection Application or a Full Connection Application.

## **14 THEFT OF GAS**

### **14.1 Reporting**

- 14.1.1 The DNOs shall publish a report (at the end of each reporting month) on theft of gas detection performance for Shippers containing the information referred to in Annex V-5 in respect of each Shipper (on an attributable basis) (“**Shipper TOG Report**”).
- 14.1.2 The DNOs shall publish a report (at the end of each reporting month) on theft of gas detection performance for DNOs containing the information in Annex V-6 in respect of each DNO (on an attributable basis) (“**DNO TOG Report**”).
- 14.1.3 For the purposes of this paragraph 14, “**reporting month**” shall mean each calendar month for which a report pursuant to paragraph 14.1.1 and 14.1.2 shall be published.

## **15 GAS SAFETY VISITS**

- 15.1.1 Notwithstanding any other provision, throughout this paragraph 15 the following meanings shall apply:
- (a) The “Gas Safety Reports” are:
    - (i) a report detailing the information referred to in Annex V-7 (“**Industry Gas Safety Report**”); and
    - (ii) a report detailing the information referred to in Annex V-8 (“**Shipper User Gas Safety Report**”), together “**the Gas Safety Reports**” in respect of a Primary Meter;
  - (b) “**Primary Meter**” has the meaning given in the Regulations from time to time;
  - (c) the “**Regulations**” means the Gas Safety (Installation and Use) Regulations 1998.
- 15.1.2 Where, following the removal of a Primary Meter, the Transporter performs a Supplier’s obligations under Regulation 16(3)(b) of Regulations 1998, the Transporter shall publish Gas Safety Reports in accordance with paragraph 15.1.3 below.
- 15.1.3 After a period of eighteen months from the removal of the relevant Primary Meter, the Transporter shall publish the Gas Safety Reports in respect of each calendar month.

## 16 PERFORMANCE ASSURANCE

### 16.1 Performance Assurance Objective

16.1.1 For the purposes of this paragraph 16:

- (a) **“Performance Assurance Party”** means each Party, the CDSP and each Relevant Third Party;
- (b) the **“Performance Assurance Objective”** means the objective of achieving accurate and timely Settlement for each Day in accordance with the provisions of the Code, and the **“Performance Assurance Framework”** is the framework described in this paragraph 16 for the purposes of facilitating achievement of the Performance Assurance Objective;
- (c) **“Relevant Third Party”** means in relation to a Party to the Code, a person (other than another Party to the Code or the CDSP):
  - (i) undertaking an activity as agent or contractor of a Party for the purposes of Settlement (**“relevant activity”**); and
  - (ii) in respect of which the Performance Assurance Committee has determined the standard of performance of the relevant activity is likely to have a material impact, either positively or negatively, on the achievement of the Performance Assurance Objective;
- (d) **“Settlement”** means in relation to a Day the determination and settlement of amounts payable in respect of Energy Balancing Charges in accordance with the Code.

16.1.2 Each Party:

- (a) acknowledges the manner in which it conducts its business (pursuant to the Code and in respect of any business ancillary to Code (**“relevant business”**)) can have a material impact, positively or negatively, on the achievement of the Performance Assurance Objective;
- (b) acknowledges the standard of performance of a Relevant Third Party in undertaking a relevant activity can have a material impact, positively or negatively, on the achievement of the Performance Assurance Objective;
- (c) agrees to conduct its relevant business at all times in a manner which facilitates the achievement of the Performance Assurance Objective;
- (d) agrees to take all reasonable steps available to it to ensure a Relevant Third Party undertakes the relevant activity so as to facilitate achievement of the Performance Assurance Objective and complies with any Performance Assurance Technique applied to it;
- (e) acknowledges the acts and omissions of each other Party to the Code in relation to the Performance Assurance Objective are not relevant for the purposes of such Party complying with the requirements of this paragraph 16.1.2;

- (f) acknowledges it is for the Performance Assurance Committee to determine whether or not a Party's conduct or performance under the Code is (or is likely to be) prejudicial to the achievement of the Performance Assurance Objective;
- (g) acknowledges it may be required to comply with such Performance Assurance Techniques as the Performance Assurance Committee may determine in accordance with the Performance Assurance Framework Document; and
- (h) agrees to make available to the Performance Assurance Committee such records, data and other information as the Performance Assurance Committee may reasonably require for the performance of PAC Functions and further acknowledges that such records, data and information (and the processes for making such available) shall not be limited to the records, data and information (and processes) specified in the Performance Assurance Framework Document.

16.1.3 Each Party and the CDSP shall co-operate with each other to facilitate achievement of the Performance Assurance Objective.

16.1.4 The standard of performance of a Party and the CDSP in facilitating the achievement of the Performance Assurance Objective shall be determined by the Performance Assurance Committee in accordance with (and in the manner described in) the Performance Assurance Framework Document to the extent applicable to such Party and the CDSP.

16.1.5 Each Party and the CDSP shall provide the Performance Assurance Committee with information relating to its own business and affairs as may be reasonably required by the Performance Assurance Committee to enable it to determine:

- (a) the standard of performance by such Party or the CDSP in relation to facilitating the achievement of the Performance Assurance Objective;
- (b) the impact of such performance, whether positive or negative, on the achievement of the Performance Assurance Objective;
- (c) where required, the appropriate Performance Assurance Technique to be applied in accordance with the Performance Assurance Framework Document.

## **16.2 Performance Assurance Committee**

16.2.1 There is hereby established for the purposes of this paragraph 16 a Network Code Sub-Committee ("**Performance Assurance Committee**").

16.2.2 The Performance Assurance Committee shall perform the functions and have the powers and duties provided in this paragraph 16.

16.2.3 The Performance Assurance Committee may establish a sub-committee for such purposes (within the scope of its functions, powers and duties) and comprising such members and on such terms as it decides; and references to the Performance Assurance Committee shall include any such committee.

16.2.4 The Performance Assurance Committee is autonomous and the UNC Committee has no power to overrule a decision of the Performance Assurance Committee or reduce or qualify the scope of its functions and powers.

16.2.5 No decision of the Performance Assurance Committee may be made or (if made) shall be effective if the decision would cause any Party or the CDSP to be in breach of the Code or the DSC.

### **16.3 Constitution of the Performance Assurance Committee**

16.3.1 The Performance Assurance Committee shall comprise representatives ("**PAC Representatives**") as follows:

- (a) nine (9) individuals appointed as representatives of Shipper Users ("**Shipper User Representatives**");
- (b) three (3) individuals appointed as representatives of DN Operators and IGTs, of which:
  - (i) two (2) shall be appointed by DN Operators ("**DNO Representatives**");
  - (ii) one (1) shall be appointed by the Independent Gas Transporters ("**IGT Representative**")

(together the "**Transporter Representatives**").

16.3.2 The basis for the appointment (and from time to time the removal and/or replacement) of:

- (a) Shipper User Representatives shall be in accordance with the procedures set out in the document entitled 'Uniform Network Code Panel, Uniform Network Code Committee, Sub-Committees and DSC Committees – Guidelines for the User Representative Appointment Process';
- (b) the Transporter Representatives shall be as agreed by the DN Operators and the Independent Gas Transporters.

16.3.3 Each meeting of the Performance Assurance Committee shall be chaired by a person (not being a PAC Representative) nominated by the Code Administrator ("**PAC Chairperson**").

16.3.4 The Code Administrator shall nominate and may from time to time remove and replace a person (not being a PAC Representative) as secretary ("**PAC Secretary**") to the Performance Assurance Committee.

### **16.4 Functions of the Performance Assurance Committee**

16.4.1 The functions of the Performance Assurance Committee ("**PAC Functions**") are:

- (a) to establish, maintain and publish a document ("**Performance Assurance Framework Document**") in accordance with paragraph 16.7;
- (b) to investigate whether or not a Performance Assurance Party is acting in a manner which facilitates the achievement of the Performance Assurance Objective;
- (c) to monitor the performance of a Performance Assurance Party in facilitating the achievement of the Performance Assurance Objective;

- (d) to determine whether or not the acts or omissions of a Performance Assurance Party are having a material impact, whether positively or negatively, on the achievement of the Performance Assurance Objective;
- (e) in respect of Performance Assurance Techniques;
  - (i) to administer the application and administration of the Performance Assurance Techniques regime;
  - (ii) to determine which Performance Assurance Techniques should be applied (and from when and for how long they should be applied) in relation to a Performance Assurance Party where the Performance Assurance Committee has determined the Performance Assurance Party is conducting its business in a manner which negatively impacts on the achievement of the Performance Assurance Objective;
  - (iii) to determine when further escalated Performance Assurance Techniques should be applied in relation to a Performance Assurance Party;
  - (iv) to determine when a Performance Assurance Technique should cease to apply to a Performance Assurance Party; and
  - (v) to assess the effectiveness of the Performance Assurance Techniques in improving a Performance Assurance Party's performance in respect of facilitating the achievement of the Performance Assurance Objective;
- (f) to determine the scope and content of the services required from PAFA and to approve the terms on which the CDSP proposes for the PAFA Contract;
- (g) to prepare and publish the Performance Assurance Reports Register;
- (h) to determine the form of (and revise from time to time) the statements and undertaking referred to in paragraph 16.6.7;
- (i) to undertake such other activities as are specified in the Performance Assurance Framework Document; and
- (j) to undertake the Annual PAF Review and publish the Annual PAF Report and Delivery Plan.

16.4.2 Each year the Performance Assurance Committee shall conduct a review ("**Annual PAF Review**") of the operation of, and the effectiveness of, the Performance Assurance Framework for the purposes of reporting on:

- (a) the activities of the Performance Assurance Committee and the performance of the Performance Assurance Committee's responsibilities;
- (b) the activities of the Performance Assurance Framework Administrator and the performance of the Performance Assurance Framework Administrator's responsibilities;
- (c) the achievement of the Performance Assurance Objective;

- (d) the implementation and effectiveness of the procedures and processes provided for in the Performance Assurance Framework Document including in relation to Performance Assurance Techniques;
  - (e) the operation of the provisions of this paragraph 16; and
  - (f) any proposed modifications to the Performance Assurance Framework,
- and the Performance Assurance Committee shall consult with Parties when undertaking the Annual PAF Review.

16.4.3 The Performance Assurance Committee shall undertake and complete the Annual PAF Review in July and August each year and shall prepare and publish its findings and proposals in relation to the Gas Year commencing on the following 1 October ("**Annual PAF Report and Delivery Plan**") by no later than the preceding 31 August.

16.4.4 The Performance Assurance Committee may (at any time and on such terms as the Performance Assurance Committee may determine) delegate all or any part of the PAC Functions (except for those under paragraph 16.4.1.(e)(ii), (iii) and (iv), (f) and (h)) to the PAFA.

16.4.5 The Performance Assurance Committee shall not be entitled to recover any cost or expense incurred by the Performance Assurance Committee in connection with this paragraph 16 from any Party.

## **16.5 Voting arrangements of the Performance Assurance Committee**

16.5.1 The discharge of all of the functions of the Performance Assurance Committee which require or allow for a determination of the Performance Assurance Committee shall be determined by a vote conducted on a show of hands or other such demonstration of affirmation or consent as may be appropriate; and each PAC Representative (whether in person or by its alternate) present at the meeting shall be entitled to exercise one (1) vote.

16.5.2 A decision of the Performance Assurance Committee shall require a simple majority of the votes of both:

- (a) the Shipper User Representatives; and
- (b) the Transporter Representatives

who in each case are present at the relevant meeting and who vote in respect of the matter to be decided; and in the event a simple majority is not obtained amongst the Shipper User Representatives or the Transporter Representatives the Performance Assurance Committee shall be treated as having made a decision against the relevant matter.

16.5.3 Where a vote is conducted and there is an equal number of votes in favour and against the matter to be decided amongst the Shipper User Representatives or the Transporter Representatives no person shall have a casting vote (including for the purposes of paragraph 16.8 in respect of an appeal of a decision of the Performance Assurance Committee) and the Shipper User Representatives or the Transporter Representatives shall be treated as having made a decision against the relevant matter.



**16.6 Proceedings of the Performance Assurance Committee**

16.6.1 Unless in conflict with any provision of this paragraph 16, the provisions of MR Sections 4.5 and 5 (excluding MR Sections 5.1, 5.2, 5.5, 5.6, 5.7.1, 5.8 and 5.10) shall apply (mutatis mutandis, and disregarding references to other sections in the Modification Rules) in relation to the Performance Assurance Committee and for which purpose:

- (a) references to the 'Member', 'Modification Panel', 'Panel Chairperson' and 'Secretary' shall be deemed to be references to respectively a PAC Representative, the Performance Assurance Committee, the PAC Chairperson and the PAC Secretary;
- (b) a PAC Representative shall not be required to appoint an alternate (and where appointing an alternate shall not be required to appoint two (2) alternates);
- (c) the same individual may not act as an alternate for more than one (1) PAC Representative;
- (d) in respect of MR Section 5.9 any such written resolution that is determined by the Performance Assurance Committee to be confidential and shall not be circulated to all Parties to the Code.

16.6.2 Where six (6) PAC Representatives (of whom at least four (4) shall be Shipper User Representatives and two (2) of whom shall be Transporter Representatives) are present at a meeting of the Performance Assurance Committee the meeting shall be quorate.

16.6.3 If required by the Performance Assurance Committee the CDSP will attend (by one (1) or more representatives) a meeting of the Performance Assurance Committee.

16.6.4 Subject to paragraphs 16.6.5 and 16.6.6, only PAC Representatives, PAFA representatives, the PAC Chairperson, the PAC Secretary (and, where invited by PAC, representatives of CDSP and any Party), may attend a meeting of the Performance Assurance Committee.

16.6.5 Matters for discussion at a meeting of the Performance Assurance Committee may be:

- (a) designated “**Confidential**” and only:
  - (i) those persons referred to in paragraph 16.6.4; and
  - (ii) those individuals (not being an individual appointed to the Performance Assurance Committee) which a PAC Representative chooses to invite and the PAC Chairperson agrees may attend (subject to such individual signing a confidentiality agreement if required by the PAC Chairperson)

may attend the meeting while Confidential matters are discussed;
- (b) designated “**Non-Confidential**” and those individuals (not be an individual appointed to the Performance Assurance Committee) which either:
  - (i) the Performance Assurance Committee chooses to invite;

- (ii) the PAC Chairperson agrees may attend (provided the attendee has given notice of attendance to the PAC Chairperson no later than one (1) Business Day prior to the meeting or as the PAC Chairperson may otherwise agree),

may also attend the meeting while Non-Confidential matters are discussed.

16.6.6 Up to three (3) representatives of the Authority may attend a meeting of the Performance Assurance Committee as observers.

16.6.7 A PAC Representative shall not be entitled to receive any papers or working papers, opinions, reports or other documentation relating to the proceedings of the Performance Assurance Committee or attend a meeting of the Performance Assurance Committee until such time as:

- (a) the PAC Representative's employer has signed a statement of release;
- (b) the PAC Representative has signed:
  - (i) a statement of impartiality;
  - (ii) a confidentiality undertaking; and
  - (iii) a statement of confirmation of no conflict of interest

in each case on such terms as the Performance Assurance Committee may require and provided such to the PAC Secretary (and where a PAC Representative fails to return a signed copy of any such document within thirty (30) Business Days of being provided with such document by the PAC Secretary the PAC Representative shall cease to be PAC Representative with immediate effect (and the PAC Secretary shall so notify the PAC Chairperson and other PAC Representatives).

16.6.8 For the purposes of paragraph 16.6.9 the following are "**relevant matters**" in relation to a PAC Representative:

- (a) the performance of the member's employer of any Affiliate of the member's employer;
- (b) the application of any Performance Assurance Technique to the member's employer of any Affiliate of the member's employer.

16.6.9 A member of the Performance Assurance Committee shall not:

- (a) participate as a member of the Performance Assurance Committee in the consideration of any relevant matter (including for the avoidance of doubt, participating in any relevant matter to be voted on); or
- (b) be counted in ascertaining whether a quorum is present at a meeting of the Performance Assurance Committee convened to consider any relevant matter.

16.6.10 A PAC Representative shall not disclose to its employer or any Affiliate of its employer confidential information which it has received in its capacity as a member of the Performance Assurance Committee unless required to do so:

- (a) by any Legal Requirement;
- (b) in order for its employer or any such Affiliate to comply with the conditions of any licence with which its employer or any such Affiliate, as the case may be, is required to comply;
- (c) by any stock exchange or regulatory authority or the Panel on Take-overs and Mergers; or
- (d) pursuant to any judicial or other arbitral process or tribunal having jurisdiction in relation to it or its employer or any such Affiliate, as the case may be,

in any of which events the member of the Performance Assurance Committee shall first be required to give written notice of the required disclosure to the Performance Assurance Committee.

16.6.11 All minutes, working papers, opinions, reports or other documentation relating to the proceedings of the Performance Assurance Committee in relation to Confidential matters (and the related proceedings themselves) shall be treated as confidential by all persons participating in any such proceedings.

## **16.7 Performance Assurance Framework Document**

16.7.1 The Performance Assurance Framework Document shall specify:

- (a) performance assurance procedures and the basis on which a Party will be required to participate in such procedures;
- (b) the records, data and other information (whether described in general or specific terms) which a Party is required to give the Performance Assurance Committee and the Performance Assurance Framework Administrator access to for the purposes of performance assurance;
- (c) the process by which, and the time by which, a Party is to respond to a request for records, data and other information from the Performance Assurance Committee and the Performance Assurance Framework Administrator;
- (d) the scope and contents of the registers to be maintained by, and the reports to be prepared and published by, the Performance Assurance Committee relating to the performance of each Party in relation to the requirement in paragraph 16.1.3 ("**Performance Assurance Reports Register**");
- (e) the Performance Assurance Techniques available to the Performance Assurance Committee and:
  - (i) the procedures whereby a Performance Assurance Party will be required to implement, follow and report on a Performance Assurance Technique;
  - (ii) the procedures by which the Performance Assurance Committee and the Performance Assurance Framework Administrator will administer and monitor a Performance Assurance Party's implementation of a Performance Assurance Technique;

- (f) the procedure for the appointment of the Performance Assurance Framework Administrator, and the terms of any such appointment;
- (g) the functions of the Performance Assurance Framework Administrator; and
- (h) the form of templates for each of the statements and undertaking referred to in paragraph 16.6.7.

16.7.2 The Performance Assurance Framework Document may be modified, for which purpose:

- (a) the Performance Assurance Committee, PAC Representatives, and each Performance Assurance Party may propose a modification;
- (b) the Performance Assurance Committee shall report to Performance Assurance Parties on the nature of any modification it proposes to make to the Performance Assurance Framework Document;
- (c) any proposed modification to the Performance Assurance Framework Document shall be a Non-Confidential matter (for the purposes of paragraph 16.6.5) and to which all Performance Assurance Parties shall be invited;
- (d) any such modification to the Performance Assurance Framework Document shall be at the sole discretion of the Performance Assurance Committee and shall be effective from a date no earlier than three (3) months following notice to Performance Assurance Parties of the modification; and
- (e) the Code Administrator will ensure all Performance Assurance Parties are given notice of any such modification and shall arrange for publication of the Performance Assurance Framework Document as modified.

16.7.3 The Performance Assurance Committee shall:

- (a) develop and keep under review the techniques and processes ("**Performance Assurance Techniques**") which the Performance Assurance Committee may require a Performance Assurance Party to follow to facilitate the better achievement of the Performance Assurance Objective (and the Performance Assurance Committee may modify and/or develop new Performance Assurance Techniques as it may determine from time to time);
- (b) make any determination to apply a Performance Assurance Technique:
  - (i) on the basis only of the evidence available to it and following prior discussion (and the sharing of such evidence) with the Performance Assurance Party;
  - (ii) which is proportionate to the impact of the Performance Assurance Party's failure on achievement of the Performance Assurance Objective.

16.7.4 Each Party shall comply with the requirements of the Performance Assurance Framework Document to the extent applicable to such Party.

16.7.5 Each Party shall be responsible for all costs and expenses incurred by the Party in complying with the requirements of this paragraph 16 (including for the avoidance of

doubt those incurred by the Party in connection with the implementation of Performance Assurance Techniques).

## 16.8 Appeal

16.8.1 A Party may, subject to and in accordance with this paragraph 16.8, appeal a decision of the Performance Assurance Committee to apply any Performance Assurance Technique which involves:

- (a) referring the Party to the Authority; or
- (b) requiring the Party to submit to a performance audit (as such audit is more particularly described in the Performance Assurance Framework Document).

16.8.2 The only grounds on which such an appeal may be made are:

- (a) the information available to the Performance Assurance Committee when it made the decision was in the opinion of the Appellant Party:
  - (i) incomplete, inaccurate or misleading;
  - (ii) misinterpreted by the Performance Assurance Committee

and the Appellant Party believes the Performance Assurance Committee would not have referred it to the Authority if complete, accurate and explicit information had been available or that the Performance Assurance Committee has not misinterpreted the information used by it in reaching a decision; or

- (b) the Performance Assurance Committee did not follow the procedures set out in the Performance Assurance Framework Document.

16.8.3 A Party appealing a decision of the Performance Assurance Committee ("**Appellant Party**") must give notice to the PAC Secretary of the appeal within one (1) month of notification of the decision, specifying the decision in question and the grounds (as provided in paragraph 16.8.2) on which the appeal is made.

16.8.4 Where notice of appeal of a decision of the Performance Assurance Committee is given in accordance with paragraph 16.8.3:

- (a) the PAC Secretary shall send the notice to the Performance Assurance Committee and the PAFA;
- (b) the application of any Performance Assurance Techniques in respect of the Appellant Party shall be suspended until the outcome of the appeal is decided;
- (c) the Performance Assurance Committee and the PAFA may request further information from the Appellant Party or the CDSP in connection with the appeal;
- (d) prior to the meeting of the Performance Assurance Committee at which the appeal is considered:
  - (i) the PAFA will report to the Performance Assurance Committee on the PAFA's views of the validity of the appeal;

- (ii) the Appellant Party may submit to the Performance Assurance Committee and PAFA further information in support of the appeal;
- (iii) the Appellant Party may be invited by the Performance Assurance Committee (on not less than fourteen (14) Business Days' notice) to attend a meeting of the Performance Assurance Committee to make representations in support of the appeal (but shall not be entitled to attend);
- (e) the Performance Assurance Committee shall not be required, nor entitled, to publish any reports, materials or representations submitted to it pursuant to paragraph (d); such information will remain confidential to the Performance Assurance Committee and subject to each PAC Representatives' non-disclosure agreements;
- (f) the Performance Assurance Committee shall decide the matter, by reference to the grounds of appeal in paragraph 16.8.2 (and consistent with the provisions of the Performance Assurance Framework Document in respect of the decision in question), in one of the following ways:
  - (i) by upholding the Performance Assurance Committee's initial decision; or
  - (ii) by making a different decision in substitution for the Performance Assurance Committee's initial decision
- (g) the Performance Assurance Committee will notify the Appellant Party of its decision (and the reasons for its decision) under paragraph (f) within five (5) Business Days of the meeting at which is considered the appeal.

16.8.5 Subject to paragraphs 16.8.6, 16.8.7 and 16.8.8 the decision of the Performance Assurance Committee in respect of the appeal is final and binding.

16.8.6 Where, following the decision of the Performance Assurance Committee in respect of an appeal the Appellant Party considers that the grounds of appeal in paragraph 16.8.2 continue to be satisfied the Appellant Party may, within five (5) Business Days after the publication of the Performance Assurance Committee's appeal decision, appeal to the UNC Committee, by notice given to the PAC Secretary setting out the basis on which it considers the grounds of appeal in paragraph 16.8.2 are met.

16.8.7 Where an Appellant Party gives notice of appeal to the UNC Committee of the Performance Assurance Committee's appeal decision, the matter shall be referred to the UNC Committee as follows:

- (a) the PAC Secretary shall send to the UNC Committee a statement of the decision subject to appeal together with relevant papers which were considered by the Performance Assurance Committee in reaching its appeal decision;
- (b) a single PAC Representative will present the Performance Assurance Committee findings and the basis for its decision to refer the Appellant Party to the Authority;
- (c) the Appellant Party will be invited, but is not obliged (or entitled), to attend this

UNC Committee hearing, and may, but is not obliged to, present a short summary of its case (and shall otherwise not be entitled to be present at the hearing while the UNC Committee deliberates);

- (d) the UNC Committee shall be requested to consider the matter and thereafter to notify the Performance Assurance Committee whether the UNC Committee:
  - (i) agrees with the appeal decision of the Performance Assurance Committee to refer the Appellant Party to the Authority;
  - (ii) dis-agrees with the appeal decision of the Performance Assurance Committee, and in which case it will give notice of the basis on which the Performance Assurance Committee may wish to reconsider its decision.

16.8.8 Any decision of UNC Committee under paragraph 16.8.7(d)(ii) shall not be binding on the Performance Assurance Committee.

16.8.9 The Performance Assurance Committee will detail its final and binding decision in writing to the Appellant, copied to the UNC Committee chairperson, within fifteen (15) Business Days of the UNC Committee's decision in accordance with paragraph 16.8.7(d).

16.8.10 All communications to be sent to an Appellant Party concerning an appeal shall be sent to both the company secretary and the PA Representative of the Appellant Party.

## **16.9 Appointment of the Performance Assurance Framework Administrator**

16.9.1 The "**Performance Assurance Framework Administrator**" or "**PAFA**" means the person from time to time appointed and engaged to act as such pursuant to this paragraph 16.9.

16.9.2 A person shall be appointed by the CDSP, in accordance with this paragraph 16.9, for the purposes of conducting the functions ascribed to the PAFA by the Performance Assurance Framework Document (as it applies at the time of such appointment).

16.9.3 The CDSP shall, subject to and in accordance with the Performance Assurance Framework Document and (where consistent with the provisions of this paragraph 16.9) the requirements of the Performance Assurance Committee, as soon as reasonably practicable:

- (a) prepare arrangements and documentation for a competitive tender for the appointment of a person as PAFA in accordance with relevant Legal Requirements;
- (b) conduct such tender on the basis of such arrangements and documentation, including with respect to any such pre-qualification, selection criteria and participation by the Performance Assurance Committee as may be determined by the Performance Assurance Committee;
- (c) review and assess the proposals made by persons tendering for appointment as the PAFA pursuant to the tender;
- (d) where appropriate for the purposes of determining which of such persons to

appoint as PAFA, enter into discussions with one or more of them;

- (e) use reasonable endeavours to enter into a contract ("**PAFA Contract**") with the person selected as the PAFA on the basis of the competitive tender process, such contract to commence as soon as reasonably practicable and to provide for the PAFA to act with all due skill, care and diligence and impartiality when performing of its functions thereunder and in so far as reasonably practicable to act equitably as between Shipper Users and Transporters when monitoring and reporting on material risks in connection with Settlement;
- (f) notify all Parties to the Code of the appointment of the PAFA; and
- (g) commence performance of the CDSP's obligations and exercise the CDSP's rights under the PAFA Contract for the benefit, and in accordance with the lawful instructions (including for the avoidance of doubt entering into bone fide discussions with the PAFA for such variations to the PAFA Contract as may be required to comply with PAC instructions) of the Performance Assurance Committee.

16.9.4 Without prejudice to the requirements of the Performance Assurance Framework Document, the CDSP:

- (a) shall only enter into a PAFA Contract on terms approved by the Performance Assurance Committee;
- (b) may seek guidance from the Performance Assurance Committee in relation to anything they propose to do or any other matter arising in connection with their activities under paragraph 16.9.2, and may act in accordance with such guidance.

16.9.5 Nothing in this paragraph 16 shall require the CDSP to enter into a PAFA Contract where in the CDSP's reasonable opinion:

- (a) it would be unlawful to do so; or
- (b) the contract could give rise to the CDSP incurring any liability, other than in respect of their own wilful misconduct, gross negligence or fraud.

16.9.6 This paragraph 16.9 shall apply where the PAC requires the PAFA to be appointed by the DNOs or, on expiry or termination of a PAFA Contract, replaced.

## **16.10 Terms of engagement of PAFA**

16.10.1 The CDSP may enter into a PAFA Contract on terms which limit or exclude the liability (as to such matters as may be provided in such contract) of the PAFA.

16.10.2 For the avoidance of doubt, the CDSP shall not be the agent or trustee of any Party for the purposes of the PAFA Contract, and the CDSP shall owe no duties or responsibilities to any Party in respect of the PAFA Contract other than as provided in this paragraph 16.

16.10.3 The CDSP shall provide the PAFA with such un-anonymised information (and such other assistance) as the Performance Assurance Committee reasonably requires to enable the PAFA to comply with the PAFA Contract.



16.10.4 The CDSP shall ensure the PAFA Contract will permit the disclosure to the PAFA of such un-anonymised information as the Performance Assurance Committee may reasonably require for the purposes of PAFA performing its functions.

### **16.11 Appointment of PA Representative**

16.11.1 Each Party shall nominate (and may from time to time remove and replace) a representative ("**PA Representative**") of appropriate seniority and with suitable knowledge and authority, to act as an initial point of contact and represent the Party in relation to performance assurance matters, to attend meetings of the Performance Assurance Committee where requested to do so.

16.11.2 Each Party shall in addition to the requirement in paragraph 16.11.1 identify more senior representatives (including up to board director level) to whom performance assurance matters may be escalated if required by the Performance Assurance Committee.

16.11.3 Each Party shall ensure a suitable alternate to the PA Representative is available to discuss performance assurance matters with the Performance Assurance Committee at all times should the PA Representative be unavailable.

16.11.4 The Performance Assurance Committee is entitled to assume that each PA Representative and alternate is suitably knowledgeable and authorised to take any decision (on matters relating to performance assurance) on behalf of the Party unless such representative gives advance notice to the contrary.

16.11.5 Where the Performance Assurance Committee or the Performance Assurance Framework Administrator wish to raise or discuss any matter with a Party relating to that Party's performance in relation to performance assurance the Performance Assurance Committee or the Performance Assurance Framework Administrator shall in the first instance contact the Party's PA Representative and provide the PA Representative with appropriate details of the matter(s) to be raised or discussed.

16.11.6 Where requested to attend a meeting of the Performance Assurance Committee each Party shall ensure its PA Representative or alternate is suitably prepared for the purposes of answering the Performance Assurance Committee's questions in respect of the Party's performance in relation to Performance Assurance.

### **16.12 Miscellaneous**

16.12.1 No member of the Performance Assurance Committee shall be liable (whether in contract or tort including negligence or otherwise) to any Party for anything done when acting properly in or in connection with such persons office under the Code, or anything done in what such member in good faith believes to be the proper exercise and discharge of the powers and functions and discretions of that office in accordance with the Code; and each Party waives any such liability that any such member may have and any claim in respect thereof.

16.12.2 The provisions of this paragraph 16 are without prejudice to a Party's rights to assert that a purported decision of the Performance Assurance Committee is outside its scope of authority pursuant to this paragraph 16 and so is without effect.

### **16.13 Performance Assurance Reports**

- 16.13.1 The CDSP shall publish such reports as are in accordance with the requirements (including as regards content, timing, frequency, format and medium) of the Performance Assurance Report Registers.
- 16.13.2 The CDSP shall ensure it makes available such data and information in such manner as the Performance Assurance Committee may reasonably require for the purposes of it performing its functions in accordance with this paragraph 16.

**16.14 Disclosure for the purposes of Performance Assurance**

- 16.14.1 Each Party agrees that, subject to paragraph 16.14.2, each other Party and the CDSP may disclose to the Performance Assurance Committee and the PAFA, Protected Information on an un-anonymised basis to the extent such disclosure is required by the Performance Assurance Committee or the PAFA for the purposes of the Performance Assurance Committee undertaking its functions under this paragraph 16 or by the PAFA for the purposes of performing the PAFA Contract.
- 16.14.2 No Party shall be required to disclose any Protected Information under paragraph 16.14.1 in the absence of all members of the Performance Assurance Committee, the PAC Chairperson and the PAC Secretary and all employees and representatives of the PAFA engaged at any time on the PAF Contract being party to a confidentiality undertaking on the terms provided for in the Performance Assurance Framework Document.
- 16.14.3 The Performance Assurance Committee shall be entitled to have disclosed to it such un-anonymised information as it may reasonably require for the purposes of the Performance Assurance Committee undertaking its functions under this paragraph 16.

**Annex V-1**

**Operational and Market Data**

<b>Column</b>	<b>Name</b>	<b>Description</b>			
1	Data	data definition and indication of the time period to which the data corresponds			
2	Timing	initial publication timing and where appropriate, timing of updates if the data is subject to any change			
3	Format	tabular, graphical, other			
4	Presentation	downloadable, viewable or both			
5	Disclosure	public or restricted (and if restricted, list of entities to whom the data can be released)			
<b>Data</b>	<b>Timing</b>	<b>Format</b>	<b>Presentation</b>	<b>Disclosure</b>	
The rate of flow of gas (in MSCM per Day) over a 2 minute period into the NTS at each Individual System Entry Point capable of flowing (in aggregate) more than 10 MSCM per Day of gas into the System.	Every 12 minutes, in respect of the six 2 minute periods commencing 24 minutes before the time of publication and ending 12 minutes before the time of publication.	Tabular	Viewable	Public	
The rate of flow of gas (in MSCM per Day) over a 2 minute period into the NTS at each Aggregate System Entry Point capable of flowing (in aggregate) more than 10 MSCM per Day of gas into the System.	Every 12 minutes, in respect of the six 2 minute periods commencing 24 minutes before the time of publication and ending 12 minutes before the time of publication.	Tabular	Viewable	Public	
The aggregate physical quantity of gas offtaken from the System in the Preceding Gas Flow Day at the Connected System Exit Point in respect of each pipeline interconnector by which gas is transported to another country	By 11:00 hours on each Day	Tabular	Viewable	Public	
The aggregate physical quantity of gas offtaken from the System in the preceding Gas Flow	By 12:00 hours on each Day	Tabular	Viewable	Public	

Day at each NTS Exit Point, (not including the quantity of NTS own use gas).				
The aggregate physical LNG in store (in kWh) at LNG Importation Facilities at 04:59 hours on the Preceding Gas Flow Day: provided that, where not all LNG Importation Facilities have provided such data to National Gas Transmission by the time specified in the next column as being the time for publication, then National Gas Transmission shall publish that such aggregate is unknown (and shall not be required to publish the information received from any LNG Importation Facility).	By 16:00 hours on each Day	Tabular	Viewable	Public
For each Aggregate System Entry Point capable of flowing (in aggregate) more than 10 MSCM per Day of gas into the System which does not have an associated System Exit Point, the aggregate prevailing Input Nominations for such Aggregate System Entry Point in respect of the following Day.	By 18:00 hours on each Day	Tabular	Viewable	Public
For each Aggregate System Entry Point capable of flowing (in aggregate) more than 10 MSCM per Day of gas into the System which has one or more associated System Exit Points, the sum	By 18:00 hours on each Day	Tabular	Viewable	Public

<p>(including where negative) of aggregate prevailing Input Nominations for such Aggregate System Entry Point less aggregate prevailing Output Nominations for such associated System Exit Point(s), in each case in respect of the following Day.</p>				
<p>For each Day:                  (i) the total Trade Nomination Quantities (in TWh);                  (ii) the aggregate quantity (in TWh) of all Input Nominations for all Users prevailing at the end of the Gas Flow Day;                  (iii) the total number of Disposing Trade Nominations and corresponding Acquired Trade Nominations; and                  (iv) the total number of Users that have submitted a Trade Nomination.</p>	<p>On D+2 by 1300 hours each Day</p>	<p>Tabular and graphical</p>	<p>Viewable and downloadable</p>	<p>public</p>



**Annex V-2**

**SO Commodity Charge Information**

<b>Annex V-2</b>	<b>SO Commodity Charge Information</b>			
<b>SO Commodity Charge Information description</b>	<b>Licence definition</b>	<b>period</b>	<b>reporting deadline</b>	<b>location</b>
forecast of annual System throughput for Formula Year t	N/A	Formula Year	On 1 April or as soon as reasonably practicable thereafter in Formula Year t-1	www.nationalgrid.com/uk/gas
forecast of monthly System throughput for Formula Year t	N/A	Formula Year	On 1 April or as soon as reasonably practicable thereafter in Formula Year t-1	www.nationalgrid.com/uk/gas
actual weekly System throughput	N/A	Formula Year to date	9 Days after week end	www.nationalgrid.com/uk/gas
annual target cost for each of the Relevant SO Incentive Schemes for Formula Year t	NTS SO exit capacity incentive targets (ExCITt) & (ExITt), system reserve incentive target (SRITt), cost incentive target (GCITt), internal cost incentive target (ICITt).	Formula Year	On 1 April or as soon as reasonably practicable thereafter in Formula Year t-1	www.nationalgrid.com/uk/gas
forecast monthly target cost for each of the Relevant SO Incentive Schemes for Formula Year t	N/A	Formula Year	On 1 April or as soon as reasonably practicable thereafter in Formula Year t-1	www.nationalgrid.com/uk/gas
sum of weekly outturn costs	The exit performance measure (ExCPt), The NTS SO system balancing costs (SBICt), The	Formula Year to date	62 Days after week end	www.nationalgrid.com/uk/gas

<b>Annex V-2</b>	<b>SO Commodity Charge Information</b>			
for the Relevant SO Incentive Schemes	internal cost performance measure (ICCPt)			
quarterly outturn costs for each of the Relevant SO Incentive Schemes	The exit performance measure (ExCPt), The NTS SO system balancing costs (SBICt), The internal cost performance measure (ICCPt)	Formula Year to date	62 Days after quarter end	<a href="https://www.nationalgas.com/">https://www.nationalgas.com/</a>



Where:

t	means the relevant Formula Year;
t-1	means the Formula Year prior to the relevant Formula Year;
week	means the seven day period from 05:00 hours on a Monday until 05:00 hours on the following Monday;
throughput	means (actual inputs to the System + sum of UDQOs) / 2
Relevant SO Incentive Schemes	means exit capacity investment incentive, system balancing incentive and internal cost incentive schemes as defined by the Licence;
Licence	means the Transporter's Licence;
Formula Year	means a period of twelve months commencing on 1 April at 05:00 hours.



### Annex V-3

#### Transportation Revenue Information

1. For the purposes of paragraph 5.12 the transportation revenue information is forecast revenue and actual revenue, for the immediately preceding month and each calendar month prior thereto in the relevant Formula Year, in each case in respect of each of the categories of charges referred to in Table 1 below.
2. For the purposes of this Annex V-3:
  - (a) save as provided below, each of the categories of charges referred to in Table 1 below shall be consistent with those set out in the Transporter's Transportation Statement and shall include any charges subsequently introduced in substitution for any of the same;
  - (b) "**forecast revenue**" shall mean the NTS Operator's estimate of the revenue to be recovered in respect of each relevant calendar month, using such criteria as the NTS Operator shall reasonably consider appropriate and having regard to the provisions of the Transporter's Transportation Statement and any revenue or price control restrictions to which it may be subject from time to time (it being acknowledged that such estimate may be subject to revision from time to time);
  - (c) "**actual revenue**" shall mean such amount reasonably determined by the NTS Operator on an accruals basis (based on such information as is reasonably available to it at the relevant time) of revenue recovered or to be recovered in respect of each relevant calendar month (it being acknowledged that such amount may be subject to re-determination from time to time); and
  - (d) "**relevant Formula Year**" shall mean the Formula Year in which the immediately preceding month falls.

Table 1 – Categories of Charges

- NTS Entry Capacity charges
- NTS (TO) Exit Capacity Charges
- NTS (TO) Commodity Charges
- NTS (SO) Commodity Charges

Transportation activity charges in respect of each distribution network (being all LDZ related charges referred to in the Transportation Statement in so far as such charges are relevant to that distribution network).



**Annex V-4**

**Table of required information**

Revenue element	Annual target (projected forward for 5 years)*	Quarterly reforecast of annual outturn (difference)
Core allowed (Z) <sup>\$</sup>		Not applicable
Cost pass through (F) <sup>\$</sup>		
Incentive payments and adjustments, shrinkage, exit cap, IAE, MRA etc. <sup>\$</sup>		
Inflation rate assumed		Update with latest RPI data
Over/under recovery (K) <sup>\$</sup>	Not applicable	
Supplemental information derived from the above		
Final allowed revenue (MOD)	Not applicable	
Final allowed revenue forecast (MOD)	Not applicable	
Forecast collected revenue	Not applicable	
Arithmetical Price change required at next Charging year	Not applicable	
Commentary, definitions and assumptions <sup>#</sup>	To assist in the understanding of the data presented	To assist in the understanding of the data presented



**Annex V-5**

**Shipper TOG Report Data**

<b>Column</b>	<b>Data</b>
<b>Shipper Short Code / DNO Name</b>	The unique code which identifies each Shipper Licence or the DNO Name.
<b>Number of cases received</b>	The number of theft of gas cases received by the CDSP during the reporting month.
<b>Number of cases cleared</b>	The number of theft of gas cases that have closed during the reporting month.
<b>Number of cases still outstanding</b>	The number of theft of gas cases that remain open at the end of the reporting month.
<b>Number of cases cleared as valid</b>	The number of theft of gas cases that have closed during the reporting month for which gas has been confirmed as being illegally taken.
<b>Number of cases cleared as invalid</b>	The number of theft of gas cases that have closed during the reporting month for which it has not been confirmed that gas was illegally taken.
<b>Number of cases cleared and kWh provided</b>	The number of theft of gas cases that have closed during the reporting month for which the kWh has been provided or calculated.
<b>Total kWh provided</b>	The total amount of kWh which has been reported to have been illegally taken for the closed cases for the Shipper in the reporting month.
<b>Number of cases cleared – Shipper actioned</b>	The number of theft of gas cases that have closed during the reporting month which have been investigated by the Shipper during the reporting month.
<b>Total outstanding awaiting Shipper action</b>	The number of theft of gas cases that remain open and which are awaiting a response from a Shipper at the end of the reporting month.
<b>%Cleared Cases Subject to eighty (80) day Closures</b>	The percentage of the total number of closed cases which have been subject to the eighty (80) day automatic closure.
<b>Number of cases outstanding at eighty (80) days following receipt</b>	The number of theft of gas cases that have closed during the reporting month because the Shipper has not responded to a request for information after eighty (80) days.
<b>%Cleared Shipper actioned</b>	The percentage of the total number of theft of gas cases that have closed which have been investigated by the Shipper during the reporting month.

<b>Number of cases sent to Shipper for action</b>	The number of theft of gas cases that have been passed to the Shipper for its investigation during the reporting month.
<b>Reasonable Endeavours Claims Received</b>	The number of reasonable endeavours claims that have been received by the Transporter Agency in the reporting month.
<b>Reasonable Endeavours Claims Cleared.</b>	The number of reasonable endeavours claims that have been processed by Transporter Agency in the reporting month.
<b>Reasonable Endeavours Claims Rejected</b>	The number of reasonable endeavours claims that have been rejected by Transporter Agency in the reporting month.
<b>Reasonable Endeavours Claims Accepted</b>	The number of reasonable endeavours claims that have been invoiced by CDSP in the reporting month.



**Annex V-6**

**DNO TOG Report Data**

<b>Column</b>	<b>Data</b>
<b>Shipper Short Code / DNO Name</b>	The unique code which identifies each Shipper Licence or the DNO Name.
<b>Total number of suspected / reported incidences of theft of gas received</b>	The total number of theft of gas cases received during the reporting month by the DNO.
<b>Total number of suspected / reported incidences of theft of gas that the DNO is responsible for investigating</b>	The number of suspected / reported incidences of theft of gas, from the total number received in the reporting month that it is the responsibility of the DNO to investigate.
<b>Total number of cases of theft of gas resolved</b>	The number of cases of theft of gas resolved by the DNO in the reporting month that it is that DNO's responsibility to investigate.
<b>Estimate of the volume of theft of gas in kWh</b>	Estimate of the volume of gas illegally taken in kWh in the reporting month found by DNO's.
<b>Money recovered</b>	The amount of money recovered in the reporting month by DNO's following confirmation that gas has been illegally taken pursuant to DNO Licence Condition 7(2).



**Annex V-7**

**Industry Gas Safety Report**

16.2.6 The report is to include the following data items amalgamated by Network and LDZ with total Annual Quantity per data item	
16.2.7	
16.2.8	
16.2.9 Report data items	16.2.10 Explanation
16.2.11 Same meter	16.2.12 Supply Meter identified with the same Meter Serial Number previously recorded on the Supply Point Register
16.2.13 Different meter	16.2.14 Supply Meter identified with a different Meter Serial Number previously recorded on the Supply Point Register
16.2.15 Service cut off	16.2.16 Service pipe physically disconnected, MPRN status of DE (dead)
16.2.17 Service registered	16.2.18 Relevant Supply Point pertinent to MPRN where an appropriate Supply Point Registration has been recorded
16.2.19 Gas Safe	16.2.20 MPRN status of CL (clamped), CA (capped) or LI (live) – assumed to be GS(I&U)R compliant
16.2.21 Report Total	16.2.22 New MPRN count for monthly report



**Annex V-8**

**Shipper User Gas Safety Report**

<p>16.2.23 The detailed report is to include the following data items, at Supply Meter Point Reference Number (MPRN) level, with Annual Quantity and provided only to the currently registered or previous Shipper User</p> <p>16.2.24</p> <p>16.2.25</p>	
16.2.26 Report data items	16.2.27 Explanation
16.2.28 Same meter	16.2.29 Supply Meter identified with the same Meter Serial Number previously recorded on the Supply Point Register
16.2.30 Different meter	16.2.31 Supply Meter identified with a different Meter Serial Number previously recorded on the Supply Point Register
16.2.32 Service cut off	16.2.33 Service pipe physically disconnected, MPRN status of DE (dead)
16.2.34 Service registered	16.2.35 Relevant Supply Point pertinent to MPRN where an appropriate Supply Point Registration has been recorded
16.2.36 Gas Safe	16.2.37 MPRN status of CL (clamped), CA (capped) or LI (live) – assumed to be GS(I&U)R compliant
16.2.38 Report Total	16.2.39 New MPRN count for monthly report

