

CODE OF OPERATIONS
PART B

GENERAL PRINCIPLES

VERSION 5.04

**Comprises version 5.03 published as of December 2019
incorporating the following Modifications**

- (1). Modification A087; Prepayment Metering**
- (2). Modification A100; Use of System Agreement – South-North Pipeline**
- (3). Modification A101; Extension of Daily Capacity Booking Window and to amend the multiplier for categories of Capacity Overrun Charges**
- (4). Modification A102; Shrinkage Gas Procurement**
- (5). Modification A103/103A; Removal of LDM GFPS Tolerance, NDM Forecast Tolerance, DM Exit Tolerance and associated redundant terminology**
- (6). Modification A104; Transfer payment of Capacity Overrun Charge Revenue from Capacity Overruns Disbursement Account to Allowed Revenue; remove caps for Supply Point Capacity Overruns**
- (7). Modification A104A; Removal of Scheduling Charges from Disbursements Account**
- (8). Modification A105; Removal of reference to Kinsale Field (Inch)**
- (9). Modification A106; Deletion of Entry Point Transfer provisions from Code of Operations**
- (10). Modification A107; Amendment to Code of Operations to remove annual caps on non-SPC Capacity Overrun Charges**
- (11). Modification A108; Amendment to incorporate the transfer of Shrinkage Gas Cost recovery from a separate Shipper Charge to allowed revenues from tariffs from the start of the Gas Year 2020/21.**
- (12). Modification A109; Amendment to specify the basis of calculation of charge in respect of an adjustment to a metered quantity (Metered Quantity Adjustment) as referred to in Part G (*Technical*) Section 4.9**
- (13). Modification A110; Amendment to reduce the Annual Caps on the multipliers for certain Supply Point Capacity Overruns and to delete the Supply Point Capacity Overrun Disbursements Account**

Part B

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1. GENERAL PRINCIPLES

1.1 Overriding Obligations

1.1.1 Notwithstanding anything else in this Code, in exercising its rights and performing its obligations under this Code (including for avoidance of doubt under this Part B (*General Principles*) any Ancillary Agreements and any Procedures the Transporter shall:

- (a) act as a RPO; and
- (b) not discriminate unfairly between Shippers or classes of Shippers.

1.1.2 The Transporter shall operate the Transportation System in accordance with the Transportation Licences, this Code, the Operating Agreement and applicable Legal Requirement(s).

1.1.3 The Transporter shall provide Shippers with information in accordance with this Code and any direction of the Commission.

1.1.4 Notwithstanding anything else in this Code, in exercising their respective rights and performing their respective obligations under this Code, any Ancillary Agreements and any Procedures each Shipper shall act as a RPO.

1.2 System Integrity and Security

1.2.1 The Transporter has certain obligations pursuant to the Transportation Licences, this Code, the Operating Agreement and Legal Requirement(s) including obligations to:

- (a) maintain the physical safety and security of persons, any apparatus and installations over which apparatus and installations it has complete and unencumbered control and has legal right of access;
- (b) maintain the operational integrity of the Transportation System (and all or any part thereof);
- (c) ensure the physical balance of the Transportation System is maintained;
- (d) mitigate the adverse effect (if any) on Shippers (or any of them) arising as a result of a breach by a Shipper(s) of this Code, any Ancillary Agreement or the Procedures including as a result of Natural Gas being delivered to or offtaken from the Transportation System by a Shipper or Shippers in breach of this Code, any Ancillary Agreement or the Procedures; and
- (e) make capacity available pursuant to Interconnector Treaties.

1.2.2 In discharging its obligations pursuant to Section 1.2.1, the Transporter may take such action as is reasonable and prudent in the circumstances, including

(where required) (i) increasing, restricting or ceasing altogether input of Natural Gas to, or offtake of Natural Gas from, the Transportation System, and/or (ii) taking preventative measures where the operational integrity of the Transportation System or any localised part thereof may be prejudiced or otherwise at risk.

- 1.2.3 Subject to Section 1.1, the rights and responsibilities of the Transporter under this Section 1.2 shall prevail over any other provisions of this Code, any Ancillary Agreement or Procedures. The Transporter shall not be in breach of any other provisions of this Code, any Ancillary Agreement or Procedures to the extent that it is acting in accordance with this Section 1.2.

1.3 **Regulatory Compliance**

- 1.3.1 Where pursuant to any applicable legislation, Legal Requirement or the Transportation Licences the Transporter is required to take a particular action or not to take or cease a particular action, nothing in this Code shall prevent the Transporter from taking such action or not taking, or ceasing to take such action, and the Transporter shall not be in breach of any of its obligations to Shippers (or any of them) pursuant to this Code and/or any Ancillary Agreement where the Transporter acts in accordance with the Transportation Licences, any such applicable legislation or Legal Requirement.
- 1.3.2 Where a Shipper is required, pursuant to such Shipper's Shipping Licence, to take a particular action or not to take or cease to take a particular action, nothing in this Code shall prevent the Shipper from taking such action or not taking or ceasing to take such action and the Shipper shall not be in breach of its obligations under this Code or any Ancillary Agreement where the Shipper acts in accordance with such Shipper's Shipping Licence.

1.4 **Capacity**

- 1.4.1 The capacity of the Transportation System, or any localised part thereof, held or to be held by Registered Shippers may be determined by the Transporter and approved by the Commission from time to time.
- 1.4.2 Shipper(s) shall be entitled, subject to and in accordance with this Code, to reserve such capacity in the Transportation System, or any localised part thereof, as is determined pursuant to Section 1.4.1 subject to and in accordance with this Code.
- 1.4.3 The obligation of the Transporter to make capacity available to a Registered Shipper on a Day(s) pursuant to this Code and/or any Ancillary Agreement and/or the Transportation Licences shall be subject to the existence, and capacity, of such facilities as the Transporter considers to be necessary to ensure such capacity can be made so available save where such existence is delayed, hindered or affected as a result of the failure of the Transporter to

comply with its obligations pursuant to the Transportation Licences, this Code or any Ancillary Agreement.

- 1.4.4 The Transporter shall, notwithstanding any other provision of this Code and in addition to any other rights as contained in this Code, have the right to reject any application for capacity where such rejection is so permitted in accordance with any applicable legislation or Legal Requirement.
- 1.4.5 Nothing in this Code shall be taken to confer on any person any entitlement to have any premises, pipeline, plant or other installation connected to the Transportation System for the purpose of offtaking Natural Gas from the Transportation System. For the avoidance of doubt an application for capacity in accordance with this Code is not and shall not be construed as an application for connection to the Transportation System.
- 1.4.6 Any capacity reserved by, or made available to, a Shipper in accordance with this Code and/or any Ancillary Agreement shall not confer on such Shipper any entitlement to manage or control or participate in the management or control of the Transportation System.

Subject to the Transportation Licences, Legal Requirement(s), this Code, the Operating Agreement and any Ancillary Agreements, the Transporter shall have and retain full complete and unencumbered rights to control and manage the operation of the Transportation System and the flow and pressure of Natural Gas in the Transportation System.

- 1.4.7 The Transporter shall at all times use all reasonable endeavours to exercise its rights under any agreements entered into between the Transporter and any Connected Systems Operator relating to Natural Gas Pressure and profiling of Natural Gas at any Entry Point(s) in such a manner as to ensure that such pressure is sufficient and a profile(s) is created to enable the Transporter to make each Shipper's capacity available to such Shipper in accordance with this Code and/or any Ancillary Agreement;

The obligation of the Transporter to make capacity available to a Registered Shipper on a Day(s) pursuant to this Code and/or any Ancillary Agreement shall be subject to:

- (a) the prevailing Natural Gas pressure at the Entry Points (or any of them) which affects the capacity of the Transportation System or any localised part thereof;
- (b) the terms of any relevant LDM Agreement;
- (c) the actual offtake of Natural Gas from the Transportation System or any localised part thereof; and

- (d) the delivery at an Entry Point(s) of Natural Gas in accordance with a profile which facilitates the Transporter making the requisite capacity available to Shippers.

1.5 End User's Facilities

- 1.5.1 The Transporter shall have such right of access at all reasonable and necessary times to End User's Facilities (including where such facilities are located downstream of the Offtake Point) and to the premises (if any) of any third party to whose property or premises Natural Gas is delivered, without charge and as may be required, for the purpose of exercising its rights in accordance with the relevant sections of this Code and/or to verify compliance with the requirements of any LDM Agreement. Where the Shipper at any such Offtake Point is the End User, such Shipper shall execute the End User Agreement and shall ensure that such access may be obtained safely at all times. Where the Shipper is not the End User or where the Shipper is not legally entitled to grant such right of access to premises at which the End User's Facilities are located, the Shipper shall enter into an agreement with the End User (or relevant third party) to enable such rights of access to be available to and exercised by the Transporter, provided always that the Shipper shall be relieved of the obligation to enter into such an agreement with the End User (or relevant third party) where there is a valid and subsisting End User Agreement in force at the applicable LDM Offtake or DM Offtake.
- 1.5.2 Without limiting the foregoing provisions of this Section 1, where any Natural Gas offtaken at an LDM Offtake or a DM Offtake(s) is for use by an End User, not being the Shipper, the Shipper shall use reasonable endeavours to procure that the End User executes a valid and subsisting End User Agreement with the Transporter and pending such execution shall procure that such End User is bound by the provisions of this Code and the relevant Ancillary Agreements (to the extent necessary and whether by a deed of adherence or otherwise) so as to ensure compliance therewith by such End User.
- 1.5.3 In the event the Shipper does not comply with Section 1.5.1 or 1.5.2 the Transporter shall be entitled to cease to make Natural Gas available for offtake at such Offtake Point(s) to which such non-compliance relates until such non-compliance is remedied but without prejudice to the continuing obligation of the Shipper to pay the capacity component of the Tariff.

1.6 Priority

In the event of any inconsistency between the Transporter's obligations pursuant to any Legal Requirements (including Transportation Licences), this Code, any Ancillary Agreement or any Procedure, such inconsistencies shall be resolved in the following order of priority:

- 1.6.1 any Legal Requirements (including for the avoidance of doubt the Transportation Licences);
- 1.6.2 Part B of this Code;
- 1.6.3 the provisions of this Code (other than Part B);
- 1.6.4 any Ancillary Agreement; and
- 1.6.5 Procedures.