

**MOD 0088 – EXTENSION OF DM SERVICE TO ENABLE CONSUMER
DEMAND SIDE MANAGEMENT**

DRAFT LEGAL TEXT – V7 (11 APRIL 2007)
(prepared by Scotia Gas Networks plc)

**Proposed Amendments to Transportation Principal Document (Sections A, B, E,
G and J)**

Section A

1. Amend existing section A4.1.4 as follows:-

4.1.4 A Supply Meter Point shall be classified as a "DM Supply Meter Point" where paragraph G1.5.1 applies, a "DM(AMR) Supply Meter Point" where paragraph G1.6.1 applies and otherwise shall be classified as an "NDM Supply Meter Point".

2. Amend existing section A4.3 as follows:-

4.3 Supply Point Components

4.3.1 A Supply Point may comprise either one or more of a DM Supply Point Component, a DM(AMR) Supply Point Component or an NDM Supply Point Component ~~or both~~.

4.3.2 A "Supply Point Component" is either:

- (a) all (if any) of the Supply Meter Points comprised in one Supply Point which are DM Supply Meter Points (a "DM Supply Point Component");
- (b) all (if any) of the Supply Meter Points comprised in one Supply Point which are DM(AMR) Supply Meter Points (a "DM(AMR) Supply Point Component"); or
- (c) ~~(b)~~ all (if any) of the Supply Meter Points comprised in one Supply Point which are NDM Supply Meter Points (an "NDM Supply Point Component").

3. Amend existing Section A4.5.4 as follows:-

4.5.4 A Supply Point Component shall be classified as a "DMA" Supply Point Component where it is:

- (a) a Firm DM Supply Point Component whose Annual Quantity is not greater than 58,600,000 kWh (2,000,000 therms); ~~or~~

(b) an Interruptible DM Supply Point Component whose Annual Quantity is not greater than 58,600,000 kWh (2,000,000 therms), which is not a SDMC(I) Supply Point Component; or

(c) a firm DM(AMR) Supply Point Component whose Annual Quantity is not less than 58,600,000 kWh (2,000,000 therms) and paragraphs 4.5.4(a) or 4.5.4(b) do not apply.

Section B

1. Amend existing section B1.2.6 as follows:-

1.2.6 The Supply Point Capacity which a User may be registered as holding at a DM or DM(AMR) Supply Point Component will (in accordance with Section G5) be limited by reference to the rate at and quantities in which it is feasible for the Transporter to make gas available for offtake from the Total System at that Supply Point Component; and no entitlement to offtake gas at a greater rate or in greater quantities shall be conferred on a User by the holding of any amount of NTS Exit Capacity or LDZ Capacity.

2. Amend existing section B3.5.5(c) as follows:-

(c) for the purposes of this paragraph 3.5.5, the capacity of the Specified Exit Point shall be the Supply Point Capacity, determined in accordance with Section G5.4.1 except:

- (i) for an LDZ Firm Supply Point the capacity shall be the sum of the DM or DM(AMR) Supply Point Capacity and the NDM Supply Point Capacity that the User is registered as holding from time to time in accordance with paragraphs 4.2 and 4.3 respectively;
- (ii) for an LDZ Interruptible Supply Point the capacity shall be the Supply Point Capacity determined in accordance with paragraph 4.6.5;
- (iii) for a Shared Supply Point the capacity shall be determined in accordance with Section G1.7.15;

3. Amend sections B3.7.1 and B3.7.2 as follows:-

3.7 Registration : DM and DM(AMR) Supply Points and non NTS CSEPs

3.7.1 A User will at any time be deemed to apply for DM NTS Exit Capacity ("DM NTS Exit Capacity") for each Exit Zone in its capacity as:

- (a) the Registered User of any Firm DM LDZ or DM(AMR) LDZ Supply Point Components;
- (b) the CSEP User of any LDZ Connected System Exit Points; or
- (c) the Registered User of a Firm NTS Supply Point Component; subject to and in accordance with this paragraph 3.7.

3.7.2 The DM NTS Exit Capacity for each Exit Zone shall be calculated as:

- (a) the sum of the Supply Point Capacities for all Supply Points in paragraph 3.7.1(a) determined in accordance with Section G2.3.2(e); and

- (b) the sum of the Firm DM or DM(AMR) LDZ Capacities for all CSEPS in paragraph 3.7.1(b), determined in accordance with paragraph H2.2 and the relevant CSEP Network Exit Provisions; or
- (c) the Supply Point Capacity of the Supply Point Component in paragraph 3.7.1(c), determined in accordance with Section G5.

4. Re-number existing section B4.3 as section B4.4 and re-number all subsequent sections accordingly.

5. Insert new section B4.3:-

4.3 Supply Point Capacity Registration: DM(AMR) Supply Point Components

4.3.1 A User who submits a Supply Point Confirmation in respect of a Proposed Supply Point which includes a DM(AMR) Supply Point Component shall thereby apply for Supply Point Capacity ("**DM Supply Point Capacity**") in accordance with Section G5.

4.3.2 The User will if its Supply Point Confirmation becomes effective be registered as holding Supply Point Capacity at the DM(AMR) Supply Point Component with effect from the Supply Point Registration Date, subject to paragraph 4.3.3 and until the User ceases in accordance with Section G to be the Registered User in respect of the relevant Supply Point.

4.3.3 A User's Registered Supply Point Capacity in respect of the DM(AMR) Supply Point Component of a Registered Supply Point:

(a) may be increased or reduced subject to and in accordance with the conditions and requirements in Section G5;

(b) shall not be reduced nor (subject to paragraph 4.8) increased other than as provided in paragraph (a), nor (subject to Section V4.3) shall the registration be terminated, except as provided in paragraph 4.3.4.

4.3.4 The User will cease to be registered as holding DM(AMR) Supply Point Capacity at the DM(AMR) Supply Point Component when the User submits a Supply Point Withdrawal which becomes effective in respect of the relevant Supply Point in accordance with Section G3.2.

6. Blank

7. Amend section B4.8 (formerly B4.7) as follows:-

4.8 Supply Point Ratchet

4.8.1 Subject to paragraphs 4.8.8, 4.8.9 and 4.8.10 if for any reason on any Day, other than a Day in the months of June to September inclusive, the quantity of gas offtaken by a User from the Total System at a Firm DM or DM(AMR) Supply Point Component exceeds the User's Registered DM Supply Point Capacity (such occurrence being a "**Supply Point Ratchet**"):

- (a) the User's Registered DM Supply Point Capacity at that Supply Point Component shall automatically be increased with effect from the following Day in accordance with paragraph 4.8.3; and

- (b) subject to paragraph 4.8.11, the User shall pay a charge ("**Supply Point Ratchet Charge**") in respect of the Capacity Ratchet Amount in accordance with paragraph 4.8.6.

4.8.2 For the purposes of this Section B, subject to paragraph 4.8.8, the "**Capacity Ratchet Amount**" shall be the amount by which the User's UDQO on the Day of the Supply Point Ratchet in respect of the DM or DM(AMR) Supply Point Component exceeds the User's Registered DM Supply Point Capacity.

4.8.3 Subject to Section G5.5.5, the increased amount (the "**Ratchetted Supply Point Capacity**") of the User's DM Registered Supply Point Capacity shall be the sum of the User's Registered DM Supply Point Capacity on the Day of the Supply Point Ratchet and the Capacity Ratchet Amount.

4.8.4 Notwithstanding paragraph 4.8.3, and unless the User's Registered Supply Point Capacity is increased other than pursuant to the Supply Point Ratchet, until the last Day of the calendar month in which the Supply Point Ratchet occurred the LDZ Capacity Charge (in the case of an LDZ Supply Point Component) and the Capacity Variable Component of the Customer Charge payable in respect of the Supply Point Component shall be determined on the basis of the User's Registered DM Supply Point Capacity on the Day of the Supply Point Ratchet (and not on the basis of the Ratchetted Supply Point Capacity).

4.8.5 For the avoidance of doubt (in the case of an LDZ Supply Point Component) the User's Registered LDZ Capacity will be increased so as to be equal to the Ratchetted Supply Point Capacity in accordance with paragraph 4.5.

4.8.6 The Supply Point Ratchet Charge shall be calculated as the Capacity Ratchet Amount multiplied by the sum of:

- (a) 2 times the Applicable Annual Rate (including where determined in accordance with paragraph 1.8.5(b)) of the LDZ Capacity Charge (in the case of an LDZ Supply Point Component); and
- (b) where applicable, 2 times the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge the rate in each case being determined (where such rate is a function of LDZ Capacity or Supply Point Capacity) by reference to the sum of the Capacity Ratchet Amount and the User's Registered Supply Point Capacity at the DM or DM(AMR) and any NDM Supply Point Component on the Day of the Supply Point Ratchet.

4.8.7 Subject to paragraph 4.8.11, the Supply Point Ratchet Charge shall be invoiced and payable in accordance with Section S.

4.8.8 Where a DM Supply Point Component comprises Shared Supply Meter Point(s):

- (a) paragraph 4.8.1 shall apply only if and to the extent that the aggregate quantity offtaken from the Total System by all Sharing Registered Users at Firm DM Supply Point Components which include such Shared Supply Meter Point(s) exceeds the aggregate of such Users' Registered Supply Point Capacity, other than capacity which is excluded pursuant to Section G1.7.20(d)(i), at such Supply Point Components the amount of such excess (the "**aggregate ratchet excess**");
- (b) for each such Sharing Registered User, the Capacity Ratchet Amount shall be determined as the amount (the "**individual ratchet excess**") by which that User's UDQO exceeds its Registered Supply Point Capacity, divided by the sum of the individual ratchet excesses for all such Sharing Registered Users, multiplied by the aggregate ratchet excess.

4.8.9 Without prejudice to Section G 2.7.3 to 2.7.6 (inclusive), where in accordance with Section G 2.3.1 the Proposing User has submitted a Supply Point Confirmation of the Supply Point Offer made in respect of the Supply Point First Nomination ("**Supply Point First Confirmation**") and this has become effective and has been registered in the name of the Proposing User ("**Supply Point First Registration**") and subsequent to the date of such Supply Point First Registration such User incurs and pays a Supply Point Ratchet Charge in respect of such Supply Point then, where such Proposing User has also submitted a Supply Point Confirmation of the Supply Point Offer made in respect of the Supply Point Second Nomination ("**Supply Point Second Confirmation**") and this has become effective and has been registered in the name of the Proposing User ("**Supply Point Second Registration**") then, subject to paragraph 4.8.10, the Transporter will reimburse the User the amount of such Supply Point Ratchet Charge which has been paid by the User for the period of 18 Days commencing from the Supply Point First Registration Date.

4.8.10 During the first Gas Year in which a DM(AMR) Supply Meter Point is classified as such (excluding confirmations from DM to DM(AMR)) Users shall be liable for ratchet charges only if the SOQ submitted as part of the nomination and confirmation process (referred to in Section G) is less than the SOQ of the NDM Supply Meter Point confirmation immediately preceding this confirmation.

4.8.~~10~~11 The amount of such reimbursement in accordance with paragraph 4.8.9 shall not exceed the amount of the Supply Point Ratchet Charge which applies in respect of the Confirmed Supply Point Capacity for the Supply Point Second Registration. For the purpose only of calculating the amount of such reimbursement, such Confirmed Supply Point Capacity shall not be treated as increased in accordance with Section G 2.7.4 (a) as a result of the occurrence of a Supply Point Ratchet.

4.8.~~11~~12 Where on any Day(s) in any relevant Billing Period, on the occurrence of a Supply Point Ratchet the User's Registered DM Supply Point Capacity is greater than or equal to the Provisional Maximum Supply Point Capacity (the "**Relevant Day(s)**"), only the highest Supply Point Ratchet Charge incurred on the Relevant Day(s) in such relevant Billing Period shall be invoiced and payable in accordance with paragraph 4.8.7.

Section E

1. Re-number existing section E1.3.4 as E1.3.5 and renumber all subsequent sections within Section E1.3 accordingly.

2. Insert a new Section E1.3.4 as follows:-

1.3.4 "**DM (AMR) Reconciliation**" is a reconciliation and adjustment in respect of gas offtaken from the Total System and certain Transportation Charges, in relation to a DM(AMR) Supply Meter Point, in respect of:

(a) differences between:

- (i) the quantities assumed to be offtaken on days where reads have not been provided; and
- (ii) the quantities subsequently determined to have been offtaken upon obtaining a Visual Inspection Reading;or

(b) differences between:

- (i) the quantities determined to have been offtaken by Meter Reads obtained from Remote Meter Reading Equipment; and
- (ii) the quantities subsequently determined to have been offtaken pursuant to a Visual Inspection Read.

3. Amend the preamble to Clause E1.3.7 (formerly E1.3.6) as follows:-

For the purposes of an Individual NDM Reconciliation, a DM Reconciliation, a DM(AMR) Reconciliation, an Individual CSEP Reconciliation or an Aggregate NDM Reconciliation:-

.....

4. Amend Section E1.3.7(c)(i) (formerly E1.3.6(c)(i)) as follows:-

- (i) NDM Reconciliation Quantities, DM Reconciliation Quantities, DM(AMR) Reconciliation Quantities or (as the case may be) Individual CSEP Reconciliation Quantities; and

5. Insert new section E1.5.4:-

- 1.5.4 In respect of each DM(AMR) Supply Meter Point, the "**Supply Meter Point Daily Quantity**" is the quantity of gas (being the Metered Quantity) determined as offtaken from the Total System at the Supply Meter Point on a Day in accordance with Section M.

6. Amend section E3.5.1 as follows:-

3.5.1 Where:

- (a) gas offtaken from the Total System has been illegally taken at or at a point downstream of the point of offtake (in accordance with Section J3.7) at a Larger Supply Meter Point, insofar as the quantity of gas so taken has not been properly metered, and except as permitted by the Meter By-Pass Policy; and
- (b) the case is not one in which the Transporter is (pursuant to paragraph 9(2) of the Gas Code) entitled to recover the value of the gas, subject to paragraph 3.5.2, such adjustments shall be made, in respect of the quantities treated as offtaken from the Total System by the Registered User for the purposes of determining the quantities subject to Individual NDM Reconciliation or (where applicable) DM or DM(AMR) Reconciliation (but no adjustment will be made in respect of the determination of any UDQO of the User for any other purpose).

7. Amend section E4.1.1 as follows:-

4.1.1 Where a User is a non-nominating User for a Day in respect of a System Point, any delivery (in the circumstances under paragraph 2.1.6 or 2.1.9) or offtake (in accordance with paragraph 3.1.3 or in the circumstances under paragraph 3.2.5 or 3.2.8) of gas to or from the Total System by that User at that point on that Day is an "**Unauthorised Gas Flow**", the amount of which shall be:

- (a) in respect of a System Entry Point, the quantity of gas stated in the User's Entry Allocation Statement or as the case may be allocated under paragraph 2.1.9;
- (b) in respect of a DM Supply Point Component, the amount of the User SPDQ; (e)in respect of a DM(AMR) Supply Point Component, the amount of the User SPDQ;
- (c)
- (e)(d) in respect of a Connected System Exit Point, the quantity of gas stated in the User's Exit Allocation Statement or as the case may be allocated under paragraph 3.2.8.

8. Amend Section E6.1 as follows:-

6.1 Introduction

6.1.1 Individual NDM Reconciliation will be carried out (for all Days in the relevant Meter Reading Period) in respect of a Larger NDM Supply Meter Point, after each Valid Meter Read pursuant to Section M3.

6.1.2 DM Reconciliation will be carried out (for each relevant Day) in respect of a DM Supply Meter Point after a DM Check Read pursuant to Section M4.7 or (as the case may be) the determination, following a Failed Daily Read Day, of the volume offtaken on such Day pursuant to Section M4.4.4.

6.1.3 DM(AMR) Reconciliation will be carried out (for each relevant Day) in respect of each DM(AMR) Supply Meter Point after a Valid Meter Reading is received following Day(s) where reads have not been provided, of the volume offtaken on such Day pursuant to Section M4.4

6.1.3-4 For each CSEP User, Individual CSEP Reconciliation will be carried out in respect of a relevant Connected System Exit Point (other than Smaller Unmetered CSEPs) in respect of the periods provided in and in accordance with the CSEP Network Exit Provisions.

6.1.4-5 For the purposes of this Section E:

(a) in respect of a Larger NDM Supply Meter Point, the "**NDM Reconciliation Quantity**" is the amount (determined in accordance with paragraph 6.2) by which on a Valid Meter Read the Metered Quantity differs from the aggregate of the quantities determined (as provided in paragraph 3.1.1(a)) each Day in accordance with Section H2, in respect of the Meter Reading Period;

(b) in respect of any DM Supply Meter Point, in respect of any Failed Daily Read Day or (as the case may be) Day in the period between DM Check Reads, the "**DM Reconciliation Quantity**" is:

- (i) the amount (the "**DM Check Reconciliation Quantity**") by which the quantity determined pursuant to a Valid Meter Reading or the DM Check Read to have been offtaken from the Total System on the Day differs from the quantity (the "**previously assumed quantity**") previously assumed or determined (as provided in Section M) to have been offtaken since the relevant preceding Meter Reading; or
- (ii) in the case of a Shared Supply Meter Point, for each Existing Sharing Registered User, the quantity determined by allocating the DM Check Reconciliation Quantity between such Users in the same proportions as the previously assumed quantity was allocated in respect of such Day;

(c) in respect of any DM(AMR) Supply Meter Point, in respect of any Days where a Read is not provided or (as the case may be) Day in the period between Visual Inspection Reads, the "**DM(AMR) Reconciliation Quantity**" is the amount (the "**DM(AMR) Reconciliation Quantity**") by which the quantity determined pursuant to a Visual Inspection Read to have been offtaken from the Total System on the Day differs from the quantity (the "**previously assumed quantity**") previously assumed or determined (as provided in Section M) to have been offtaken since the relevant preceding Visual Inspection Read;

(ed) in respect of any relevant Connected System Exit Point and CSEP User, the "**Individual CSEP Reconciliation Quantity**" is the amount by which (for the relevant period provided in the CSEP Network Exit Provisions):

- (i) in the case of an Unmetered Connected System Exit Point (other than the Smaller Unmetered CSEPs comprised therein), the quantity determined (upon readings of meters at premises supplied with gas offtaken from the Connected Offtake System) to have been offtaken from the Total System differs from the quantity previously assumed to have been offtaken;
- (ii) in the case of a Metered Connected System Exit Point, the quantity determined (upon a periodic check reading or a reading following estimation of the reading, or a determination or estimation following testing, verification or calibration, of the meter installed at the Connected System Exit Point) to have been offtaken from the Total System differs from the quantity previously determined or estimated to have been offtaken in accordance with the CSEP Network Exit Provisions;

(de) "**Reconciliation Quantity**" means an Individual NDM Reconciliation Quantity, a User Aggregate Reconciliation Quantity, a DM Reconciliation Quantity, DM(AMR) Reconciliation Quantity or CSEP Reconciliation Quantity.

6.1.5-6 Where (following a Supply Point Confirmation) a User (or potentially Users in the case of a Shared Supply Meter Point) becomes the Registered User(s) in respect of a Supply Meter Point, and:

- (a) in the case of an NDM Supply Meter Point, no Opening Meter Read was provided;
- (b) in the case of a DM Supply Meter Point, or a Shared Supply Meter Point, the Supply Point Registration Date was a Failed Daily Read Day, or was not the Day of a DM Check Read, upon the next following Individual NDM Reconciliation or (as the case may be) DM Reconciliation, the Reconciliation Values will be attributed entirely to such User (or as the case may be Existing Sharing Registered Users in amounts specified in paragraph 6.8), notwithstanding that a part thereof relates to a period before the Supply Point Registration Date; and accordingly such User (or Existing Sharing Registered Users) will obtain the benefit and bear the risk (and the User (or Users) who formerly was/were Registered User(s) of the Supply Meter Point will neither obtain the benefit nor bear the risk) of the Reconciliation Quantity insofar as attributable to the period before the Supply Point Registration Date.

(c) in the case of a DM(AMR) Supply Meter Point, the Supply Point Registration Date was a Day where no Read was taken, or was not the Day of a Visual Inspection Read, upon the next following DM(AMR) Reconciliation, the Reconciliation Values will be attributed entirely to such User (or as the case may be Existing Sharing Registered Users in amounts specified in paragraph 6.9), notwithstanding that a part thereof relates to a period before the Supply Point Registration Date; and accordingly such User (or Existing Sharing Registered Users) will obtain the benefit and bear the risk (and the User (or Users) who formerly was/were Registered User(s) of the DM(AMR) Supply Meter Point will neither obtain the benefit nor bear the risk) of the DM(AMR) Reconciliation Quantity insofar as attributable to the period before the Supply Point Registration Date.

9. Renumber the existing Section E6.4 as E6.5 and all subsequent sections to be re-numbered accordingly.

10. Insert a new Section E6.4:-

6.4 DM (AMR) Reconciliation: Reconciliation Values

6.4.1 This paragraph 6.4 applies in respect of DM(AMR) Reconciliation.

6.4.2 The DM(AMR) Reconciliation Quantity for a Day shall be determined as the DM(AMR) Reconciliation Volume, multiplied by the applicable calorific value for the Day.

6.4.3 The DM(AMR) Reconciliation Quantity is negative where (in accordance with Section M) the DM(AMR) Reconciliation Volume is negative, and positive where it is positive.

6.4.4 The Reconciliation Clearing Value for a Day shall be established by multiplying the DM(AMR) Reconciliation Quantity by the System Average Price for the relevant Day.

6.4.5 Each of the Reconciliation Transportation Charge Adjustments for a Day shall be established by multiplying the DM(AMR) Reconciliation Quantity by the Applicable Commodity Rate(s) of the NTS Commodity Charge, the LDZ Commodity Charge or (as the case may be) the Commodity Variable Component (if any) of the Customer Charge for such Day.

11. Amend existing section E6.6 (formerly E6.5) as follows:-

6.6 Reconciliation Clearing

Upon each Individual NDM Reconciliation, DM Reconciliation, DM(AMR) Reconciliation or Individual CSEP Reconciliation the Reconciliation Quantity shall be extinguished by a System Clearing Contract in accordance with Section F5.

12. Amend existing section E6.7.1 (formerly E6.6.1) as follows:-

6.7.1 Upon each Individual NDM Reconciliation, DM Reconciliation, DM(AMR) Reconciliation or Individual CSEP Reconciliation the Reconciliation Transportation Charge Adjustments shall be payable by way of adjustment in respect of the NTS Commodity Charges, LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges overpaid or underpaid by the User in respect of gas offtaken during the relevant period.

13.1 Amend existing sections E7.2.1(c) and (d) as follows: -

(c) "**DM Check Individual Reconciliation**" is DM Reconciliation pursuant to paragraph 1.3.3(b) in respect of Supply Meter Points with Daily Read Supply Meters and Individual NDM reconciliation in relation to adjustments pursuant to paragraph 7.7.2(iii);

(d) "**DM(AMR) Individual Reconciliation**" is DM(AMR) Reconciliation pursuant to paragraph 1.3.4(b) in respect of Supply Meter Points with Remote Meter Reading Equipment.

~~(de)~~ "**Individual Reconciliation Sector**" means, in relation to each LDZ, System Exit Points of the kind in respect of which paragraph (a), (b) or (c) applies and LDZ Reconciliation.

13.2 Amend existing section E7.2.2(f) as follows:-

(f) "**Aggregate Reconciliation Period**" is:

- (i) in relation to Monthly Individual Reconciliation and LDZ Reconciliation pursuant to paragraph 7.6.1(a), the calendar month;
- (ii) in relation to Annual Individual Reconciliation, the period of six calendar months;
- (iii) in relation to DM Check Individual Reconciliation and DM(AMR) Individual Reconciliation, the period of twelve calendar months

immediately preceding the month in which the relevant Reconciliation Invoice in respect of the Reconciliation Billing Period is to be submitted and for LDZ Reconciliation pursuant to paragraph 7.6.1(b) the Preceding Year.

14. Amend existing section E7.5.3 as follows:-

7.5.3 Subject to paragraph 7.5.4, following First Reconciliation:

(a) the Individual NDM Reconciliation Quantity, DM(AMR) Reconciliation Quantity or DM Reconciliation Quantity will be calculated separately in accordance with paragraph 6 in respect of that part of the Meter Reading Period:

- (i) preceding the Reconciliation by Difference Date; and
- (ii) from the Reconciliation by Difference Date;

(b) the CSEP Reconciliation Quantity will be calculated separately in accordance with paragraph 6 in respect of that part of the relevant period provided in the CSEP Network Exit Provisions:

- (i) preceding the Reconciliation by Difference Date; and
- (ii) from the Reconciliation by Difference Date.

15. Amend existing section E8.1.1 as follows:-

8.1.1 In relation to Larger Supply Points with effect from the Reconciliation by Difference Date:

- (a) subject to paragraph (c) below, the Transporter shall investigate Reconciliation Values that have been Suppressed following Individual NDM Reconciliation, ~~and~~ DM Reconciliation and DM(AMR) Reconciliation where such Individual NDM, DM(AMR) and DM Reconciliation was undertaken pursuant to a Meter Reading obtained by the Transporter pursuant to Section M3.6 and M4.2 ("**Suppressed Reconciliation Values**");
- (b) subject to paragraph (c) below, the User shall investigate Reconciliation Values that have been Suppressed following Individual NDM Reconciliation, DM(AMR) Reconciliation and DM Reconciliation where such Individual NDM Reconciliation, DM(AMR) Reconciliation and DM Reconciliation was undertaken other than pursuant to a Meter Reading obtained by the Transporter pursuant to Section M3.6 and M4.2 ("**User Suppressed Reconciliation Values**"); and
- (c) where Meter Information has or was due to have been provided by Users to the Transporter in accordance with Section M3.2 and the Transporter informs the User that such Meter Information is incomplete, out of date or otherwise incorrect, the User shall investigate any Reconciliation Values that have been Suppressed following Individual NDM

Reconciliation and DM Reconciliation and such Reconciliation Values shall be User Suppressed Reconciliation Values.

Section G

1. Renumber the existing section G1.6 as G1.7 and the remaining clauses in section G1 accordingly.

2. Insert a new section G1.6 as follows :-

1.6 DM(AMR) Metering

1.6.1 Subject to paragraphs 1.6.5, 1.6.6(c) and 1.6.12(c) a Supply Meter Point shall be classified as a DM(AMR) Supply Meter Point where Remote Meter Reading Equipment has been installed.

1.6.2 Subject to paragraph 1.6.4, the DM(AMR) Requirement shall apply in respect of:

- (a) each relevant Supply Meter Point comprised in any firm Supply Point whose Annual Quantity is less than 58,600,000 kWh (*2,000,000 therms*);
- (b) each relevant Supply Meter Point which has an Annual Quantity greater than 73,200kWh (*2,500 therms*).

1.6.3 For the purposes of paragraph 1.6.2:

- (a) the "**Daily Read Requirement**" is the requirement that the Supply Meter at a DM(AMR) Supply Meter Point shall be Daily Read; and
- (b) a relevant Supply Meter Point is a Supply Meter Point in respect of which the Annual Quantity is greater than 73,200 kWh (*2,500 therms*).

1.6.4 Where a User is, or following a Supply Point Confirmation (including a Reconfirmation) a User becomes, the Registered User of a DM(AMR) Supply Meter Point in relation to which the Supply Meter is Daily Read (including pursuant to a request under paragraph 1.6.7), but the Daily Read Requirement does not apply:

- (a) subject to paragraph (b), the Supply Meter Point shall be classified as an NDM Supply Meter Point;
- (b) where the Annual Quantity exceeds 73,200 kWh (*2,500 therms*) the User may elect in accordance with paragraph 1.6.5 that the Supply Meter Point shall be classified as a DM(AMR) Supply Meter Point.

1.6.5 An election for the purposes of paragraph 1.6.4(b):

- (a) shall be made by Nominating the Supply Meter Point as a DM(AMR) Supply Meter Point:
 - (i) at the time of the Supply Point Confirmation or Reconfirmation referred to in paragraph 1.6.4; or
 - (ii) in the case in paragraph 1.6.4(b) only, at any time thereafter, by way of Supply Point Reconfirmation;
- (b) shall lapse with effect from the Supply Point Registration Date, where the Registered User or any other User submits a Supply Point Confirmation (including a Reconfirmation) which becomes effective in respect of a

Supply Point including the relevant Supply Meter Point (and may be revoked accordingly).

1.6.6 Upon a change in the Annual Quantity of the Supply Meter Point such that the Annual Quantity becomes less than 73,200 kWh (2,500 therms) the Registered User shall be required to reclassify the Supply Meter Point as an NDM Supply Meter Point within 2 months of the change in Annual Quantity.

1.6.7 Where a User submits (pursuant to the provisions of this paragraph 1.6) a Supply Point Nomination (including a Renomination) pursuant to which an NDM Supply Meter Point is to become a DM(AMR) Supply Meter Point:

- (a) where in relation to any Supply Meter Point to be comprised in the DM(AMR) Supply Point Component:
 - (i) the Supply Meter was Daily Read during the period of 12 months preceding the date of submission of the Supply Point Nomination;
 - (ii) the Transporter and the User have not agreed that insufficient Valid Meter Readings (in accordance with Section M4) were obtained in the months of October to May in such period of 12 months the Nominated Supply Point Capacity shall be not less than the Preceding Year Maximum Quantity in accordance with paragraphs 5.2.3 and 5.2.4, but paragraph 5.2.3(b) shall be read as though references to a Supply Meter Point being DM(AMR) were to the relevant Supply Meter being Daily Read;
- (b) where paragraph (i) does not apply, the Nominated Supply Point Capacity shall not be less than the User's estimate (made in good faith and after all appropriate enquiries of the consumer and on the basis of reasonable skill and care) of the maximum quantity of gas to be offtaken from the Total System at the DM(AMR) Supply Point Component on any Day in the next 12 months, on the basis of reasonable assumptions as to weather conditions; and
- (c) the Supply Meter Point will become a DM(AMR) Supply Point with effect from the Supply Point Registration Date.

3. Re-number existing section G1.7.2(c) (formerly G1.6.2(c)) as section G1.6.2(d) and re-number subsequent sub-sections accordingly.

4. Insert a new section G1.7.2(c) as follows:-

“(c) In respect of a DM(AMR) Supply Meter Point, where there is a Valid Meter Reading prior to the AQ Review Date and a second Valid Meter Reading between eleven and thirteen months prior to this, the Annual Quantity shall be defined as the volume between the two relevant Valid Meter Reads scaled to 365 days.”

5. Amend section G1.7.9 (formerly G1.6.9) as follows:-

1.7.9 Subject to paragraph 1.6.2, where a DM or DM(AMR) Supply Meter Point becomes an NDM Supply Meter Point or an NDM Supply Meter Point becomes a DM or DM(AMR) Supply Meter Point the Annual Quantity of the Supply Meter Point shall not be affected by a change in its status to NDM, ~~or~~ DM or DM(AMR).

6. Amend section G1.8.3 (formerly G1.7.3) as follows:-

1.8.3 Paragraph 1.8.1 applies only in respect of:

- (a) a Supply Meter Point which at 1 March 1996 was comprised in more than one Supply Point; or
- (b) a Supply Meter Point in relation to which the following conditions are satisfied:
 - (i) the Supply Meter Point is not part of a Sub-deduct Arrangement;
 - (ii) the aggregate of the Annual Quantities of the Supply Meter Point and each other Supply Meter Point comprised in each relevant Supply Point exceeds 58,600,000 kWh (2,000,000 therms);
 - ~~(iii)~~ ~~(iii)~~ —there is no NDM or DM(AMR) Supply Point Component of any relevant Supply Point; and
 - ~~(iv)~~ —
 - (iv) every other Supply Meter Point comprised in any relevant Supply Point is also a Shared Supply Meter Point subject to the same basis of apportionment.

7. Insert new section G.1.9.8 (within the section formerly numbered G1.8) as follows:-

1.9.8 No Supply Meter Point on a Sub-deduct Arrangement shall be designated as a DM(AMR) Supply Point unless the Sub-deduct Arrangement comprises a Primary Supply Meter Point, or all relevant dependent meters within the Sub-deduct Arrangement are re-classified as DM(AMR) Supply Meter Points (each with the same Supply Point Registration Date).

8. Amend section G1.12.3 (formerly G1.11.3) as follows:-

1.12.3 For the purposes of this paragraph 1.12:

- (a) "**relevant classification**" means the classification of a Supply Meter Point as a DM, DM(AMR) or NDM Supply Meter Point, or of a Supply Point Component as DMC or DMA or as VLDMC or not;
- (b) the relevant date is 1 October or other date with effect from the Annual Quantity of the Supply Meter Point or Supply Point Component in question changed, or other date with effect from which the requirement for reclassification first arises.

9. Amend section G2.3.2(e) as follows:-

(e) where the Proposed Supply Point includes one or more DM or DM(AMR) Supply Meter Points, the proposed Supply Point Capacity and proposed Supply Point Offtake Rate in respect of the DM or DM(AMR) Supply Point Component, in compliance with the requirements of paragraph 5;

10. Amend section G2.3.2(g) as follows:-

(g) the Supply Meter Point Reference Number of any Supply Meter Point comprised in the Proposed Supply Point which is to become or (as the case may be) ceased to be a DM or DM(AMR) Supply Meter Point; and

11. Re-number existing section G2.4.2(f) as 2.4.2(g) and re-number all subsequent sub-sections accordingly.

12. Insert new section G2.4.2(f) as follows:-

“(f) where the Proposed Supply Point includes one or more DM(AMR) Supply Meter Points:

- (i) details in respect of Supply Point Capacity and Supply Point Offtake Rate in accordance with paragraph 2.4.3;
- (ii) details of the Remote Meter Reading Equipment installed and the Supply Meter Point Reference of each Supply Meter Point at which any such Remote Meter Reading Equipment is installed;

13. Amend section G2.4.3 as follows:-

2.4.3 Where the Proposed Supply Point includes a DM or DM(AMR) Supply Point Component:

(a) the Supply Point Capacity ("**Offered Supply Point Capacity**") specified in the Supply Point Offer shall be:

- (i) where the Nominated Supply Point Capacity is less than the Bottom-Stop Supply Point Capacity, the Bottom-Stop Supply Point Capacity;
- (ii) otherwise, but subject to paragraph 5.5, the Nominated Supply Point Capacity (provided that where the Nominated Supply Point Capacity is not less than the Bottom-Stop Supply Point Capacity but less than the Prevailing Supply Point Capacity, paragraph 2.7.3 shall apply);

(b) subject to paragraph 5.5, the Supply Point Offtake Rate specified in the Supply Point Offer shall be the Nominated Supply Point Offtake Rate; and

(c) the Supply Point Offer will also specify (for information purposes, where not specified under paragraph (a)(i)) the Bottom-Stop Supply Point Capacity.

14. Amend section G2.4.5 as follows:-

2.4.5 Where the Proposed Supply Point includes a DM or DM(AMR) Supply Point Component, at any time at which the Proposing User has not submitted a Supply Point Confirmation:

(a) if:

- (i) the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity, as a result of the occurrence in any month of a Supply Point Ratchet (pursuant to Section B4.7) in respect of any Existing Supply Point; or
- (ii) at the start of a Gas Year, the Bottom-Stop Supply Point Capacity becomes (pursuant to paragraph 5.2) greater than the Offered Supply Point Capacity the Transporter will so notify the Proposing User whereupon the Supply Point Offer will lapse (but without prejudice to any Supply Point Confirmation submitted before such notification was given, in respect of which paragraph 2.7.4 will apply);

(b) if the Prevailing Supply Point Capacity becomes greater than the Offered Supply Point Capacity, as a result of a Capacity Revision Application (in accordance with paragraph 5.1.4) made by the Registered User for an increase in Supply Point Capacity in respect of any Existing Supply Point, paragraph 2.7.3 shall apply.

15. Amend section G2.5.3(b) as follows:-

(b) agrees (if the confirmation becomes effective):

- (i) to be the Registered User in respect of the Proposed Supply Point; and
- (ii) to be registered as holding:
 - (1) as to the NDM Supply Point Component (if any), Supply Point Capacity (and accordingly LDZ Capacity) and NTS Exit Capacity determined in accordance with Section H4;
 - (2) as to the DM or DM(AMR) Supply Component (if any), the Confirmed Supply Point Capacity (and accordingly LDZ Capacity);
- (iii) that it consents to the disclosure of the information by the Transporter in accordance with paragraph 2.8.8(b).

16. Amend section G5 as follows: -

5 DM AND DM(AMR) SUPPLY POINT CAPACITY AND OFFTAKE RATE

5.1 Introduction

5.1.1 Except for paragraph 5.6, this paragraph 5 applies only in respect of DM and DM(AMR) Supply Point Components.

5.1.2 The Supply Point Capacity which a User is registered as holding at a DM or DM(AMR) Supply Point Component shall be subject to minimum and maximum requirements in accordance with this paragraph 5.

5.1.3 Subject to the provisions of this paragraph 5, the Registered User of a DM or DM(AMR) Supply Point Component may apply to reduce or increase its Registered DM Supply Point Capacity by making a Capacity Revision Application.

5.1.4 An application ("**Capacity Revision Application**") to revise (by increasing or decreasing) Registered DM or DM(AMR) Supply Point Capacity shall specify:

- (a) the Supply Point Registration Number;
- (b) the Supply Meter Point Reference Number of the DM or DM(AMR) Supply Meter Point, or (where there is more than one DM or DM(AMR) Supply Meter Point) the relevant DM or DM(AMR) Supply Meter Point, comprised in the Supply Point Component;
- (c) the revised Supply Point Capacity and (in accordance with paragraph 5.3.2) Supply Point Offtake Rate;
- (d) the date in accordance with paragraph 5.1.5 with effect from which the revision is to take effect;
- (e) the proposed Annual Quantity for the DM or DM(AMR) Supply Meter Point, or (where there is more than one DM or DM(AMR) Supply Meter Point) the relevant DM or DM(AMR) Supply Meter Point, comprised in such Supply Point Component;
- (f) whether a Compressor or Booster will be installed in respect of such Supply Point Component; and
- (g) the identity of the relevant Registered User making the Capacity Revision Application and the telephone number and email address of its contact representative.

5.1.5 The date under paragraph 5.1.4(d) shall be:

- (a) except in paragraph (b), 5 Business Days; or
- (b) where it will (in accordance with paragraph 5.5) be necessary for the Transporter to assess the feasibility of making gas available for offtake, 21 Business Days, after the date upon which the application is submitted.

5.1.6 A User may withdraw a Capacity Revision Application by notice to the Transporter not less than 2 Business Days before the date specified pursuant to paragraph 5.1.4(d).

5.1.7 The Transporter may reject a Capacity Revision Application or an application (in accordance with paragraph 5.3.2) for a revised Supply Point Offtake Rate:

- (a) in the case of a Capacity Revision Application, where the requirements of paragraph 5.1.4 are not complied with, or (in the case of an application for an increase in Supply Point Capacity) in accordance with Section V3; and
- (b) where any other requirement of this paragraph 5 is not complied with, or in accordance with any provision of this paragraph 5 which provides for such rejection.

5.1.8 Subject to paragraph 5.1.7, the Transporter will approve a Capacity Revision Application or (pursuant to paragraph 5.3.2) an application for a revised Supply Point Offtake Rate, and will inform the Registered User where such application is approved.

5.1.9 For the purposes of assessing the feasibility of making gas available for offtake, the Transporter may request the Registered User to provide any of the following information: (a) the amount, resulting from such increase, of any reduction in the Supply Point Capacity relating to any other DM or DM(AMR) Supply Meter Point(s) comprised in the DM or DM(AMR) Supply Point Component and the MPRN Number of such affected DM or DM(AMR) Supply Meter Point(s); (b) the proposed Annual Load Profile and Daily Load Profile; (c) the date from which the load profile is required; and following such request the Registered User shall promptly provide the same to the Transporter.

5.1.10 Where it is necessary for the Transporter to assess the feasibility of making gas available for offtake in accordance with paragraph 5.1.5(b), the Transporter will provide a response in accordance with paragraph 5.1.7 or 5.1.8 no later than the 18th Business Day following the date of receipt of the Capacity Revision Application.

5.1.11 Where requested by the Transporter, for the purpose of enabling the Transporter to assess the Capacity Revision Application, the Registered User will promptly procure permission for the Transporter to visit the premises at which the DM or DM(AMR) Supply Meter Point is situated and access thereto.

5.1.12 Requests for information by the Transporter in accordance with paragraph 5.1.9 and provision of information by the Registered User in accordance with paragraph 5.1.4(e), (f) and (g) and paragraph 5.1.9(a), (b) and (c) shall be communicated by facsimile or email.

5.1.13 For the purposes of paragraph 5.1:

- (a) **“Annual Load Profile”** is the quantity (in MWh) of gas which it is anticipated will be offtaken at the DM or DM(AMR) Supply Point Component for each month of the Gas Year so as to show the within year variation of demand on a monthly basis.
- (b) **“Booster”** is a device (typically a centrifugal fan arrangement), located downstream of the outlet of the customer control valve, used to raise the pressure of gas by up to 200 mbar across the device.

- (c) **“Compressor”** is a device (typically a reciprocating or screw type arrangement), located downstream of the outlet of the customer control valve on the service pipe, used to raise the pressure of gas by up to 40 mbar across the device.
- (d) **“Daily Load Profile”** is the rate (in kWh/hour) at which it is anticipated that gas will be offtaken at the DM or DM(AMR) Supply Point Component for each hour within the Day so as to show the within day variation of demand on an hourly basis.
- (e) **“relevant DM or DM(AMR) Supply Meter Point”** is:
 - (i) in the case of an application to increase capacity, the DM or DM(AMR) Supply Meter Point through which gas will be offtaken in respect of such increase,
 - (iii) where a decrease only is required (other than as a result of an increase at another DM or DM(AMR) Supply Meter Point comprised in the DM Supply Point Component) the DM or DM(AMR) Supply Meter Point through which gas will be offtaken in respect of such decrease.

17. Amend section G5.2 as follows:-

5.2 Minimum capacity requirements

5.2.1 Subject to paragraph 5.2.10 a Registered User's Supply Point Capacity at a DM or DM(AMR) Supply Point Component:

- (a) shall not at any time be less than the Bottom-Stop Supply Point Capacity; and
- (b) except within the Capacity Reduction Period or in accordance with paragraph 2.7.4(b), shall not upon the Supply Point Registration Date be less than, or thereafter be reduced below, the Prevailing Supply Point Capacity.

5.2.2 For the purposes of the Code "**Capacity Reduction Period**" means the months of October, November, December and January in any Gas Year.

5.2.3 Subject to paragraph 5.2.4, at any time in the Gas Year:

(a) subject to paragraph (d), the "**Bottom-Stop**" Supply Point Capacity in respect of a DM Supply Point Component is:

- (i) the amount (the "**Preceding Year Maximum Capacity**") which is the highest User SPDQ for any Day (other than a Day in the months of June to September inclusive) in the Preceding Year, but not exceeding the Maximum Supply Point Capacity; or
- (ii) if higher, but only in the case of a Firm DM or DM(AMR) Supply Point Component, where there has been a Supply Point Ratchet (in accordance with Section B4.7) in the Gas Year, the amount of the Prevailing Supply Point Capacity (subject to and in accordance with paragraph 5.5.5) following such (or if more than one, the most recent) Supply Point Ratchet;

(b) any New Supply Meter Point, and any Supply Meter Point which has become a DM or DM(AMR) Supply Meter Point, shall be disregarded in determining the Preceding Year Maximum Capacity of a DM or DM(AMR) Supply Point Component until the Gas Year which commences next after the first month of June which falls after the First Supply Point Registration Date or (as the case may be) the date on which the Supply Meter Point became DM or DM(AMR);

(c) subject to paragraphs 5.2.5 and 5.2.6, the "**Prevailing**" Supply Point Capacity in respect of the DM or DM(AMR) Supply Point Component of a Supply Point is the Supply Point Capacity for the time being held by the Registered User; and

(d) in the case of a DM Supply Point Component which comprises Shared Supply Meter Point(s):

- (i) the "**Aggregate Bottom-Stop Capacity**" shall be the amount determined (irrespective of whether there were, or which Users were, Sharing Registered Users at any relevant time) as the aggregate of the Bottom-Stop Supply Point Capacities in accordance with paragraphs (a)(i) and (ii) for all DM Supply Point Component(s) which comprised such Supply Meter Point(s);
- (ii) for the purposes of paragraph (a)(i) the Day by reference to which the Preceding Year Maximum Capacities are determined shall be the Day of the highest aggregate User SPDQs in respect of all relevant Firm DM Supply Point Component(s);
- (iii) the Sharing Registered Users jointly, or a User Agent on their behalf, may from time to time notify to the Transporter the amounts, and changes in the amounts, which are to be the Bottom-Stop Supply Point Capacities in respect of their respective Firm DM Supply Point Components, provided that in aggregate such amounts are equal to the Aggregate Bottom-Stop Capacity; and
- (iv) upon any change in the Users who are Sharing Registered Users, unless Bottom-Stop Supply Point Capacities are notified to the Transporter in accordance with paragraph (iii) not later than such change, the Bottom-Stop Supply Point Capacity in respect of each Firm DM Supply Point Component shall be the Aggregate Bottom-Stop Capacity divided by the number of Firm DM Supply Point Components.

5.2.4 In respect of the DM or DM(AMR) Supply Point Component of a Proposed Supply Point which is a New Supply Point:

- (a) the Preceding Year Maximum Capacity shall be determined as the highest relevant daily quantity (in accordance with paragraph 5.2.5(a)) in respect of any Day (other than a Day in the months of June to September inclusive) in the Preceding Year, but shall not exceed the Maximum Supply Point Capacity; and
- (b) the Prevailing Supply Point Capacity shall be determined as the sum of the scaled relevant daily quantities (in accordance with paragraph 5.2.5(b)) for each DM or DM(AMR) Supply Meter Point comprised in the Proposed Supply Point.

5.2.5 For the purposes of paragraph 5.2.4:

- (a) the relevant daily quantity in respect of a Day is the sum of the Supply Meter Point Daily Quantities (or, in the case of a Shared Supply Meter Point, the relevant proportion thereof) for each DM Supply Meter Point comprised in the Proposed Supply Point in respect of that Day;
- (b) the relevant daily quantity in respect of a Day is the sum of the Supply Meter Point Daily Quantities for each DM(AMR) Supply Meter Point comprised in the Proposed Supply Point in respect of that Day;
- ~~(b)~~(c) the scaled relevant daily quantity in respect of a DM or DM(AMR) Supply Meter Point comprised in an Existing Supply Point is the selected daily quantity

(under paragraph (de)), multiplied by the Prevailing Supply Point Capacity, divided by the Preceding Year Maximum Capacity, in respect of the Existing Supply Point; ~~(e)(d)~~ for the purposes of paragraph (cb), the selected daily quantity is the Supply Meter Point Daily Quantity (or, in the case of a Shared Supply Meter Point, the relevant proportion thereof) for the Supply Meter Point in respect of the Day by reference to which the Preceding Year Maximum Capacity was determined under paragraph 5.2.4(a);

~~(d)(e)~~ a New Supply Meter Point comprised in the Proposed Supply Point shall be disregarded; and

~~(e)(f)~~ for the purposes of paragraphs (a) and (c), the relevant proportion is such proportion as the Sharing Registered Users jointly or a User Agent on their behalf may notify to the Transporter before the Proposed Supply Point Registration Date, provided that such proportions aggregate unity, failing which such proportion shall be one divided by the number of DM Supply Point Components which comprise the Shared Supply Meter Point.

5.2.6 At any time at which a Supply Point Offer is outstanding in respect of a Proposed Supply Point which includes a DM ~~or DM(AMR)~~ Supply Point Component:

- (a) the Proposing User may before submitting a Supply Point Confirmation notify the Transporter that the User considers that the circumstances in paragraph 5.2.7 apply;
- (b) where a User so notifies the Transporter:
 - (i) the User shall at the same time provide to the Transporter details of the User's reasons for its view and of the Supply Point Capacity which the User considers should be the Prevailing Supply Point Capacity, and evidence therefor;
 - (ii) the Transporter will consider the details and evidence provided by the User, and where it is reasonably satisfied that the circumstances in paragraph 5.2.7 do apply, will (after consultation with the User) notify the User of a reduced Supply Point Capacity; and
 - (iii) if the User submits a further Nomination (for the purpose of this paragraph 5.2.6) in respect of the Proposed Supply Point, the reduced Supply Point Capacity under paragraph (ii) will be the Prevailing Supply Point Capacity for the purposes of the application of paragraph 2.7.3 in respect of any Supply Point Confirmation submitted by the User; and

(c) where in the meantime the User has submitted a Supply Point Confirmation which has become effective, the User may by submitting a Supply Point Reconfirmation revise (consistently with such reduced Prevailing Supply Point Capacity) the Supply Point Capacity which it holds at the DM ~~or DM(AMR)~~ Supply Point Component, and (where the User does so) any Transportation Charges already invoiced and/or paid will be redetermined (but subject to paragraph 5.2.9) on the basis that the revised Supply Point Capacity was held with effect from the Supply Point Registration Date and appropriate invoicing adjustments made in accordance with Section S.

5.2.7 The circumstances referred to in paragraph 5.2.6 are that:

(a) in applying for, or for an increase in, Supply Point Capacity, or in failing (in the Capacity Reduction Period) to apply for a reduction in Supply Point Capacity, an Existing Registered User acted either:

- (i) in bad faith, in anticipation of or in consequence of the Proposing User's (or any other User's) Proposed Supply Point Registration; or
- (ii) in good faith but in a manner which cannot reasonably be considered to have been commercially prudent for the Existing Registered User in the circumstances applicable to the Existing Registered User at the time; and

(b) as a result, the Prevailing Supply Point Capacity is substantially higher than necessary.

5.2.8 For the purposes of paragraph 5.2.7:

- (a) the circumstances therein described do not include a change, since the application by the Existing Registered User for Supply Point Capacity or (as the case may be) an increase therein or the Capacity Reduction Period, in the nature or extent of the consumer's requirements for the supply of gas;
- (b) where the consumer's consumption of gas is weather-dependent, it shall not be considered commercially imprudent for the Existing Registered User to have held Supply Point Capacity equal to 1-in-20 peak day demand.

5.2.9 For the purposes of paragraph 5.2.6(c), no adjustment will be made in respect of any change in the Applicable Commodity Rate (where a function of Supply Point Capacity) in relation to any relevant Transportation Charge already invoiced or paid.

5.2.10 Where:

- (a) one of the Sharing Registered Users of a Supply Meter Point applies to increase its Registered Supply Point Capacity at a Firm DM Supply Point Component which includes such Supply Meter Point; and
- (b) another of such Sharing Registered Users applies to reduce its Registered Supply Point Capacity at such a Firm DM Supply Point Component with effect from the same date as, and by an amount which does not exceed the amount of, the increase applied for under paragraph (a)

then paragraph 5.2.1 shall not apply in respect of the application under paragraph (b).

Section J

1. Amend Section J3.5.3 as follows:-

3.5.3 In the case of a Supply Point Component whose Annual Quantity exceeds 73,200 kwh (2,500 therms) per annum and where the supply of gas is not taken at the Supply Point Component wholly or mainly for domestic purposes, the Transporter will pay to the Registered User an amount determined as:

- (a) subject to paragraph (b), the amount calculated according to the following formula: $C * (1 - X/Y) * P * F$ where: C is the amount of the Supply Point Capacity held by the User at the Supply Point Component on the relevant Day, or in relation to an Interruptible Supply Point Component only, if less, the Bottom-stop Supply Point Capacity; X is in the case of a DM Supply Point Component **or DM(AMR) Supply Point Component**, the quantity of gas which was made available for offtake from the System on the relevant Day; Y is in the case of a DM Supply Point Component **or DM(AMR) Supply Point Component**, the Nominated Quantity (subject to paragraph 3.5.4) under the Output Nomination for the relevant Supply Point Component, provided that:

- (i) no account shall be taken of any Renomination, on the Day when the failure occurred or first occurred, made after the time at which the Registered User first became aware of such failure; and
- (ii) (Y shall not exceed the amount of the User's Registered Supply Point Capacity at the Supply Point Component, disregarding any increase therein applied for after the relevant failure first occurred; X/Y is, in the case of an NDM Supply Point Component, zero; P is the sum of the Applicable Daily Rates of:

(i) the Capacity Variable Component of the Customer Charge;
 (ii) in the case of an LDZ Supply Point, the LDZ Capacity Charge; and
 (iii) the applicable NTS Exit Capacity Charge,

F is ten (10) in relation to a Firm Supply Point Component and five (5) in relation to an Interruptible Supply Point Component;

(b) where:

- (i) as a result of the relevant failure gas is not available for offtake for a period of 24 hours; and
- (ii) the amount determined under paragraph (a) would for each consecutive period of 24 hours during which the relevant failure continued to be less than £50 in relation to an NDM or DM (AMR) Supply Point Component and £250 in relation to a DM Supply Point Component

for each consecutive period of 24 hours or part of such a period, commencing with the expiry of the first 24 hours of such failure, during which the relevant failure continued, an amount of £50 in relation to an NDM or DM(AMR) Supply Point Component and an amount of £250 in relation to a DM Supply Point Component.

2. Amend Section J3.8 as follows:-

3.8 User offtake obligations: DM and DM(AMR) Supply Point Components

3.8.1 A User is not entitled to offtake gas from the Total System at a DM or DM(AMR) Supply Point Component at a rate which exceeds the Supply Point Offtake Rate, and shall take all reasonable steps to ensure that gas is not offtaken at such a rate.

3.8.2 Where:

- (a) the Transporter believes on reasonable grounds that gas is being or will be offtaken from the Total System at a DM or DM(AMR) Supply Point Component at a rate which exceeds the Supply Point Offtake Rate; and
- (b) in the Transporter's reasonable judgment the security of the relevant System may be prejudiced as a result

the Transporter may take any steps available to it to secure the required reduction in the rate of or the discontinuance of the offtake of gas from the relevant System at the Supply Point Component.

3.8.3 The steps referred to in paragraph 3.8.2 include the disconnection of the relevant premises; but (without prejudice to any provision of the Gas Code) the Transporter

will endeavour not to take this step where alternative steps are available and adequate in the circumstances.

3.8.4 The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System by a User at a DM or DM(AMR) Supply Point Component:

(a) at any time, at a rate which exceeds the Permitted Supply Point Offtake Rate; or

(b) on any Day, in a quantity which exceeds the User's Registered Supply Point Capacity.

3.8.5 In relation to a DM Supply Point Component which comprises Shared Supply Meter Point(s), a User shall not be in breach of paragraph 3.8.1, and paragraph 3.8.2 shall not apply, if the aggregate rate at which gas is offtaken from the Total System at all of the DM Supply Point Components which comprise such Shared Supply Meter Point does not exceed the aggregate of the Supply Point Offtake Rates in respect of such Supply Point Components.

Section M

See paper apart.