

CODE OF OPERATIONS
PART H

OPERATIONS

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 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**

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1. EMERGENCIES

1.1 Emergency and Exceptional Event

1.1.1 "**Emergency**" means a Natural Gas Emergency or any event or circumstance or combination of events or circumstances which have occurred or may occur and which in the opinion of the Transporter adversely affects, or may adversely affect, the safety or operational integrity of the Transportation System or any localised part thereof or which results or may result in the safety of life, property or the environment being at risk, and, where the context requires, a reference to an Emergency includes the event or circumstance which gives rise to such Emergency.

1.1.2 "**Exceptional Event**" means any unplanned event that is not reasonably controllable or preventable by the Transporter and may cause for a limited period, capacity reductions, affecting the quantity or quality of gas at an Interconnection Point and which may have consequential effects on interactions between the Transporter (or its Affiliate) and the Adjacent TSO and on interactions between the Transporter and Shippers.

1.1.3 An Emergency may include:

- (a) the safe conveyance of Natural Gas by the Transportation System or any localised part thereof being significantly at risk;
- (b) Natural Gas conveyed by the Transportation System being at such a pressure or of such a quality as to constitute, when offtaken from the Transportation System or any localised part thereof, a danger to life, property or the environment;
- (c) an Exceptional Event;
- (d) an escape or suspected escape of Natural Gas;
- (e) the Transporter's ability to maintain safe pressures within the Transportation System or any localised part thereof being affected or threatened by an interruption or disruption to the Transportation System or a Connected System;
- (f) events or circumstances in a Connected System (either upstream or downstream of the Transportation System);
- (g) an insufficiency of deliveries of Natural Gas to the Transportation System (including from any Connected System or Interconnected System); and/or
- (h) any actual or potential failure of or damage to the Transportation System or any localised part thereof.

1.1.4 The existence of an Emergency and/or an Exceptional Event shall be

determined by the Transporter, irrespective of the cause of the Emergency and/or the Exceptional Event and of whether the Transporter or any other person may have caused or contributed to the Emergency or Exceptional Event provided always that a Natural Gas Emergency shall only be declared with the approval of the National Gas Emergency Manager and in accordance with the provisions of the Natural Gas Emergency Plan.

- 1.1.5 An Emergency and/or an Exceptional Event shall continue until such time as the Transporter determines that the circumstances referred to in this Section 1.1 no longer apply, that no further Emergency Steps are required and that normal operation of the Transportation System and full implementation of this Code may be resumed provided always that a Natural Gas Emergency or an Exceptional Event shall continue until such time as it is declared to have ended and (in the case of an Emergency only) in accordance with the provisions of the Natural Gas Emergency Plan (where applicable).
- 1.1.6 The Transporter shall take such steps as it considers necessary to restore Natural Gas transportation and normal operation of the Transportation System as soon as reasonably practicable after an Emergency or Exceptional Event.
- 1.1.7 The Transporter has been designated as the National Gas Emergency Manager and has developed the Natural Gas Emergency Plan, in the event of any conflict between the Natural Gas Emergency Plan and the provisions of this Code of Operations the provisions of the Natural Gas Emergency Plan shall prevail.

1.2 **Emergency Steps**

- 1.2.1 The Transporter (including when acting in its capacity as National Gas Emergency Manager), to the extent that it considers necessary, and/or as required by the National Gas Emergency Manager may take steps and may require Shippers to take steps to avert and/or reduce the likelihood of, or likely scale of, an Emergency or to overcome or contain an Emergency and/or to avert or reduce the hazard presented by an Emergency and/or to restore Natural Gas supply and normal operation of the Transportation System (including through the possible sale or purchase of Natural Gas) in the course of and/or following the taking of any such steps (“**Emergency Steps**”). Emergency Steps may include action to be taken or not to be taken as the case may be by the Transporter or a Shipper (as instructed by the Transporter).
- 1.2.2 The Transporter and each Shipper acknowledge that in an Emergency their respective interests shall be subordinated to the need to take Emergency Steps in accordance with this Section 1.
- 1.2.3 In view of the importance of co-ordination of Emergency Steps subject and without prejudice to the obligation of Shippers and the Transporter to comply with the instructions of the National Gas Emergency Manager, a Shipper shall

only take Emergency Steps in accordance with this Section 1 and in accordance with an instruction given by the Transporter.

- 1.2.4 No Emergency Steps taken, or steps taken as a consequence of such Emergency Steps including Emergency Steps taken at the request or by the direction of the National Gas Emergency Manager, by the Transporter or any Shipper in compliance with any requirements of this Section 1 shall be a breach of any provision of this Code or any Ancillary Agreement. In particular the Transporter shall not be in breach of its obligation to accept Natural Gas tendered for delivery to the Transportation System at an Interconnection Point or at an Entry Point or to make Natural Gas available for offtake from the Transportation System to the extent that, as a result of any Emergency Steps taken, Natural Gas tendered for delivery is not accepted or Natural Gas is not made available for offtake.
- 1.2.5 Nothing in this Section 1 shall relieve a Shipper from any of its financial obligations arising under this Code or any Ancillary Agreement.

1.3 **Interconnected System and Connected System**

The Transporter or its Affiliate may subject always to the Natural Gas Emergency Plan and any instructions of the NGEM agree with each Connected System Operator the Emergency procedures to be taken with respect to Connected Systems, setting out the steps to be taken in the event of an Emergency by the Connected System Operator.

The Transporter may agree with the operator of the Spur Pipeline downstream of the Sub-Sea I/C Offtake the Emergency procedures to be taken with respect to such Connected System setting out the steps to be taken in the event of an Emergency.

The Transporter or its Affiliate may agree with the Adjacent TSO and where applicable any other affected system operator at an Interconnection Point:

- 1.3.1 Emergency procedures to be taken with respect to the Interconnected System setting out steps to be taken in the event of an Emergency or in the event of an emergency on the Interconnected System;
- 1.3.2 Procedures or steps to be taken if there is an Exceptional Event or if there is an exceptional event affecting the Interconnected System.

The Transporter may agree with the Adjacent TSO at the South-North IP CSEP emergency procedures to be taken with respect to the Interconnected System setting out steps to be taken in the event of an Emergency or Exceptional Event or in the event of an emergency or an exceptional event on the Interconnected System. Where the Interconnection Agreement at the Moffat Interconnection Point is executed by an Affiliate of the Transporter any reference to any matter or thing to be done by or for or information to be disclosed or received by the Transporter as party to an applicable Interconnection Agreement shall and shall be deemed to include a reference to such Affiliate and the Transporter shall be entitled to notify information to or receive

information from such Affiliate for such purpose.

1.4 **Emergency Preparedness**

In the event of an Emergency and in addition to the measures referenced in this Section 1, the Transporter shall implement, to the extent relevant, its Transmission System Emergency procedures and/or Distribution System Emergency procedures, and pursuant to the instructions of, or with the approval of, the NGEM, the Natural Gas Emergency Plan.

1.5 **Shipper Contacts (Emergencies and Exceptional Events)**

1.5.1 Each Shipper shall provide to the Transporter and to the National Gas Emergency Manager contact details at which the Shipper or its Authorised Representative shall be contactable twenty four (24) hours a day in the event of an Emergency or an Exceptional Event. The contact details to be provided shall be a single telephone number (and a back-up single landline telephone number), a single mobile telephone number (and a single back-up mobile telephone number), a single facsimile number (and a single back-up facsimile number), a single email address (and a single back-up email address) and the job title(s) of relevant personnel.

1.5.2 The details required under this Section 1.5 shall be kept up to date and for these purposes a Shipper shall notify the Transporter of any change in such details promptly and, in any event, not later than five (5) Business Days in advance of effecting such change.

1.5.3 If a Shipper does not provide the required details or maintain such details up to date, or if the Authorised Representative cannot be contacted at any time at the contact details provided by the Shipper in accordance with Section 1.5.1, then, without prejudice to any other rights which the Transporter has under this Code, the Transporter may (notwithstanding that an Emergency does not then exist) suspend (in whole or in part) the Shipper's rights under this Code by notice to the Shipper in accordance with Part I (*Legal and General*) Section 4 (*Suspension and Termination*) until such time as the Transporter confirms that the Shipper has complied with its obligations under this Section 1.5. In such circumstances, the Transporter shall not be liable to any such Shipper for any costs, losses or expenses incurred in connection with any such suspension of rights and the Shipper shall indemnify the Transporter in respect of any such costs, losses or expenses incurred in respect of any such suspension of rights and the Shipper shall indemnify the Transporter in respect of any actions, costs or claims arising as a result thereof.

1.6 **Emergency Contacts at LDM Offtakes and DM Offtakes**

1.6.1 Each Shipper shall provide to the Transporter and the National Gas Emergency Manager, in respect of any LDM Offtake or DM Offtake at which the Shipper is the Registered Shipper, contact details in a form specified by

the Transporter, where such information is not provided to the Transporter pursuant to an End User Agreement. Each Shipper shall advise the Transporter and the National Gas Emergency Manager of any changes in their contact details.

- 1.6.2 The details required under this Section 1.6 shall be provided by a Shipper at the time at which the Shipper becomes the Registered Shipper at the LDM Offtake and/or DM Offtake and shall at all times be maintained up to date. For these purposes, a Shipper shall require the End User to notify the Shipper of any change in details in advance of any such change and the Shipper shall notify the Transporter of any change in such details promptly and, in any event, not later than five (5) Business Days in advance of effecting such change.
- 1.6.3 If a Shipper does not in accordance with Section 1.6.1 and/or Section 1.6.2 provide the required contact details or maintain such details up to date or if the End User's Authorised Representative at or in respect of an Offtake Point cannot be contacted at any time at the contact details provided by the Shipper in accordance with Section 1.6.1, or provided pursuant to any applicable End User Agreement then, without prejudice to any other rights which the Transporter has under this Code, the Transporter may (notwithstanding that an Emergency does not then exist) suspend (in whole or in part) the Shipper's rights under this Code in respect of the relevant Offtake Point by notice to the Shipper in accordance with Part I (*Legal and General*) Section 4 (*Suspension and Termination*) until such time as the Transporter confirms that the Shipper has complied with its obligations under this Section 1.6. In such circumstances, the Transporter shall not be liable to any such Shipper for any costs, losses or expenses incurred in connection with any such suspension of rights in respect of the relevant Offtake Point and the Shipper shall indemnify the Transporter in respect of any such costs, losses or expenses incurred in respect of any such suspension of rights and the Shipper shall indemnify the Transporter in respect of any actions, costs or claims arising as a result thereof.

1.7 Occurrence of an Emergency

- 1.7.1 Where an Emergency arises, the Transporter shall inform all Shippers of the commencement and (so far as practicable) the nature, extent and expected duration of the Emergency by such means as is reasonably available to the Transporter at the time. The Transporter shall (so far as practicable) thereafter keep the Shippers informed of any material changes and developments in respect of the Emergency and, subject to Section 1.9.7, shall notify the Shippers as soon as reasonably practicable of the time at which the Transporter considers the Emergency has ceased.
- 1.7.2 Where an Exceptional Event occurs and affects an Interconnection Point the Transporter shall notify all Shippers at the Interconnection Point

- (a) of the Exceptional Event; and:
 - (b) the expected duration of the Exceptional Event and;
 - (c) the anticipated and actual termination of the Exceptional Event.
- 1.7.3 The Transporter shall notify Shippers at an Interconnection Point of an exceptional event affecting the Interconnected System as soon as reasonably practical after the Transporter is notified of it by the Adjacent TSO.
- 1.7.4 During an Emergency each Shipper shall:
- (d) comply with the Emergency Steps as instructed by the Transporter and co-operate with the Transporter to the extent possible so as to enable the Transporter to take Emergency Steps;
 - (e) procure compliance by the End User or Third Party Shipper with any such Emergency Steps instructed by the Transporter to the Shipper save to the extent that there is any conflict between such Emergency Steps and the obligation of the End User to the Transporter pursuant to this Code or any applicable End User Agreements;
 - (f) notify the Transporter of all actions taken by the Shipper and the End User to comply with the Emergency Steps; and
 - (g) comply with directions issued by the Transporter to bring an Emergency to an end or to prevent an Emergency (as the case may be).
- 1.7.5 In addition to the right of the Transporter to require a Shipper to take Emergency Steps pursuant to this Section 1 and the Shipper's obligations pursuant to Section 1.7.4, the Transporter shall at all times during an Emergency retain the absolute right to impose upon any Shipper by way of notice to such Shipper any obligation and/or responsibility that it considers may be reasonable or necessary to resolve and/or to mitigate the impact of such Emergency and each Shipper shall comply with any such obligation and/or responsibility upon receipt of such notice from the Transporter.
- 1.7.6 The provisions of this section 1.7 are subject to and without prejudice to the Natural Gas Emergency Plan and any instructions of the NGEM.

1.8 **Entry Control, IP VEntry Control and IP VExit Control Interconnection Point Control**

Without prejudice to the obligations set out in Section 1.7.4 and where an Exceptional Event occurs and in any case without prejudice to Part D Section 1.4.12, where Emergency Steps (or such other steps as may be required by the Transporter) include increasing or decreasing the delivery and/or rate of flow of Natural Gas to or from an IP Entry Point or Entry Point and/or IP VEntry and/or IP VExit the Transporter may

issue appropriate instructions in respect of such increase or decrease to the Shippers utilising such IP Entry Point and/or IP VEntry and/or IP VExit or Entry Point, who in turn will exercise their nomination rights under their respective agreements with their Natural Gas suppliers or under their agreements with those parties with whom they have contracted for Natural Gas at the IP Entry Point, IP CSEP, IP VEntry and/or IP VExit as necessary and/or as requested by the Transporter to the extent practical but at all times using all reasonable endeavours.

1.9 Offtake Point and Sub-Sea I/C Offtake Control

1.9.1 Where Emergency Steps include the reduction or discontinuance of offtake of Natural Gas at any Offtake Point(s) on the Transportation System (or any localised part thereof) and/or at the Sub-Sea I/C Offtake, the Transporter may, where practicable, first seek voluntary reductions of offtake by Shippers and if the Transporter cannot achieve the requisite reduction of offtake voluntarily in a timely manner, the Transporter may require a Shipper or Shippers to reduce demand for Natural Gas on the Transportation System (or any localised part thereof) (so far as the Transporter considers practicable and necessary). The Transporter shall subject to the provisions of the Natural Gas Emergency Plan and any directions of the NGEM (where applicable) identify those Offtake Points or classes of Offtake Point (as identified below) and/or the Sub-Sea I/C Offtake (as appropriate) in respect of which it requires a reduction in offtake and shall have regard to the following order of priority (subject to the Interconnector Treaties and any future Directive impacting upon such order and requiring compliance by the Transporter and any subsequent modification resulting therefrom):

- (a) first, any LDM Offtake which has an Annual Quantity greater than 1,500,000,000 kWh;
- (b) second, any LDM Offtake which has an Annual Quantity greater than 260,000,000 kWh and less than or equal to 1,500,000,000 kWh;
- (c) third, any LDM Offtake which has an Annual Quantity less than or equal to 260,000,000 kWh;
- (d) fourthly, any DM Offtake (but excluding DM Offtake(s) at which the End User is a Priority Customer);
- (e) fifthly, NDM Supply Points at which Natural Gas is offtaken from the Distribution System for consumption by non-household customers (but excluding NDM Offtakes at which the End User is a Priority Customer); and
- (f) lastly, NDM Supply Points at which Natural Gas is offtaken from the Distribution System for consumption by household customers and DM Offtakes and NDM Supply Points at which the End Users are Priority Customers.

The Shipper(s) at the Sub-Sea I/C Offtake shall in a timely manner and from time to time as requested by the Transporter notify to the Transporter the amount of the Annual Consumption and/or offtake at the Sub-Sea I/C Offtake which is for the purpose of power generation and that which is for the purposes of non-power generation. Where the Transporter requires a reduction in demand or offtake from the Transportation System (or any localised part thereof) including the Sub-Sea I/C Offtake then the Sub-Sea I/C Offtake shall be treated

- (i) with respect to that part of the Annual Consumption or demand at the Sub-Sea I/C Offtake which is in respect of power generation as an equivalent LDM Offtake;
- (ii) with respect to the Annual Consumption or demand which is for non power generation in the same manner as those offtakes in category (f).

- 1.9.2 In so reducing demand at LDM Exit Points in accordance with Section 1.9.1 the Transporter will comply with any operational procedures for the control of Emergencies (including any such procedures as may be agreed by the Transporter with any Adjacent TSO), subject to the Natural Gas Emergency Plan and the directions of the NGEM, give due consideration, upon notice from a Shipper and in a timely fashion (including at the time of submission of the Long Term LDM Capacity Request) and where practicable as to enable End Users to discontinue offtake in such a manner as to protect so far as possible essential or major capital items of plant, or to allow the End User to change to alternative fuels (where practicable).
- 1.9.3 Where, pursuant to an Emergency, the Transporter instructs a Shipper to give any notification or communication to an End User or supplier, the Shipper shall comply with such instruction and procure that the End User or supplier complies with such instruction save to the extent that there is any conflict between a notification or communication to the End User or supplier which the Shipper issues on the instruction of the Transporter and the obligation of the End User or supplier to the Transporter pursuant to this Code or any applicable End User Agreement. .
- 1.9.4 Without prejudice to the Transporter's ability to take any Emergency Steps and any other rights which the Transporter may have under this Code, the Transporter may, discontinue the offtake of Natural Gas at and/or disconnect, any Offtake Point at which a Registered Shipper and/or the End User do not comply with any instruction given under this Section 1.
- 1.9.5 The order in which, following an Emergency, offtake of Natural Gas at Offtake Points is restored shall (so far as is practicable) be the inverse of that under Section 1.9.1.

- 1.9.6 The Transporter shall not unduly discriminate between Offtake Points within each of the above categories listed in Section 1.9.1 in reducing demand on the Transportation System.
- 1.9.7 For the purposes of calculating Balancing Charges in accordance with Part E (*Balancing and Shrinkage*) Section 1 (*Balancing*), an Emergency shall be deemed to cease only with effect from the start of the Day (i.e. 05:00 hours) which commences after the time notified by the Transporter to the relevant Shippers as the time that the Emergency has ceased. For all other purposes the Emergency shall be deemed to cease at the time specified in the notice issued by the Transporter in accordance with Section 1.7.1.

1.10 Consequences of Emergency

- 1.10.1 In the event of an Emergency, the Transporter may suspend any of the provisions of this Code and/or any Ancillary Agreement (save for the financial obligations of a Shipper under this Code and/or any Ancillary Agreement) with respect to any Shipper. The provisions of the Code that may be suspended include those in relation to the balancing regime (and associated Balancing Charges and Scheduling Charges) and Capacity Overrun Charges.
- 1.10.2 The Transporter and each Shipper acknowledge that during an Emergency it may be necessary for each of them to divert resources from other activities which may potentially result in a temporary impairment of their respective abilities subsequently to perform their respective obligations (other than any financial obligations) pursuant to this Code and any Ancillary Agreement and acknowledge that any such impairment resulting from such diversion of resources shall not constitute a breach of this Code or any Ancillary Agreement, but may constitute Force Majeure pursuant to Part I (*Legal and General*) Section 3 (*Force Majeure*).

1.11 Costs

- 1.11.1 The Transporter shall:
- (a) not be liable for any costs incurred by a Shipper which arise out of an Emergency or as a result of taking any Emergency Steps or any other steps imposed by the Transporter in accordance with Section 1.7.5; and
 - (b) be Cash Neutral with regard to any costs incurred by the Transporter in respect of an Emergency or as a result of taking any Emergency Steps or any other steps imposed by the Transporter in accordance with Section 1.7.5, which costs shall be charged to the Disbursements Account.
- 1.11.2 Each Shipper shall be liable for its own costs incurred in respect of an Emergency save, however, that if the offtake of Natural Gas by a Shipper

("First Shipper") is reduced pursuant to Section 1.9 (*Offtake Point Control*) with the effect that the First Shipper's Natural Gas is offtaken by another Shipper ("**Benefiting Shipper**"), the Benefiting Shipper shall pay the Imbalance Price (Non RNG) for that quantity of the First Shipper's Natural Gas offtaken by such Benefiting Shipper to the Transporter on behalf of the First Shipper and the Transporter shall pay such sums so received to the First Shipper.

1.12 Report and Audit

- 1.12.1 The Transporter shall, following each Emergency other than a Natural Gas Emergency prepare a report ("**Emergency Report**") in respect of such Emergency and shall provide a copy of such Emergency Report to the Commission.
- 1.12.2 In the event of an Emergency, either the Commission and/or the affected Shippers may require within six (6) Months of the end of such Emergency that an audit shall be conducted by a reputable, independent expert to determine the cause and what, if any, remedial actions may need to be taken to minimise the likelihood of such Emergency arising again.
- 1.12.3 Where the Commission or the affected Shippers require appointment of an independent expert in accordance with Section 1.12.2, the Transporter shall appoint an appropriate, internationally recognised professional entity approved by the Commission and provide to such entity all reasonable information such as to allow such entity to establish:
- (a) the cause of the Emergency; and
 - (b) where relevant, the remedial actions that need to be taken to minimise the likelihood of such Emergency arising again.
- 1.12.4 A copy of the audit report ("**Audit Report**") prepared pursuant to Section 1.12.3 shall be provided to the Commission. A summary of the audit report shall be made available to such Shippers who have paid for such review in accordance with Section 1.12.5.
- 1.12.5 The cost of such audit, if requested by Shippers, shall be shared between the Shippers that requested the audit. The cost of any remedial measures, if any, effected by the Transporter and resulting from the audit, shall be recoverable from all Shippers in such manner as may be determined by the Transporter with the approval of the Commission taking into account the nature and scope of any such remedial measures.
- 1.12.6 In the event that the audit determines that the Emergency would not have occurred but for the Wilful Misconduct of the Transporter, then the Transporter shall be entitled to dispute such determination in accordance with Part I (*Legal and General*) Section 6 (*Dispute Resolution*). The Transporter

shall only be liable to any Shipper, in any event, to the extent specified in Part I (*Legal and General*) Section 2 (*Liabilities and Indemnities*).

2. PHYSICAL CONGESTION

2.1 Operational Flow Order

2.1.1 "**Operational Flow Order**" or "**OFO**" means an order issued by the Transporter to Shippers on or before a Difficult Day or a Restricted Capacity Day (as the case may be), or in anticipation of a Difficult Day or a Restricted Capacity Day (as the case may be), to prevent a Difficult Day or a Restricted Capacity Day (as the case may be) occurring in respect of the Transportation System or any localised part thereof, instructing Shippers in accordance with this Section 2.

2.1.2 Each Shipper at an IP Entry Point and/or an IP CSEP or registered at an Entry Point, at the Sub-Sea I/C Offtake at a LDM Exit Point or at a TCDM Exit Point shall comply with an OFO as soon as reasonably practicable and in any event within:

- (a) six (6) hours if the OFO is issued at or before 18:00 hours on D-1; and
- (b) three (3) hours if the OFO is issued after 18:00 hours on D – 1;
- (c) one (1) hour if the OFO is issued on D.

2.1.3 Each Shipper registered at a LDM or DM Supply Point shall comply with an OFO as soon as reasonably practicable and in any event within:

- (a) six (6) hours if the OFO is issued on or before 18:00 hours on D – 1;
- (b) three (3) hours if the OFO is issued after 18:00 on D – 1; and
- (c) one (1) hour if the OFO is issued on D.

2.2 Difficult Day

2.2.1 "**Difficult Day**" means a Day declared by the Transporter where there is insufficient flexibility available on the Transportation System or any localised part thereof to accommodate Shippers' within-day profiles at LDM Offtake(s), other than those profiles which specify a uniform offtake rate.

2.2.2 The Transporter may declare a Difficult Day and instruct the Shippers affected by the Difficult Day by issuing an initial OFO and each such Shipper shall be required to comply with the OFO in accordance with its terms.

2.2.3 The Transporter may through the issuance of an OFO on a Difficult Day:

- (a) require a Registered Shipper to offtake from a LDM Offtake, its Nominated Quantity or Renominated Quantity (or that part of such quantity of Natural Gas which has not already been offtaken) at a uniform rate but without prejudice to the Shipper's right to make a Renomination in accordance with the provisions of Part D (*Nominations, Allocations*

and NDM Supply Point Reconciliation) Section 1 (Nominations and Renominations) and the relevant ramp rates and notice periods as outlined in this Code and/or as otherwise notified by the Transporter to the Shipper; and/or

(b) without prejudice to Section 1 (*Emergencies*) and this Section 2, take any available steps to ensure that Natural Gas is offtaken at a uniform rate at each LDM Offtake.

2.2.4 The declaration of a Difficult Day shall not affect the percentage tolerance levels specified in Part E (*Balancing and Shrinkage*) Section 1 (*Balancing*).

2.3 **Restricted Capacity Day**

2.3.1 "**Restricted Capacity Day**" means a Day declared by the Transporter on which a Shipper is unable to deliver to the Transportation System or offtake from the Transportation System its Nominated Quantity, IP Nominated Quantity, Renominated Quantity or IP Renominated Quantity, as the case may be, including as a result of Maintenance and where:

(a) there is reduced capacity on the Transportation System or any localised part thereof for reasons of physical or operational constraint, or

(b) the inability to deliver or offtake is at an Interconnection Point which is Contractually Congested and the Transporter anticipates that it may not be in a position to buyback capacity from Shippers at all or in sufficient quantities or within an appropriate time period.

2.3.2 The Transporter may declare a Restricted Capacity Day and instruct each Shipper affected by the Restricted Capacity Day by issuing an OFO(s) and each Shipper shall be required to comply with an OFO in accordance with its terms.

2.3.3 The Transporter may issue an OFO(s) before and/or during a Restricted Capacity Day and shall specify in any such OFO if the Restricted Capacity Day is due to Maintenance at an Entry Point or at an IP Entry Point.

2.4 **NOT USED**

2.5 **Restricted Capacity at an IP Entry Point, an Entry Point and/or at the South-North IP CSEP**

2.5.1 Where the Transporter has issued an initial OFO declaring a Restricted Capacity Day in respect of an IP Entry Point, an Entry Point or the South-North IP CSEP, it shall as soon as is reasonably practicable thereafter, issue a further OFO which shall identify each Shipper's Available Active IP Entry Capacity, Available Active Entry Capacity or Available Active IP CSEP Offtake Capacity at such affected IP Entry Point, Entry Point or the South-North IP CSEP (as the case may be) on such Day calculated in accordance

with Section 2.5.2 (b).

- 2.5.2 The Transporter shall determine the Restricted Capacity Percentage in accordance with Section (a) which, when applied to a Shipper's Active IP Entry Capacity, Active Entry Capacity or the Shipper's Active IP CSEP Offtake Capacity on the Restricted Capacity Day, shall give the available IP Entry Capacity for such Restricted Capacity Day ("**Available Active IP Entry Capacity**") available Entry Capacity for such Restricted Capacity Day ("**Available Active Entry Capacity**") or available IP CSEP Offtake Capacity (the "**Available Active IP CSEP Offtake Capacity**") (as the case may be) for each Shipper registered as holding IP Entry Capacity, Entry Capacity or IP CSEP Offtake Capacity at the affected IP Entry Point, Entry Point or IP CSEP (as the case may be) calculated in accordance with Section 2.5.2 (b) or Section 2.5.2(c) (as the case may be):

- (a) "**Restricted Capacity Percentage**" means the percentage calculated by the Transporter in accordance with the following formula:

$$RCP_D = (TAC_D / TPC_D) * 100$$

where:

RCP_D = the Restricted Capacity Percentage for a Restricted Capacity Day;

TAC_D = the Transporter's estimate of the total amount of IP Entry Capacity or IP CSEP Offtake Capacity available at an affected IP Entry Point, Entry Point or IP CSEP on a Restricted Capacity Day ("**Total Available IP Entry Capacity**" or "**Total Available Entry Capacity**" or "**Total Available IP CSEP Offtake Capacity**" (as the case may be)); and

TPC_D = the aggregate Primary Entry Capacity held by Shippers registered at the IP Entry Point or the Entry Point on a Restricted Capacity Day or the aggregate IP CSEP Offtake Capacity held by Shippers at the IP CSEP on a Restricted Capacity Day.

The Restricted Capacity Percentage shall be equal for all Shippers holding Active IP Entry Capacity and/or Active Entry Capacity(or Active IP CSEP Offtake Capacity on a Restricted Capacity Day at an affected IP Entry Point, Entry Point or the IP CSEP (as the case may be); and

- (b) each Shipper's Available Active IP Entry Capacity or Available Active Entry Capacity shall be calculated by the Transporter in accordance with the following formula:

$$\text{AAEC}_D = \text{AEC}_D * \text{RCP}_D$$

where:

AAEC_D = the Available Active IP Entry Capacity or Available Active Entry Capacity in respect of the Shipper on a Restricted Capacity Day;

AEC_D = the Active IP Entry Capacity or Active Entry Capacity held by the Shipper at an affected Entry Point on a Restricted Capacity Day; and

RCP_D = the Restricted Capacity Percentage for a Restricted Capacity Day calculated in accordance with Section (a).

- (c) Each Shipper's Available Active IP CSEP Offtake Capacity shall be calculated in accordance with the following formula:

$$\text{AAS/NC}_D = \text{SNC}_D * \text{RCP}_D$$

where:

AAS/NC_D = the Available Active IP CSEP Offtake Capacity in respect of the Shipper on a Restricted Capacity Day;

SNC_D = the IP CSEP Offtake Capacity held by the Shipper in respect of the IP CSEP on a Restricted Capacity Day;

RCP_D = the Restricted Capacity Percentage for a Restricted Capacity Day calculated in accordance with Section (a).

- 2.5.3 Each Shipper that receives an OFO in respect of a Restricted Capacity Day at an IP Entry Point or at an IP CSEP or at an Entry Point shall be required to submit a revised IP Nomination, IP Renomination, Nomination(s) or a Renomination(s), as appropriate, so that such:

- (a) a Shipper's IP Nomination Confirmed Quantities at the affected IP Entry Point do not in aggregate exceed the Shipper's Available Active IP Entry Capacity at the affected IP Entry Point and/or

(b) the Shipper's IP CSEP Offtake Nomination Confirmed Quantities at the affected IP CSEP do not in aggregate exceed the Shipper's Available Active IP CSEP Offtake Capacity; and/or

(c) a Shipper's Valid Entry Nomination or Valid Entry Renomination in respect of the affected Entry Point in respect of a Restricted Capacity Day is less than, or equal to, its Available Active Entry Capacity.

2.5.4 The Transporter shall reject any IP Entry Nomination which specifies an IP Nominated Quantity which is (or is in aggregate with any other IP Nomination Confirmed Quantity for that Shipper for the same Day at the IP Entry Point) in excess of the Shipper's Available Active IP Entry Capacity at the affected IP Entry Point and shall reject any Nomination or Renomination in respect of an affected Entry Point which specifies a Nominated Quantity or a Renominated Quantity in excess of a Shipper's Available Active Entry Capacity at the affected Entry Point in respect of a Restricted Capacity Day. The Transporter shall reject any Nomination or Renomination in respect of the IP CSEP which specifies a IP Nominated Quantity in excess of a Shipper's Available Active IP CSEP Offtake Capacity in respect of a Restricted Capacity Day.

2.5.5 The Transporter may, at any time, issue further OFOs revising each Shipper's Available Active IP Entry Capacity, Available Active Entry Capacity or Available Active IP CSEP Offtake Capacity if it updates the Restricted Capacity Percentage at the IP Entry Point, Entry Point or the IP CSEP (as applicable) for the Restricted Capacity Day. Following receipt of any such OFO, a Shipper shall be required to submit an IP Renomination or a Renomination in order to secure that such Shipper's aggregate IP Nomination Confirmed Quantities at the affected Interconnection Point and/or a Valid Entry Nomination or Valid Entry Renomination at the affected Entry Point or the Shipper's aggregate IP CSEP Offtake Nomination Confirmed Quantities at the IP CSEP in respect of the Restricted Capacity Day is less than or equal to its Available Active IP Entry Capacity, Available Active Entry Capacity or Available Active IP CSEP Offtake Capacity (as the case may be).

2.6 Trade of IP Capacity or Entry Capacity on a Restricted Capacity Day

2.6.1 All trading of IP Entry Capacity and/or Entry Capacity and/or IP CSEP Offtake Capacity in respect of an affected IP Entry Point or Entry Point or IP CSEP on or in respect of a Restricted Capacity Day will be suspended until such time as the Transporter has informed Shippers of their Available Active IP Entry Capacity and/or Available Active Entry Capacity and/or Available Active IP CSEP Offtake Capacity in accordance with Section 2.5 where the Transporter issues:

(a) an initial OFO; and/or

- (b) any subsequent OFO that advises Shippers that the Transporter proposes to recalculate the Restricted Capacity Percentage.
- 2.6.2 An Entry Capacity Trade Request submitted in respect of Entry Capacity at an affected Entry Point or an IP Trade Proposal submitted at an affected Interconnection Point but not accepted prior to the issuance of an OFO or as referred to in Section 2.6.1 shall be rejected. A Shipper whose Entry Capacity Trade Request or IP Trade Proposal is so rejected shall be entitled to submit an amended Entry Capacity Trade Request or IP Trade Proposal received a subsequent OFO specifying its Available Active Entry Capacity or applicable Available Active IP Capacity.
- 2.6.3 Subject to Sections 2.6.1, 2.6.2 and 2.6.5, a Shipper registered at an affected Interconnection Point Entry Point or at an Entry Point shall be permitted to trade IP Entry Capacity or Entry Capacity in accordance with Part C (*Capacity*) Section 5 (*IP Capacity Trades*) or Section 4 (*Entry Capacity Trades*) throughout the Restricted Capacity Day.
- 2.6.4 An IP Trade Proposal or an Entry Capacity Trade that is accepted by the Transporter subsequent to the issue of an OFO specifying the Available Active IP Capacity or Available Active Entry Capacity shall reduce the Available Active IP Capacity or Available Active Entry Capacity of the Transferor Shipper and increase the Available Active IP Capacity or Available Active Entry Capacity of the Transferee Shipper by the amount of the Available Active IP Capacity or Available Active Entry Capacity (as the case may be) that is the subject matter of any accepted IP Capacity Trade or Entry Capacity Trade submitted after the issue of an OFO in respect of a Restricted Capacity Day.
- 2.6.5 The Transporter shall reject an IP Trade Proposal or Entry Capacity Trade Request in respect of an affected IP Entry Point or an affected Entry Point on a Restricted Capacity Day, which requests a trade of an amount of IP Entry Capacity or an Entry Capacity Trade Quantity amount greater than the amount of Entry Capacity determined by multiplying the Restricted Capacity Percentage by the portion of the Transferor Shipper's Active IP Capacity or Active Entry Capacity.
- 2.7 **Restricted Capacity at LDM Offtakes and DM Offtakes and at the Sub-Sea I/C Offtakes**
- 2.7.1 Where the Transporter has declared a Restricted Capacity Day which affects the offtake of Natural Gas from the Transportation System or any localised part thereof, the Transporter shall allocate the capacity on the Transportation System or affected localised part thereof ("**Restricted Capacity**") among Shippers in accordance with Sections 2.7.2, 2.7.3 and 2.7.4.
- 2.7.2 The Transporter shall allocate Restricted Capacity on the Transportation

System or any localised part thereof among Shippers in a fair and not unduly discriminatory manner and in an order of priority which is the inverse of that set out in Section 1.9.1.

2.7.3 In addition to Section 2.7.2 and only with respect to Registered Shippers at LDM Exit Points or the Sub-Sea I/C Offtake, the Transporter shall, where practicable, have regard to:

- (a) an individual Shipper's or End User's requirements to enable such Shipper or End User to discontinue offtake in a manner which allows them to preserve essential or major capital items of plant where any such Shipper or End User has notified the Transporter of its requirement in a timely fashion;
- (b) where a Shipper or End User has a facility to change to alternative fuels and has notified the Transporter accordingly, to allow any such Shipper or End User to effect such change; and
- (c) the potential to mitigate serious adverse consequences for any Shipper or End User (which has identified such potential consequences to the Transporter in a timely fashion including at the time of submission of the Long Term LDM Capacity Request) having regard to the requirements of the Transportation System or any localised part thereof.

2.7.4 The Transporter shall issue to each Registered Shipper at an affected LDM Offtake or DM Offtake, an OFO instructing such Shipper as to its share of the Restricted Capacity in respect of each affected Offtake Point at which the Shipper is a Registered Shipper.

2.7.5 For the purposes of this Code:

- (a) **"Available Active LDM Exit Capacity"** means the amount of Active LDM Exit Capacity available to a Registered Shipper at or in respect of an individual LDM Offtake Point on or in respect of a Restricted Capacity Day as notified to such Shipper by the Transporter in an OFO issued pursuant to Section 2.7.4;
- (b) **"Available DM Exit Capacity"** means the amount of DM Exit Capacity available to a Registered Shipper at or in respect of an individual DM Offtake Point on or in respect of a Restricted Capacity Day as notified to such Shipper by the Transporter in an OFO issued pursuant to Section 2.7.4;
- (c) **"Available Active LDM Supply Point Capacity"** means the amount of LDM Supply Point Capacity available to a Registered Shipper at or in respect of a LDM Supply Point on or in respect of a Restricted Capacity Day as notified to such Shipper by the Transporter in an

OFO issued pursuant to Section 2.7.4;

- (d) **"Available DM Supply Point Capacity"** means the amount of DM Supply Point Capacity available to a Registered Shipper at an individual DM Supply Point on or in respect of a Restricted Capacity Day as notified to such Shipper by the Transporter in an OFO issued pursuant to Section 2.7.4; and
- (e) **"Available Aggregate Primary DM Exit Capacity"** means the amount of Aggregate Primary DM Exit Capacity available to a Shipper on a Restricted Capacity Day at or in respect of the DM Offtakes at which it is the Registered Shipper, which shall be the sum of such Shipper's:
 - (i) Available DM Exit Capacity at or in respect of the relevant affected DM Offtake(s) (as notified to the Shipper in the relevant OFO pursuant to Section 2.7.4) on the Restricted Capacity Day; and
 - (ii) the sum of the DM Exit Capacity held at or in respect of DM Offtakes on the Restricted Capacity Day not affected by an OFO,
- (f) **"Available Sub-Sea I/C Offtake Capacity"** means the amount of Sub-Sea I/C Offtake Capacity available to a Registered Shipper at the Sub-Sea I/C Offtake on or in respect of a Restricted Capacity Day as notified to such Shipper by the Transporter in an OFO issued pursuant to Section 2.7.4.

2.7.6 Each Shipper that receives an OFO pursuant to Section 2.7.4 that refers to LDM Exit Capacity in respect of a LDM Offtake(s), shall be required to submit a revised Nomination or a Renomination, as appropriate, so that such Shipper's Valid Exit Nomination or Valid Exit Renomination at the affected LDM Offtake(s) on the Restricted Capacity Day is less than or equal to such Shipper's Available Active LDM Exit Capacity(ies) in respect of such LDM Offtake(s).

Each Shipper that receives an OFO pursuant to Section 2.7.4 that refers to Sub-Sea I/C Offtake Capacity in respect of the Sub-Sea I/C Offtake shall be required to submit a revised Nomination or a Renomination, as appropriate, so that such Shipper's Valid Sub-Sea I/C Offtake Nomination or Valid Sub-Sea I/C Offtake Renomination at the Sub-Sea I/C Offtake on the Restricted Capacity Day is less than or equal to such Shippers Available Sub-Sea I/C Offtake Capacity at the Sub-Sea I/C Offtake.

2.7.7 Each Shipper that receives an OFO pursuant to Section 2.7.4 that refers to DM Exit Capacity at or in respect of a DM Offtake(s) shall be required to submit a revised Nomination or a Renomination, as appropriate, so that such

Shipper's Valid Exit Nomination or Valid Exit Renomination at or in respect of the DM Offtake(s) at which it is the Registered Shipper for the Restricted Capacity Day is less than or equal to such Shipper's Available Aggregate Primary DM Exit Capacity.

- 2.7.8 The Transporter may issue further OFOs to Shippers at any time revising such Shippers' Available Active LDM Exit Capacity, Available Aggregate Primary DM Exit Capacity or Available Active LDM Supply Point Capacity or Available DM Supply Point Capacity (as the case may be) at, or in respect of, the relevant Offtake Point(s) on the Restricted Capacity Day. Following receipt of any such OFO, Shippers shall be required to make a Renomination if their Valid Exit Nomination or Valid Exit Renomination in respect of the LDM Offtake(s) and the DM Offtake(s) at which it is the Registered Shipper for the Restricted Capacity Day exceeds the revised Available Active LDM Exit Capacity or Available Aggregate Primary DM Exit Capacity, as appropriate, specified in the OFO.
- 2.7.9 The Transporter shall reject any Nomination or Renomination in respect of an affected Offtake Point(s) which specifies a Nominated Quantity or a Renominated Quantity in excess of such Shipper's Available Active LDM Exit Capacity, Available Sub-Sea I/C Offtake Capacity or Available Aggregate Primary DM Exit Capacity (as the case may be) in respect of a Restricted Capacity Day.
- 2.7.10 Where a Shipper fails to achieve a Valid Nomination or a Valid Renomination in accordance with Sections 2.7.6, 2.7.7 or 2.7.8, the Transporter shall be entitled to exercise its right to revoke or limit a Valid Nomination or a Valid Renomination in accordance with Part D (*Nominations, Allocations and NDM Supply Point Reconciliation*) Section 1.5 (*Revocation of Valid Nominations*) in respect of such Shipper's Valid Exit Nomination or Valid Exit Renomination, or Valid Sub-Sea I/C Offtake Nomination or Valid Sub-Sea I/C Offtake Renomination on the basis that such Shipper is not entitled to have a Valid Nomination or a Valid Renomination which specifies a Nominated Quantity in excess of its Available Active LDM Exit Capacity, Available Sub-Sea I/C Offtake Capacity or Available Aggregate Primary DM Exit Capacity, as appropriate.

2.8 **Transfer of Exit Point/Supply Point Capacity on a Restricted Capacity Day**

- 2.8.1 An Exit Capacity Transfer Request in respect of LDM Exit Capacity or a LDM Supply Point Capacity Title Transfer Request, in respect of LDM Supply Point Capacity submitted by a Shipper, but not accepted by the Transporter prior to the issue of an OFO in respect of the Transportation System or any localised part thereof, shall be rejected if it relates to an Offtake Point(s) which is affected by a Restricted Capacity Day or a category of Exit Capacity or Supply Point Capacity which is affected by a Restricted Capacity Day.

- 2.8.2 The Transporter shall reject any Exit Capacity Transfer Request or LDM Supply Point Capacity Title Transfer Request, as appropriate, in respect of a LDM Offtake affected by a Restricted Capacity Day submitted following the issue of an OFO.

2.9 Effect of a Restricted Capacity Day at NDM Supply Points

If a Restricted Capacity Day has an impact on any NDM Supply Point the Transporter may declare an Emergency according to the provisions of Section 1 (*Emergencies*).

2.10 Not Used

2.11 Nominations on a Restricted Capacity Day

On a Restricted Capacity Day:

- 2.11.1 Without prejudice to the Transporters right to determine and submit IP Nomination Processed Quantities for a Shipper in accordance with Section 2.15; each Shipper shall ensure the IP Nominated Quantity specified in such Shipper's IP Entry Nomination(s) or IP CSEP Offtake Nominations are in aggregate less than or equal to the Shipper's Available Active IP Entry Capacity or Available Active IP CSEP Offtake Capacity at the applicable IP Entry Point or IP CSEP Offtake (as the case may be).
- 2.11.2 Each Shipper shall ensure that the Nominated Quantities or Renominated Quantities specified in such Shipper's Nominations or Renominations, are less than or equal to such Shipper's relevant Available Active Entry Capacity or Available Active LDM Exit Capacity or Available Sub-Sea I/C Offtake Capacity or Available Aggregate Primary DM Exit Capacity (as the case may be).
- 2.11.3 The provisions of Part D (*Nominations, Allocations and NDM Supply Point Reconciliation*) Section 1 (*Nominations and Renominations*) shall be read and construed as if all references therein to a Shipper's Active IP Entry Capacity, Active Entry Capacity, Active LDM Exit Capacity, Sub-Sea I/C Offtake Capacity, Active IP CSEP Offtake Capacity or Aggregate Primary DM Exit Capacity, are references to such Shipper's Available Active IP Entry Capacity or Available Active Entry Capacity or Available Active LDM Exit Capacity or Available Sub-Sea I/C Offtake Capacity or Available Active IP CSEP Offtake Capacity or Available Aggregate Primary DM Exit Capacity (as the case may be) and each of the Shipper's and the Transporter's rights and obligations shall be read and construed accordingly.
- 2.11.4 The Transporter shall reject any Nominations or Renominations submitted by a Shipper which are in excess of such Shipper's Available Active Entry Capacity or Available Active LDM Exit Capacity or Available Sub-Sea I/C Offtake Capacity or Available Active IP CSEP Offtake Capacity or Available Aggregate Primary DM Exit Capacity (as the case may be) and shall also

reject any Nominations or Renominations by any Shipper in excess of such Shipper's Active Capacity or Available Aggregate Primary DM Exit Capacity (as the case may be) on the Restricted Capacity Day unless the effect of such Nomination or Renomination would be to alleviate the effect of the Restricted Capacity Day.

2.11.5 Without prejudice to Section 2.15 on a Restricted Capacity Day the Transporter may for a Shipper determine an IP Nomination Processed Quantity which is the lesser of:

- (1) the Shippers IP Nominated Quantity;
- (2) the Shippers applicable Available Active Capacity;

and where a Shipper has more than one IP Entry Nomination and/or more than one IP CSEP Offtake Nomination for the Restricted Capacity Day the Transporter may apply the Shippers Available Active IP Capacity among the Shipper's applicable IP Nominations pro rata to the relevant IP Nominated Quantities in such IP Nominations.

2.11.6 On notification by the Transporter to the Shipper a Shipper shall not be entitled to submit Interruptible Nominations or Interruptible IP Nominations to the Transporter and the Transporter shall be entitled to reject any such Interruptible Nominations or Interruptible IP Nominations it receives. Where a Shipper has an IP Nomination Confirmed Quantity in respect of an Interruptible IP Nomination or Valid Nomination, Valid Renomination which is Interruptible in accordance with the Code, then such Shipper shall renominate such that the Shipper's Valid Nomination or IP Nomination Confirmed Quantity in respect of the Interruptible IP Nomination shall be zero.

2.12 **Offtake of Natural Gas on a Restricted Capacity Day**

On a Restricted Capacity Day a Shipper:

- (a) registered at a LDM Offtake shall not offtake Natural Gas in excess of such Shipper's Available Active LDM Exit Capacity(ies) or Available Active LDM Supply Point Capacity (as the case may be) in respect of such LDM Offtake;
- (b) registered as holding DM Exit Capacity shall not offtake:
 - (i) quantities of Natural Gas in excess of such Shipper's Available Aggregate Primary DM Exit Capacity;
 - (ii) at any one TCDM Exit Point, quantities of Natural Gas in excess of such Shipper's Available DM Exit Capacity in respect of such TCDM Exit Point; and/or

- (iii) at a DM Supply Point, quantities of Natural Gas in excess of such Shipper's Available DM Supply Point Capacity in respect of such DM Supply Point;
 - (a) registered as holding NDM Exit Capacity shall not offtake at any NDM Supply Point Natural Gas in excess of such Shipper's Supply Point Capacity in respect of such NDM Supply Point;
 - (b) not used;
 - (c) registered at the Sub-Sea I/C Offtake shall not offtake Natural Gas in excess of such Shipper's Available Sub-Sea I/C Offtake Capacity; and
 - (d) registered at the IP CSEP shall not offtake Natural Gas in excess of such Shipper's Available Active IP CSEP Offtake Capacity.

2.13 Capacity Overruns on a Restricted Capacity Day

2.13.1 For the purposes of determining any Capacity Overruns or IP Capacity Overruns applicable to a Shipper on a Restricted Capacity Day, a Shipper's:

- (a) Active IP Entry Capacity at an affected IP Entry Point shall be deemed to be equal to the Shipper's Available Active IP Entry Capacity;
- (b) Active Entry Capacity at an affected Entry Point shall be deemed to be equal to a Shipper's Available Active Entry Capacity, adjusted for any Entry Capacity Trades;
- (c) Active LDM Exit Capacity at or in respect of affected LDM Offtake Points shall be deemed to be equal to such Shipper's Available Active LDM Exit Capacity;
- (d) Aggregate Primary DM Exit Capacity shall be deemed to be equal to such Shipper's Available Aggregate Primary DM Exit Capacity;
- (e) Active LDM Supply Point Capacity shall be deemed to be such Shipper's Available Active LDM Supply Point Capacity;
- (f) DM Supply Point Capacity shall be deemed to be such Shipper's Available DM Supply Point Capacity;
- (g) Sub-Sea I/C Offtake Capacity shall be deemed to be such Shipper's Available Sub-Sea I/C Offtake Capacity; and
- (h) IP CSEP Offtake Capacity shall be deemed to be such Shipper's Available Active IP CSEP Offtake Capacity.

2.13.2 Where a Registered Shipper at a TCDM Exit Point affected by a Restricted Capacity Day offtakes Natural Gas at such TCDM Exit Point at a rate or quantity which is in breach of an OFO then, without prejudice to the provisions of Part I (*Legal and General*) Section 4 (*Suspension and*

Termination), such Shipper shall be in breach of this Code and shall incur an Exit Capacity Overrun Charge calculated in accordance with Part C (*Capacity*) Section 10.4.5 (*Exit Capacity Overrun Charge*) for which the Exit Capacity Overrun Quantity shall be the difference between the quantity of Natural Gas offtaken by such Shipper at such TCDM Exit Point and such Shipper's Available DM Exit Capacity in respect of such TCDM Exit Point in respect of such Day.

2.14 **Restricted Capacity Day Report**

- 2.14.1 The Transporter shall act to mitigate the effects of a Restricted Capacity Day and, consistent with the other provisions of this Code, will not knowingly act in any manner which the Transporter would expect to result in an increase in the probability of a Restricted Capacity Day occurring. The Transporter shall issue a report following each Restricted Capacity Day (or series of Days) to the Commission and the affected Shippers after issuing an OFO in respect of a Restricted Capacity Day(s).
- 2.14.2 The Transporter shall not be liable for any costs incurred by a Shipper arising out of a Difficult Day or a Restricted Capacity Day, howsoever incurred.

2.15 **IP Processed Quantities – Exceptional Events/Restricted Capacity Days**

- 2.15.1 Where an Exceptional Event is notified by the Transporter and affects an IP Entry Point and/or an IP CSEP subject to 2.15.3 the Transporter may:
- (i) in respect of each Shipper at the affected IP Entry Point or IP CSEP Offtake which submits an IP Entry Nomination or IP CSEP Offtake Nomination develop an IP Nomination Processed Quantity which is the lesser of:
 - (a) the applicable IP Nominated Quantity specified in the Shipper's IP Entry Nomination or IP CSEP Offtake Nomination; or;
 - (b) such quantity as shall when aggregated with any other IP Nominated Quantity in such Shippers IP Entry Nomination(s) or such Shippers IP CSEP Offtake Nomination(s) (as applicable) for the Day shall be not more than the Shipper's Available Active IP Entry Capacity or Available Active IP CSEP Offtake Capacity (as the case may be);
 - (ii) in respect of a Shipper which has a prevailing IP Nomination Confirmed Quantity for the Day at the IP Entry Point or at the IP CSEP, develop an IP Nomination Processed Quantity which is the lesser of:
 - (a) the Shipper prevailing IP Nomination Confirmed Quantity; or

(b) such quantity as shall when aggregated with any other IP Nominated Quantity in such Shippers IP Entry Nomination(s) or IP CSEP Offtake Nomination(s) (as applicable) for the Day shall be not more than the Shippers Available Active IP Entry Capacity, or Available Active IP CSEP Offtake Capacity (as the case may be)

and in each case:

(1) shall submit such IP Nomination Processed Quantity to the IP Matching Procedure; and

(2) notify the Shipper of any revised IP Nomination Confirmed Quantity;

2.15.2 Where the Transporter is notified by an Adjacent TSO of the occurrence of an exceptional event affecting the Interconnected System for a Day at an Interconnection Point, the Transporter shall in respect of each Shipper with an IP Nomination Confirmed Quantity in respect of that Day generate an IP Nomination Processed Quantity for each such Shipper and submit that IP Nomination Processed Quantity to the Matching Procedure in the next available Matching Cycle unless the Shipper itself submits an IP Nomination at the affected Interconnection Point for that Matching Cycle. Where the Transporter generates an IP Nomination Processed Quantity for a Shipper pursuant to this Section 2.15.2 it shall reflect the Shipper's prevailing IP Nomination Processed Quantity.

2.15.3 Where an Exceptional Event affects an Interconnection Point, and the Transporter is also notified of an exceptional event affecting the Interconnected System Section 2.15.1 will apply.

2.15.4 Whereas Emergency (including any Exceptional Event which is declared as, or results in an Emergency) affects an Interconnection Point then the Transporter may in respect of each Shipper submitting an IP Entry Nomination or IP CSEP Offtake Nomination, and in respect of each Shipper with a prevailing IP Nomination Confirmed Quantity develop an IP Nomination Processed Quantity in an amount which the Transporter considers may alleviate the Emergency and submit such IP Nomination Processed Quantity to the Matching Procedure.

2.15.5 The Transporter shall notify the Shipper of any revised IP Nomination Confirmed Quantity following the IP Matching Procedure.

2.16 **Interruption at the IP VExit or the IP VEntry**

2.16.1 Where there is an Interruption (or an interruption notified by the Adjacent TSO) at the IP VEntry or at the IP VExit.

(a) a revised IP Nomination Processed Quantity shall be calculated in respect of each Shipper which has;

(i) submitted an IP Nomination prior to the IP Nomination Deadline; and/or

(ii) a prevailing IP Nomination Confirmed Quantity at the applicable IP VEntry and/or IP VExit (and notwithstanding that such Shipper has not submitted an IP Renomination at the affected IP VEntry or IP VExit); and

the applicable IP Nomination Processed Quantity in respect of each such Shipper shall be calculated in accordance with Part D (*Nominations, Allocations and Supply Point Administration*) clause 1.4.13

(b) The Transporter shall notify each Shipper of any revised IP Nomination Confirmed Quantity following the applicable IP Matching Procedure.

2 A CONTRACTUAL CONGESTION

2 A.1. Contractual Congestion at Interconnection Points

2 A.1.1. For the purpose of this Code:

- (a) "**Advance Buyback Agreement**" has the meaning in Section 2.A.16.2;
- (b) "**Assessment Period**" means a period commencing at 05.00 hours on 1 April in a Gas Year and ending 04.59 on 1 April in the subsequent Gas Year;
- (c) "**Buyback Offer Close Time**" has the meaning in Section 2.A.16.3;
- (d) "**Capacity Surrender Acceptance Notice**" has the meaning in Section 2.A.6.1;
- (e) "**Capacity Surrender Availability Period**" means a continuous period of one or more Months commencing on the first Day of a Month and ending on the last Day of that or a subsequent Month;
- (f) "**Capacity Surrender Available Amount**" has the meaning in Section 2.A.5.1;
- (g) "**Capacity Surrender Request**" has the meaning in 2.A.5.1;
- (h) "**Capacity Surrender Window**" means a period of seven days commencing at 05.00 hours on the first Day of the calendar month which is two months prior to the first day of a Capacity Surrender Availability Period specified in a Capacity Surrender Request and ending at 04.59 hours on the seventh day after the opening of that Capacity Surrender Window;
- (i) "**Contractual Congestion**" means in respect of a Interconnection Point that the level of demand for firm capacity exceeds the technical capacity (i) as determined in accordance with Section 2.A.2.2 or (ii) as determined by the Transporter (with approval of the Commission) by reference to the Monitoring Report published by ACER in accordance with Annex 1 (paragraph 2.2.1(3) of Regulation (EC) No. 715/2009 as amended) at the IP Entry Point or at the IP CSEP at that Interconnection Point and "**Contractually Congested**" shall be construed accordingly;
- (j) "**Contractually Congested Point**" means an IP Entry Point or a IP CSEP [] which is Contractually Congested and shall where the context so requires include a Deemed Contractually Congested Point;
- (k) "**Contractual Congestion Effective Date**" shall mean the date as published by the Transporter with the approval of the Commission

and which date shall not be later than the first Day of the Gas Year which commences following the relevant Assessment Period;

- (l) **"Deemed Contractually Congested Point"** shall have the meaning in Section 2.A.1.4;
- (m) **"Interconnection Point Capacity Report"** has the meaning in Section 2.A.3.1;
- (n) **"Minimum Surrender Amount"** has the meaning in Section 2.A.5.1(g);
- (o) **"Monitoring Report"** has the meaning in Section 2.A.9.1;
- (p) **"Monitoring Period"** has the meaning in Section 2.A.9.2;
- (q) **"Pre Auction Period"** shall in respect of any Capacity Surrender Request be five (5) Business Days prior to the date by which the Transporter must in accordance with Part C (*Capacity*) Section 2.2.5 notify the amount of Available IP Entry Capacity or IP CSEP Offtake Capacity (as the case may be) for that Capacity Auction;
- (r) **"Offering Shipper"** has the meaning in Section 2.A.16.5;
- (s) **"Oversubscription and Buyback Scheme"** has the meaning in Section 2.A.14.1;
- (t) **"Oversubscription Capacity"** has the meaning in Section 2.A.14;
- (u) **"Prescribed Unexpired Booking Period"** shall mean a period of one calendar year after the last day of a Monitoring Period and which period may extend over two consecutive Long Term Capacity Bookings;
- (v) **"Revised Underutilisation Notice"** has the meaning in Section 2.A.10.8;
- (w) **"Surrendered Capacity"** means IP Entry Capacity or IP CSEP Offtake Capacity in respect of which the Transporter has accepted the Shipper's Capacity Surrender Request as specified in a Capacity Surrender Acceptance Notice;
- (x) **"Surrendered Capacity Acceptance Amount"** has the meaning in Section 2.A.6.2;
- (y) **"Surrendered Capacity Duration"** means the period or periods as specified in a Capacity Surrender Acceptance Notice in respect of which the Transporter accepts a Shippers Valid Capacity Surrender Request;
- (z) **"Surrendering Shipper"** means a Shipper which has submitted a Valid Capacity Surrender Request;
- (aa) **"Systematically Underutilised Capacity"** has the meaning in Section 2.A.10.2;

- (bb) "**Unbooked Capacity**" means the difference between the technical capacity at a Contractually Congested Point and the aggregate capacity booked by Shippers at that Contractually Congested Point;
 - (cc) "**Underutilisation Notice**" shall have the meaning in Section 2.A.10.3 and shall include a Revised Utilisation Notice where the context so requires;
 - (dd) "**Underutilising Shipper**" means a Shipper at a Contractually Congested Point in respect of where an Underutilisation Notice or a Revised Underutilisation Notice has been issued and not withdrawn;
 - (ee) "**Valid Buyback Offer**" has the meaning in Section 2.A.16.6;
 - (ff) "**Valid Capacity Surrender Request**" has the meaning in Section 2.A.5.6;
 - (gg) "**Withdrawable Capacity**" means that amount of a Shippers Systematically Underutilised Capacity which the Transporter reserves the right to withdraw from a Shipper in accordance with Section 2.A.12 and which shall be calculated as the difference between the Shippers Systematically Underutilised Capacity during the relevant Monitoring Period and the Shipper's peak day allocation plus 5% of such peak day allocation;
 - (hh) "**Withdrawal Availability Period**" has the meaning in Section 2.A.10.4(e);
 - (ii) "**Withdrawal Notice**" has the meaning in Section 2.A.13.
 - (jj) "**Withdrawal Period**" has the meaning in Section 2.A.13;
 - (kk) "**Withdrawn Capacity**" has the meaning in Section 2.A.13.
- 2 A.1.2. The Transporter shall, with the approval of the Commission, decide whether the level of demand for firm capacity at an Interconnection Point exceeds the technical capacity at that Relevant Interconnection Point in accordance with Section 2.A.2.2.
- 2 A.1.3. The provisions of this Part H (*Operations*) Section 2A (*Contractual Congestion*) shall apply only with respect to an IP Entry Point and/or a IP CSEP. An IP VEntry or an IP VExit may not be a Contractually Congested Point for so long as there is no firm Capacity available at such IP VEntry or IP VExit respectively notwithstanding that such IP VEntry or IP VExit may be located at an Interconnection Point which is Contractually Congested.
- 2 A.1.4. The Transporter may with the approval of the Commission decide that one or more of the provisions of Sections 2 A.4 to 2 A.7 (inclusive) shall apply with respect to an IP Entry Point or a IP CSEP located at an Interconnection Point notwithstanding that such Interconnection Point is not Contractually Congested (each a "**Deemed Contractually Congested Point**").

- 2 A.1.5. An IP Entry Point or an IP CSEP at an Interconnection Point shall become and/or shall cease to be a Contractually Congested Point with effect from such Day as the Transporter with the approval of the Commission may determine in accordance with this Code.
- 2 A.1.6. The Transporter shall give effect to the provision of this Part H (*Operations*) Section 2A (*Contractual Congestion*) so as to ensure that Capacity Surrender Available Amounts, Withdrawable Capacity and Oversubscription Capacity may be made available to Shippers pursuant to the relevant provisions of Part C (*Capacity*) with effect from the applicable Contractual Congestion Effective Date.
- 2 A.1.7. Nothing in this Section 2A shall affect the Transporter's right to give effect to the provision of Part H (*Operations*) Section 2 (*Physical Congestion*) and without prejudice to the generality of the foregoing the Transporter shall not be required to buyback capacity in accordance with Section 2.A.16 prior to issue of an Operational Flow Order, or prior to declaring a Difficult Day or a Restricted Capacity Day or an Exceptional Event at a Contractually Congested Point.

2 A.2. Annual Assessment

- 2 A.2.1. The Transporter shall conduct an annual assessment of IP Capacity Bookings and Shippers applications for firm capacity at each IP Entry Point and at each IP CSEP at an Interconnection Point to determine whether the level of demand for capacity at that IP Entry Point or IP CSEP exceeds the applicable technical capacity.
- 2 A.2.2. The demand for firm capacity at an IP Entry Point or at a IP CSEP at an Interconnection Point shall be deemed to exceed the applicable technical capacity where:
- (a) the aggregate amount of
 - (i) IP Entry Capacity booked by Shippers at the relevant IP Entry Point; or
 - (ii) IP CSEP Offtake Capacity booked by Shippers at the relevant IP CSEP (as the case may be); and
 in each case the amount of Capacity requested by Shippers at the same IP Entry Point and/or IP CSEP (as the case may be) exceeds the applicable technical capacity at such point for a period of fifteen (15) or more Gas Days (of which not less than five (5) shall be consecutive Gas Days) in an Assessment Period; or
 - (b) the aggregate firm capacity booked by Shippers at the relevant IP Entry Point or IP CSEP (as the case may be) exceeded ninety five per cent (95%) of the applicable technical capacity for more than thirty one (31) Gas Days of which not less than fifteen (15) were consecutive Gas Days in an Assessment Period; and

in each case excluding any Days in respect of which an Emergency or an Exceptional Event has been declared or is continuing and in either case the Transporter reasonably expects that such IP Capacity Bookings with respect to firm capacity and/or requests for capacity as referred to at (a) or (b) may recur or be exceeded in the next Assessment Period having due regard to:

- (i) the forecast demand for firm capacity at the relevant IP Entry Point or IP CSEP; and
- (ii) any contributory factors associated with the level of demand for firm capacity in the Assessment Period referred to at (a) and/or (b) and the likelihood of the recurrence of such factors.

2 A.3. Notification of Contractual Congestion

2 A.3.1. The Transporter shall produce a report (a "**Interconnection Point Capacity Report**") of each Annual Assessment undertaken pursuant to 2.A.2.1 and deliver it to the Commission not later than twenty (20) Business Days after the end of each Assessment Period. Each Interconnection Point Capacity Report shall identify:

- (a) the Interconnection Point to which it relates;
- (b) the IP Entry Point or IP CSEP (if any) referred to in the Interconnection Point Capacity Report which is Contractually Congested;
- (c) the IP Entry Point or IP CSEP (if any) which in the Transporters opinion should be regarded as Contractually Congested or Deemed Contractually Congested Point(s); and
- (d) which (if any) Contractually Congested Point(s) have ceased to be or should cease to be a Deemed Contractually Congested;

2 A.3.2. The Commission shall within 2 weeks after receipt of the Interconnection Point Capacity Report confirm to the Transporter the Commissions agreement or otherwise as to whether:

- (a) a specified IP Entry Point or IP CSEP, as referred to in the Interconnection Point Capacity Report at which the Transporter considers the demand for firm capacity exceeds the technical capacity and accordingly is a Contractually Congested Point;
- (b) which (if any) IP Entry Point or IP CSEP referred to in the Interconnection Point Capacity Report and should be a Deemed Contractually Congested Point; and/or
- (c) any Contractually Congested Point should cease to be a Contractually Congested Point.

2 A.3.3. Where an IP Entry Point or IP CSEP is a Contractually Congested Point, the Interconnection Point at which the Contractually Congested Point is located shall be Contractually Congested.

2 A.3.4. The Transporter shall with the approval of the Commission notify Shippers of any decision that any Interconnection Point is Contractually Congested, the location of any Contractually Congested Point(s) and the applicable Contractual Congestion Effective Date.

2 A.4. Surrender of Contracted Capacity

2 A.4.1. The Transporter shall as soon as practicable after a decision has been made (with the approval of the Commission) that an Interconnection Point is Contractually Congested notify Shippers that requests by Shippers to surrender capacity at the Contractually Congested Point at that Interconnection Point may be submitted in accordance with Section 2.A.5.

2 A.4.2. Primary Capacity held by a Shipper for a duration which is Yearly, Quarterly or Monthly at a Contractually Congested Point may be offered for surrender pursuant to Section 2.A.5; IP Capacity held for a duration which is Daily or which is Secondary IP Capacity may not be the subject matter of a Capacity Surrender Request.

2 A.4.3. The Transporter shall in accordance with Section 2.A.5.10 include Capacity Surrender Available Amount(s) as specified in a Valid Capacity Surrender Request(s) in the capacity available to be booked by Shippers in accordance with Part C (*Capacity*) at the relevant Contractually Congested Point the Transporter shall not and shall not be required to publish the extent to which capacity made available is specifically as a result of Valid Capacity Surrender Request(s).

2 A.4.4. The Transporter may accept (in whole or in part) the surrender of Shipper's Capacity pursuant to a Shipper's Valid Capacity Surrender Request in order to allocate capacity to Shippers who have requested capacity at the relevant Contractually Congested Point where there is insufficient Unbooked Capacity available to meet a Shipper's request for IP Capacity at that Contractually Congested Point.

2 A.4.5. Shippers rights and obligations in relation to capacity which is the subject matter of a Valid Capacity Surrender Request shall continue in full force and effect save as otherwise provided pursuant to this Code.

2 A.4.6. A Shipper shall not reduce such Shippers Retained Primary IP Entry Capacity or IP CSEP Offtake (as the case may be) below the Capacity Surrender Available Amount for the Surrendered Capacity Availability Period in that Shipper's Valid Capacity Surrender Request or any part of it.

The Shipper's rights and obligations with respect to Surrendered Capacity shall be suspended for the Surrendered Capacity Duration save as otherwise expressly provided.

- 2 A.4.7. The Transporter may limit the number of Capacity Surrender Requests which the Transporter may accept at a Contractually Congested Point to not more than ten Capacity Surrender Requests at each Contractually Congested Point in respect of each Surrendered Capacity Duration.
- 2 A.4.8. Where the Transporter notifies the Adjacent TSO at an Interconnection Point that an IP Entry Point or an IP CSEP Offtake is Contractually Congested then:
- (a) a Capacity Surrender Request in respect of Bundled IP Capacity submitted on the JBP is both a Capacity Surrender Request pursuant to this Code and a request to surrender Corresponding Adjacent System IP Capacity pursuant to the Interconnected System Transportation Arrangements; and
 - (b) a request to surrender capacity on the Interconnected System which is Bundled with IP Capacity pursuant to the applicable Interconnected System Transportation Arrangements may constitute an application to surrender IP Capacity with which it is Bundled pursuant to his Code.

This Code governs the Shipper's Capacity Surrender Request in respect of IP Capacity and does not govern the Shipper's application for surrender of Corresponding Adjacent System IP Capacity which application is made in accordance with the applicable Interconnected System Transportation Arrangements.

- 2 A.4.9. A Shipper shall submit separate Capacity Surrender Request for Bundled IP Capacity and for Unbundled IP Capacity;

2 A.5. Capacity Surrender Requests

- 2 A.5.1. A Shipper at a Contractually Congested Point may submit on the JBP a request (a "**Capacity Surrender Request**") to surrender capacity at a Contractually Congested Point which shall specify the information required by the Transporter to process the Capacity Surrender Request including:
- (a) the identity (including Shipper EIC) of the Shipper;
 - (b) the Contractually Congested Point in respect of which the Capacity Surrender Request is submitted

which shall be the Moffat IP Entry Point or the South-North IP CSEP;

- (c) the Interconnection Point;
- (d) the duration and IP Capacity Booking reference of the IP Entry Capacity or South/North IP CSEP Offtake Capacity (as the case may be) which is proposed to be surrendered;
- (e) the amount of IP Entry Capacity or IP CSEP Offtake Capacity (in kWh/day) which is available to the Transporter for acceptance by way of surrender (the "**Capacity Surrender Available Amount**") which shall not be less than 100,000 kWh/day;
- (f) whether the Capacity Surrender Available Amount is Bundled IP Capacity or Unbundled IP Capacity;
- (g) the minimum amount of Capacity ("**Minimum Surrender Amount**") the Shipper is prepared to surrender and which amount shall not be less than 100,000 kWh/day;
- (h) the proposed Capacity Surrender Availability Period which shall be a Month or a whole number of consecutive Months;
- (i) the first Day of the proposed Capacity Surrender Availability Period which shall be the first Day of a calendar month;
- (j) the last Day of the proposed Capacity Surrender Availability Period which shall be the last Day of a calendar month;

2 A.5.2. The submission by the Shipper of a Capacity Surrender Request shall constitute an undertaking by the Shipper to hold not less than the Capacity Surrender Available Amount as Retained Primary IP Entry Capacity or IP CSEP Offtake Capacity (as the case may be) available for acceptance by the Transporter at the specified Contractually Congested Point for the duration of the Capacity Surrender Availability Period or any part of it save:

- (a) where the Transporter rejects the Capacity Surrender Request or
- (b) in respect of any period for which the Capacity Surrender Available Amount can no longer be allocated by the Transporter pursuant to the Annual Yearly IP Capacity Auction, the Annual Quarterly IP Capacity Auction, a Rolling Monthly IP Capacity

Auction or a Rolling Day Ahead IP Capacity Auction.

2 A.5.3. The Transporter will reject a Capacity Surrender Request for any of the following reasons:

- (a) the Capacity Surrender Request is not submitted in accordance with Section 2 A.5.1;
- (b) the Capacity Surrender Request is not submitted within the applicable Capacity Surrender Window;
- (c) the Capacity Surrender Request specifies a proposed Capacity Surrender Availability Period which does not commence on the first Day of a calendar month and/or end on the last Day of a calendar month;
- (d) the Capacity Surrender Request does not specify a Capacity Surrender Availability Period comprising one or more consecutive calendar months;
- (e) the Capacity Surrender Request specifies a Capacity Surrender Available Amount which is in excess of the Retained Primary IP Entry Capacity or the South-North IP CSEP Offtake Capacity held by the Shipper (and disregarding such Shippers Daily IP Capacity) at the Contractually Congested Point in respect of the specified Capacity Surrender Availability Period;
- (f) the Capacity Surrender Available Amount is less than 100,000 kWh/day;
- (g) the request does not relate to a Contractually Congested Point;
- (h) the Capacity Surrender Request specifies (in whole or in part) IP a capacity which is not held for a duration which is Multi-Annual, Annual Yearly, Quarterly or Monthly;
- (i) the Capacity Surrender Availability Period specified in the Capacity Surrender Request is such that the relevant capacity cannot be made available in any applicable Capacity Auction;
- (j) the Capacity Surrender Request is in respect of Bundled IP Capacity and the Adjacent TSO has rejected the corresponding request pursuant to the Interconnected System Transportation Arrangements;
- (k) the Capacity Surrender Request refers to both Bundled IP Capacity and Unbundled IP Capacity;

- (l) the Shipper is in breach of the Code or any Ancillary Agreement.
- 2 A.5.4. Subject as hereinafter provided the Transporter will process any Capacity Surrender Request within three (3) Business Days after receipt of the Capacity Surrender Request.
- 2 A.5.5. A Capacity Surrender Request which is not submitted in accordance with 2.A.5.1 may be automatically rejected on the JBP. Where a Capacity Surrender Request is rejected for any other reason, the Transporter shall notify the Shipper of the reason for rejection of any Capacity Surrender Request as soon as reasonably practicable and in any event not later than three (3) Business Days after closure of the applicable Capacity Surrender Window.
- 2 A.5.6. Where the Transporter approves a Capacity Surrender Request the Transporter shall notify the Shipper of such approval. A Capacity Surrender Request approved by the Transporter shall be a valid Capacity Surrender Request (a "**Valid Capacity Surrender Request**").
- 2 A.5.7. A Surrendering Shipper shall save as otherwise provided pursuant to this Code retain full rights and obligations with respect to the Capacity Surrender Available Amount (including with respect to the submission of IP Nominations) save that the Surrendering Shipper:
- (a) shall not reduce its Retained Primary Capacity at the Entry Point or its Primary IP CSEP Offtake Capacity (as the case may be) below the Capacity Surrender Available Amount;
 - (b) may not submit relevant IP Nominations utilising the Surrender Available Amount for any Day or Days within or forming part of the Capacity Surrender Availability Period. The restriction on a Shipper's right to submit IP Nominations utilising the IP Capacity which is part of a Capacity Surrender Available Amount shall cease to apply for any part of the Capacity Surrender Availability Period for which the relevant capacity amount cannot be made available pursuant to Part C (*Capacity*) and Section 2A.5.10.
- 2 A.5.8. A Shipper may withdraw a Capacity Surrender Request at any time before the Capacity Surrender Request becomes a Valid Capacity Surrender Request.
- 2 A.5.9. **[Not used]**
- 2 A.5.10. The Transporter shall make the Capacity Surrender Available Amount specified in each Shipper's Valid Capacity Surrender

Request (in each case as amended pursuant to any Capacity Surrender Update submitted prior to the applicable Pre Auction Period and accepted by the Transporter in accordance with this Code) available to be booked by Shippers at the relevant Contractually Congested Point in an Annual Yearly IP Capacity Auction, the Annual Quarterly IP Capacity Auctions and/or the Rolling Monthly IP Capacity Auction(s) or the Rolling Day Ahead Daily IP Capacity Auction provided always that the Capacity Surrender Available Amount; and

- (a) shall only be included in any Capacity Auction which is in respect of IP Capacity of a duration which is within the Capacity Surrender Availability Period;; and
- (b) in accordance with Part C (*Capacity*) provided that such capacity shall not be made available by way of Within Day IP Capacity.

2 A.5.11. The Shipper may request the amendment or withdrawal of a Valid Capacity Surrender Request by submitting an update request ("**Capacity Surrender Update**") which shall specify the information required by the Transporter to process the request including:

- (a) the reference of the Capacity Surrender Request to which the Capacity Surrender Update relates
- (b) the revised Capacity Surrender Available Amount specified in kWh/d (which may be the same as the prevailing Capacity Surrender Available Amount where the update is in respect of the Capacity Surrender Availability Period); and
- (c) the revised Capacity Surrender Availability Period (which may be the same as the prevailing Capacity Surrender Availability Period if the Capacity Surrender Update is to amend the Capacity Surrender Availability Amount).

2 A.5.12. The Transporter shall reject a Capacity Surrender Update if:

- (a) the Capacity Surrender Update is not submitted in accordance with Section 2.A.5.11; or
- (b) the Capacity Surrender Update is submitted after the commencement of a Pre Auction Period in respect of any Capacity Auction in which the Capacity Surrender Available Amount has been included by the Transporter; or

- (c) the Capacity Surrender Update refers to Bundled IP Capacity and the Adjacent TSO has rejected the update in accordance with the Interconnected System Transportation Arrangements.

2 A.5.13. The Transporter shall notify the Shipper of its acceptance or rejection of a Capacity Surrender Update within three Business Days after receipt of the Capacity Surrender Update by the Transporter;

2 A.5.14. Where the Transporter notifies the Shipper of the rejection of its Capacity Surrender Update it shall notify the Shipper of the reason for rejection of the Capacity Surrender Update.

2 A.6. Acceptance of Surrender

2 A.6.1. The Transporter shall issue a notice (a "**Capacity Surrender Acceptance Notice**") to a Surrendering Shipper of the acceptance by the Transporter of a surrender of a Capacity Surrender Available Amount specified in any Valid Capacity Surrender Request. A Capacity Surrender Acceptance Notice may be in respect of all or part of a Capacity Surrender Available Amount or for any Year, Quarter, Month or Day, Day or number of consecutive Days within the Capacity Surrender Availability Period.

2 A.6.2. A Capacity Surrender Acceptance Notice shall specify:

- (a) the Shipper's Valid Capacity Surrender Request to which the notice relates;
- (b) the amount of capacity (the "**Surrendered Capacity Acceptance Amount**") in respect of which the acceptance is made and which amount shall not exceed the Capacity Surrender Available Amount specified in the Valid Capacity Surrender Request, and shall not be less than the Minimum Surrender Amount;
- (c) the period in respect of which the Capacity Surrender Acceptance Notice is made (the "**Surrendered Capacity Duration**") which shall be a Year, Quarter, Month or Day or number of consecutive Days or a Month within the Capacity Surrender Availability Period as specified in the Valid Capacity Surrender Request.

2 A.6.3. Where there are a number of Valid Capacity Surrender Requests which could be accepted in order to meet Shippers requests for capacity pursuant to Part C (*Capacity*), the Transporter shall select the Valid Capacity Surrender Requests in the order in which they were received by the Transporter as determined by reference to the time stamp of the Valid Capacity Surrender Request.

2 A.6.4. The Transporter may issue multiple Capacity Surrender Acceptance Notices with respect to the same Valid Capacity Surrender Request.

2 A.6.5. A Capacity Surrender Acceptance Notice shall be issued to the Shipper not later than two hours after closure of the Capacity Auction in which the relevant IP Capacity was allocated.

2 A.7. Consequence of Capacity Surrender Acceptance

2 A.7.1. Where the Transporter issues a Capacity Surrender Acceptance Notice:

- (a) the Shippers Retained Primary IP Capacity and Active IP Capacity at the Contractually Congested Point shall be reduced by the Surrendered Capacity Acceptance Amount and for the Surrendered Capacity Duration;
- (b) all of the Shippers rights and obligations (including IP Capacity Charges) with respect to the Surrendered Capacity Acceptance Amount shall be suspended for the Surrendered Capacity Duration;
- (c) if the IP Capacity in respect of which the Capacity Surrender Acceptance Notice was issued is Bundled IP Capacity the Transporter may notify the Adjacent TSO of such acceptance.

2 A.8. Capacity Usage Monitoring and Long Term Use It or Lose It - General

2 A.8.1. The Transporter shall monitor the use of IP Capacity by Shippers at each IP Entry Point and each IP CSEP and shall produce Monitoring Reports with respect to the usage of such capacity in accordance with Section 2 A.9.

2 A.8.2. The Transporter shall determine in accordance with Section 2.A.9 to 2.A.13 the amount (if any) of a Registered Shipper's Booked IP Capacity held at a Contractually Congested Point which may be withdrawn in the event that capacity at that Contractually Congested Point is required by other Shippers, and there is insufficient capacity otherwise available by way of Unbooked Capacity or Capacity Surrender Available Amounts to meet such Shippers capacity requests.

2 A.9. Monitoring and Monitoring Reports

2 A.9.1. The Transporter shall monitor the extent to which a Registered Shipper utilises Yearly or Quarterly Primary IP Capacity booked by the Shipper at an Entry Point and/or at a

IP CSEP located at a Interconnection Point and which capacity has a Prescribed Unexpired Booking Period and shall produce a report of such usage (a "**Monitoring Report**").

- 2 A.9.2. Each Monitoring Report shall be in respect of the six month period from 1 October until 31 March or from 1 April to 30 September (each a "**Monitoring Period**").
- 2 A.9.3. The Transporter shall within six weeks following the end of each such Monitoring Period submit the Monitoring Report to the Commission.

2 A.10. Notice of Systematic Underutilisation of Capacity

- 2 A.10.1. The Transporter shall make a preliminary determination as to whether a Shipper's IP Entry Capacity or IP CSEP Offtake Capacity (as the case may be) which is held for a duration of a year or of a Quarter at a Contractually Congested Point is systematically underutilised in accordance with Section 2.A.10.2 and based on, inter alia, the information contained in the Monitoring Reports produced in accordance with Section 2.A.9.
- 2 A.10.2. A Shipper's IP Capacity Booking at a Contractually Congested Point shall be considered to be systematically underutilised ("**Systematically Underutilised Capacity**") where: the Shipper's Capacity is held pursuant to one or more continuous Long Term Capacity Booking(s) and in each of two consecutive Monitoring Reports the IP Nominations in respect of such capacity were on average less than eighty per cent (80%) of the Shipper's average Capacity; or
- 2 A.10.3. Not Used.
- 2 A.10.4. The Transporter shall issue a notice on GNI (IT) Systems (an "**Underutilisation Notice**") to a Shipper of the Transporter's preliminary determination that the Shipper's Long Term Capacity has been determined to be systematically underutilised at a Contractually Congested Point and which Underutilisation Notice shall specify:
 - (a) the Shipper ID of the Shipper to which the Underutilisation Notice relates;
 - (b) the Contractually Congested Point to which the Underutilisation Notice relates;
 - (c) the IP Capacity Booking reference(s) of the Shipper's Long Term IP Capacity Bookings to which the Underutilisation Notice relates;
 - (d) the Withdrawable Capacity; and

- (e) the period within which the Withdrawable Capacity may be withdrawn by the Transporter (the "**Withdrawal Availability Period**").

2 A.10.5. The Shipper may within one month of the date of the Underutilisation Notice make submissions to the Transporter:

- (a) as to why the Shipper's nonutilisation of the specified Systematically Underutilised Capacity is justified; and/or
- (b) where the Underutilisation Notice relates to IP Entry Capacity provide evidence that the Shipper has offered under reasonable conditions the Shippers Systematically Underutilised Capacity by way of IP Entry Capacity Trade, Advance Buyback Agreement or Valid Capacity Surrender Request; and/or
- (c) that the Shipper accepts that the Shipper's IP Capacity is Systematically Underutilised but is of the view that the amount of the Withdrawable Capacity should be reduced in which case the Shipper shall specify the amount of the Shipper's Capacity which the Shipper considers Withdrawable Capacity.

2 A.10.6. The Transporter shall review any submissions made by a Shipper in accordance with Section 2 A.10.5 and shall notify the Shipper of the Transporter's acceptance and/or rejection of the Shippers submissions.

2 A.10.7. Where the Transporter rejects the Shipper's submissions the Transporter shall confirm the Underutilisation Notice as issued and shall specify the reasons for the Transporter's rejection of the Shipper's submissions.

2 A.10.8. Where the Transporter accepts the Shipper's submissions in whole or in part then the Transporter may either cancel the Underutilisation Notice or issue to the Shipper a revised Underutilisation Notice (a "**Revised Underutilisation Notice**") which shall:

- (a) identify the Underutilisation Notice to which the Revised Underutilisation Notice relates;
- (b) specify the amount of Withdrawable Capacity (which may be the same as the amounts specified in the Underutilisation Notice or may be a revised amount);
- (c) specify the Withdrawal Availability Period (which may be the same as the period in the Underutilisation Notice); and

- (d) specify, where applicable, the reasons why the Transporter has rejected any part or parts of the Shipper's submission.

2 A.11. Underutilisation Notice Referral

2 A.11.1. The Shipper may, within 10 days of the date of the issue of a Transporter's rejection (in whole or in part) of a Shipper's submission in response to an Underutilisation Notice, refer the Underutilisation Notice, the Shipper's submissions made in response to the Underutilisation Notice (including any Revised Underutilisation Notice) and the Transporter response to the Shippers submissions to the Commission and the Shipper shall provide a copy of such referral to the Transporter.

2 A.11.2. The Commission may request each of the Transporter and the Shipper to provide such information as the Commission may reasonably require in order to make a decision as to whether:

- (a) the Underutilisation Notice or Revised Underutilisation Notice should be cancelled; or
- (b) the Underutilisation Notice or Revised Underutilisation Notice should be confirmed; or
- (c) the Underutilisation Notice or Revised Underutilisation Notice should be amended;

and the Commission may notify each of the Transporter and the Shipper of its decision as soon as practical.

2 A.11.3. Where the Commission notifies the Transporter and the Shipper that the Underutilisation Notice or Revised Underutilisation Notice should be withdrawn, or amended the Transporter shall:

- (a) notify the Shipper of the withdrawal of the Underutilisation Notice or Revised Underutilisation Notice;
- (b) issue a Revised Underutilisation Notice;

in each case in accordance with the decision of the Commission as notified.

A Revised Underutilisation Notice shall supercede any previously issued Underutilisation Notice or Revised Underutilisation Notice.

2 A.11.4. If the Commission is not in a position to make a determination in respect of any Underutilisation Notice which is referred to the Commission under this Section 2.A.11

within three months of the date of the Underutilisation Notice, the Commission may on one or more occasions extend the period in which the determination may be made by a period or periods of one or more calendar months.

2 A.12. Withdrawal of Capacity pursuant to Underutilisation Notice

- 2 A.12.1. The Transporter may in accordance with this Code withdraw any Withdrawable Capacity in accordance with the then applicable Underutilisation Notice or Revised Underutilisation Notice after the expiry of three months (or such longer period as may be specified by the Commission in a notice issued under Section 2.A.11.4) following the date on which the Underutilisation Notice is first issued (notwithstanding that the first Underutilisation Notice has been superseded by a Revised Underutilisation Notice, or that the Underutilisation Notice or Revised Underutilisation Notice has been referred to the Commission in accordance with Section 2.A.11) unless:
- (a) the Commission has determined that the Underutilisation Notice or Revised Underutilisation Notice should be cancelled or withdrawn; or
 - (b) the Commission has determined that a further Revised Underutilisation Notice be issued in which case the Transporter may proceed with the withdrawal of capacity in accordance with any Revised Underutilisation Notice issued in accordance with the decision of the Commission.
- 2 A.12.2. A Shipper shall not reduce its [Retained] Primary IP Capacity at the IP Entry Point or Shippers IP CSEP Offtake Capacity at the Contractually Congested Point to less than the amount of the Withdrawable Capacity for the specified Withdrawal Availability Period.
- 2 A.12.3. An Underutilising Shipper shall retain its rights and obligations with respect to Withdrawable Capacity save in respect of any Withdrawn Capacity specified by the Transporter is a Withdrawal Notice and for the specified Withdrawal Period.
- 2 A.12.4. Where the Transporter is entitled to withdraw any Withdrawable Capacity in accordance with this Section 2A.12, then the Transporter shall include the relevant Withdrawable Capacity in the amount of IP Capacity notified by the Transporter in accordance with Part C (*Capacity*) Section 2.2.5 and the Withdrawable Capacity shall then be included in the relevant Capacity Auction in respect of each duration within the Withdrawal Availability Period.

2 A.13. Withdrawal of Underutilised Capacity

2 A.13.1. Where Shippers have applied for Capacity at a Contractually Congested Point and the Transporter requires to withdraw any Shipper's Withdrawable Capacity in whole or in part in order to allocate capacity to a Shipper requesting capacity the Transporter shall issue a notice (a "**Withdrawal Notice**") to an Underutilising Shipper which notice shall include the following information:

- (a) the Shipper ID of the Underutilising Shipper;
- (b) the Underutilisation Notice or the Revised Underutilisation Notice to which the Withdrawal Notice relates;
- (c) the applicable Contractually Congested Point;
- (d) the amount of Withdrawable Capacity which is being withdrawn (the "**Withdrawn Capacity**") which shall not be greater than the Withdrawable Capacity or less than 100,000 kWh;
- (e) the period ("**Withdrawal Period**") for which the Capacity is withdrawn (which shall be within the Withdrawal Availability Period) and shall be a number of consecutive Days or a Month or a number of consecutive Months shall be for any duration within the Withdrawal Availability Period.

2 A.13.2. A Withdrawal Notice shall be issued to the Underutilising Shipper:

- (a) where the Withdrawal Period is for a duration other than a Day , not later than the close of business on the day which is two days Business Days after the closing of the Capacity Auction in which the Withdrawn Capacity;
- (b) where the Withdrawal Period is a Day not later than 17:00 hours on D-1.

2 A.13.3. Without prejudice to the Transporters right to issue a Withdrawal Notice within a Withdrawal Availability Period the Transporter shall not issue a Withdrawal Notice in respect of a period if there is sufficient Unbooked Capacity, and or Capacity available pursuant to Valid Capacity Surrender Requests to meet the requirements of a Shipper(s) requesting capacity in respect of that period.

2 A.14. Oversubscription and Buyback

- 2 A.14.1. The Transporter shall develop and propose to the Commission an incentive based mechanism (an "**Oversubscription and Buyback Scheme**") whereby the Transporter is financially incentivised to make capacity ("**Oversubscription Capacity**") in excess of the technical capacity available to be booked by Shippers at an IP Entry Point or IP CSEP located at a Interconnection Point which is Contractually Congested and whereby the Transporter may buy IP Capacity from Shippers at that Relevant Interconnection Point.
- 2 A.14.2. The Oversubscription and Buyback Scheme shall be implemented in such form as may be approved by the Commission and may be varied from time to time with the approval of the Commission.
- 2 A.14.3. The capacity component of any tariff paid by any Shipper who has booked Oversubscription Capacity and any costs incurred by the Transporter in connection with the buyback of capacity in accordance with the Oversubscription and Buyback Scheme shall be shared between Shippers and the Transporter in accordance with the Oversubscription and Buyback Scheme.
- 2 A.14.4. Oversubscription Capacity shall only be made available as Daily IP Capacity in accordance with Part C (*Capacity*) and this Part H (*Operations*) Section 2A (*Contractual Congestion*).
- 2 A.14.5. Oversubscription Capacity shall be allocated to Shippers requesting capacity at a Contractually Congested Point where there is insufficient capacity otherwise available (including any Capacity Surrender Available Amounts and Withdrawable Capacity to allocate capacity to Shipper's at that Contractually Congested Point.
- 2 A.14.6. The Transporter shall prior to buying back any IP Capacity in accordance with this Code assess whether it may maintain the integrity of the Transportation System (in whole or in part) in a more cost efficient manner through other operational or commercial means.
- 2 A.14.7. If the Transporter is unable, either through exercise of its rights pursuant to an Advance Buyback Agreement or through the acceptance of Valid Buyback Offers to buy back from Shippers a sufficient amount of Capacity to maintain the integrity of the Transportation System or any localised part thereof the Transporter may be required to apply certain of the provisions of Part H (*Operations*) Section 2 (*Physical Congestion*).

2 A.15. Oversubscription Capacity

2 A.15.1. The Transporter shall, for each Day with effect from the Contractual Congestion Effective Date calculate (in accordance with the Oversubscription and Buyback Scheme) the amount of Oversubscription Capacity which the Transporter acting as a Reasonable and Prudent Operator can make available at a Contractually Congested Point in respect of such Day. The amount of Oversubscription Capacity which the Transporter may make available in respect of a Day:

- (a) shall not exceed the maximum amount (if any) of Oversubscription Capacity as prescribed pursuant to the Oversubscription and Buyback Scheme;
- (b) may in respect of any Day, having regard to the prevailing circumstances, be zero;
- (c) shall on a Difficult Day, Restricted Capacity Day, an Exceptional Event or in case of an Emergency be zero.

2 A.15.2. The Transporter:

- (a) shall notify the amount of Oversubscription Capacity which it shall make available in respect of a Day by 14.00 hours on D – 1; and
- (b) may vary the amount of Oversubscription Capacity so notified at any time.

2 A.15.3. The Transporter shall notify Shippers after the end of each Quarter of:

- (a) the aggregate amount of Oversubscription Capacity made available in the previous Quarter; or any part thereof; and
- (b) the aggregate amount of Oversubscription Capacity booked by Shippers in the relevant Quarter or any part thereof.

2 A.15.4. Oversubscription Capacity shall be made available to Shippers by the Transporter in accordance with Part C (*Capacity*) and the Transporter shall not and shall not be required to identify specifically IP Capacity which is made available pursuant to Part C (*Capacity*) by way of Oversubscription Capacity. Oversubscription Capacity shall be sold as Primary Capacity and shall as regards the Shipper booking that Capacity be indistinguishable from any other Primary Capacity booked by a Shipper.

2 A.16. Capacity Buyback

- 2 A.16.1. Where the Transporter has made Oversubscription Capacity available to Shippers in respect of a Day then the Transporter may purchase Capacity from Shippers for that Day at the Contractually Congested Point in order to maintain the operational integrity of the Transportation System or any localised part thereof.
- 2 A.16.2. The Transporter may invite Shippers through a tender process (a "**Buyback Tender**") to commit to sell to the Transporter IP Capacity at a Contractually Congested Point at a price to be calculated in accordance with agreement to be entered into with the Transporter (the "**Advance Buyback Agreement**") for any Day or Days within a defined period of time.
- 2 A.16.3. The Transporter may in respect of any Day which the Transporter requires to buy IP Capacity at a Contractually Congested Point, notify Shippers of the Transporter's requirement to buyback Capacity and shall publish an invitation (a "**Buyback Invitation**") to Shippers to submit an offer to the Transporter to sell IP Capacity to the Transporter. The Buyback Invitation shall specify such information as the Transporter may require to process the offer including:
- (a) the Contractually Congested Point;
 - (b) the Day in respect of which the IP Capacity is required by the Transporter;
 - (c) the total amount of IP Capacity which the Transporter wishes to buy at the Contractually Congested Point;
 - (d) the minimum IP Capacity amount which a Shipper may specify in a Buyback Offer;
 - (e) the time (the "**Buyback Offer Close Time**") by which any Buyback Offer in response to the Buyback Invitation must be submitted to the Transporter.
- 2 A.16.4. A Buyback Invitation may be published at any time up to 18.00 hours on the Day in respect of which the Capacity is required.
- 2 A.16.5. Registered Shippers at a Contractually Congested Point may in response to a Buyback Invitation submit an offer (a "**Buyback Offer**") which shall specify:

- (a) the Shipper ID of the Shipper submitting the offer ("**Offering Shipper**");
- (b) the Contractually Congested Point at which the Shipper is offering the capacity;
- (c) the Buyback Invitation to which the Buyback Offer relates;
- (d) the amount of capacity which the Shipper is offering to the Transporter (which shall not be less than the minimum amount as specified in the Buyback Invitation);
- (e) the Capacity Booking reference of the Shipper's Capacity Booking from which the Capacity is offered;
- (f) confirmation that the Shipper has Retained Primary IP Capacity at the Contractually Congested Point equal to or in excess of the amount of capacity specified by the Shipper pursuant to paragraph (d) and for the Day or Days specified in the Buyback Invitation;
- (g) the price in c/kWh (the "**Buyback Offer Price**") at which the Shipper offers the capacity for sale to the Transporter.

2 A.16.6. A Buyback Offer which:

- (a) is submitted in accordance with Section 2A.16.5; and
- (b) meets the requirements of the Buyback Invitation;

shall be a valid Buyback Offer (a "**Valid Buyback Offer**").

A Shipper which is a party to an Advance Buyback Agreement at the Contractually Congested Point shall be deemed to have submitted a Valid Buyback Offer where the Advance Buyback Agreement relates to the Day or Days specified in the Buyback Invitation.

2 A.16.7. The Transporter shall notify a Shipper if the Buyback Offer is not a Valid Buyback Offer not later than 30 minutes after Buyback Offer Close Time where the Transporter does not notify the Shipper of the rejection or otherwise of a Buyback Offer by within a said period of thirty (30) minutes after the Buyback Offer Close Time then the Buyback Offer shall be deemed to be rejected.

2 A.16.8. The Transporter may decide to purchase capacity pursuant to an Advance Buyback Agreement and/or pursuant to a Valid

Buyback Offer. (including pursuant to a Valid Buyback Offer deemed to be submitted pursuant to Section 2A.16.6). The Transporter shall select which (if any) Valid Buyback Offers it shall accept (in whole or in part) and/or the amount of Capacity which it shall purchase pursuant to an Advance Buyback Agreement having due regard to:

- (a) the amount of capacity which the Transporter requires; and
- (b) the financial implications pursuant to the available Advance Buyback Agreement(s) and/or any applicable Valid Buyback Offers.

2 A.16.9. The Transporter may accept a Valid Buyback Offer in whole or in part and in particular the Transporter may without limitation accept a Valid Buyback Offer in respect of part only of the Capacity specified in the Valid Buyback Offer.

2 A.16.10. Where the Transporter accepts a Valid Buyback Offer or capacity available to the Transporter pursuant to an Advance Buyback Agreement (in whole or in part) the Transporter shall notify (a "**Buyback Notification**") the Shipper of such acceptance not later than 21.00 hours on Day D or, if later, one hour after the applicable Buyback Offer Close Time.

2 A.16.11. A Buyback Notification shall include the following information:

- (a) the Shipper ID of the Shipper;
- (b) the Buyback Offer or Advance Buyback Agreement to which the Buyback Notification relates;
- (c) the Contractually Congested Point at which the capacity is required;
- (d) the Day in respect of which the Buyback Offer is accepted;
- (e) the amount of capacity in respect of which the Buyback Offer is accepted; and
- (f) the unit price (in c/kWh) which the Transporter shall pay to the Shipper which shall be equal to the Buyback Offer Price as specified in the Shipper's Buyback Offer, or the price as calculated in accordance with the Advance Buyback Agreement (as the case may be).

2 A.16.12. The total aggregate amount of capacity specified in Buyback Notification(s) issued by the Transporter in respect of any Day may vary from the amount requested in the Buyback Invitation(s) issued by the Transporter in respect of that Day.

2 A.16.13. Where the Transporter issues a Buyback Notification or accepts capacity pursuant to an Advance Buyback Agreement the Transporter shall reduce the Offering Shipper's Primary IP Capacity held by the Shipper at the Contractually Congested Point by the amount specified in the Buyback Notification and for the Day specified in the Buyback Notification.

2 A.17. Capacity Availability and IP Capacity Charges - Transporter's obligations to make Capacity available

2 A.17.1. The Transporter shall include:

- (a) Each Shipper's Capacity Surrender Available Amount(s) as specified in each Valid Capacity Surrender Request;
- (b) Each Shippers Withdrawable Capacity; and
- (c) Oversubscription Capacity

in the Capacity made available to Shippers in accordance with the relevant provisions of Part C (*Capacity*) provided always:

- (i) an individual Shipper's Capacity Surrender Available Amount shall only be made available in a Capacity Auction which takes place after the expiry of the Pre Auction Period and for a duration within the applicable Capacity Surrender Availability Period;
- (ii) an individual Shipper's Withdrawable Capacity shall be made available in accordance with Section 2.A.12.4 for a period up to the applicable Withdrawal Availability Period; and
- (iii) Oversubscription Capacity shall be only made available as Daily Capacity; and

the Transporter shall and shall be entitled, when determining the amount of capacity which may be made available to Shippers pursuant to Part C (*Capacity*) and the duration in respect of which such capacity shall be so made available, be entitled to have regard to all Shippers' Capacity Surrender Available Amounts, all Shippers' Withdrawable Capacity, the applicable Capacity Surrender Availability Periods and the Withdrawal Availability Period(s) in aggregate.

2 A.17.2. The Transporter shall not when making capacity available pursuant to Part C (*Capacity*) be obliged to identify the extent to which such capacity made available is or forms part of any other Shipper's Capacity Surrender available Amounts and/or Shippers' Withdrawable Capacity or Oversubscription Capacity.

2 A.18. Capacity Allocation Priority Order

2 A.18.1. At a Contractually Congested Point capacity made available by the Transporter shall be deemed to have been booked by Shippers as follows:

- (a) where the amount of capacity applied for by Shippers is less than the Unbooked Capacity at the relevant Contractually Congested Point all capacity booked by Shippers shall be deemed to be allocated out of Unbooked Capacity;
- (b) where the amount of Capacity applied for by Shippers is in excess of the Unbooked Capacity at the Contractually Congested Point then the Transporter shall be deemed to have allocated capacity to Shippers as follows:
 - i. firstly, utilising the Unbooked Capacity;
 - ii. secondly, utilising IP Capacity available by reference to Shippers' Capacity Surrender Available Amounts;
 - iii. thirdly, utilising IP Capacity made available by reference to Shippers' Withdrawable Capacity; and
 - iv. fourthly, (with respect to Daily Capacity only) utilising Oversubscription Capacity;

and to the relevant periods for which Capacity Surrender Available Amounts and Withdrawable Capacity are available for allocation by the Transporter.

2 A.19. Capacity Charges

2 A.19.1. The Shipper shall be relieved of the capacity component of the applicable tariff in respect of such Shipper's Surrendered Capacity, Withdrawn Capacity and/or the amount of capacity in respect of which a Shipper's Buyback Offer is accepted by the Transporter in accordance with this Code.

2 A.19.2. Where the Transporter has issued a Buyback Notification to a Shipper there shall be included in any applicable Invoice issued to the Shipper an Invoice Item in respect of the difference between:

- (a) the capacity component of applicable tariff in respect of the amount of capacity in respect of which a Shipper's Buyback Offer is accepted; and
- (b) the applicable Buyback Offer Price or the price as calculated in accordance with the Advance Buyback Agreement (as the case may be).

and such Invoice Item shall be included in the Invoice with respect to the month in which the Buyback Notification is issued.

3. ENTRY POINTS AND VIRTUAL ENTRY POINTS

3.1 Entry Point Requirements

3.1.1 A Registered Shipper shall deliver or tender for delivery Natural Gas to the Transportation System at an Entry Point in accordance with the Entry Point Requirements applicable to such Entry Point provided always that where an Entry Point is configured within a Bi-Directional CSP then Section 5 of this Part H shall also apply.

3.1.2 The provisions of Section 7 (Interconnection Point) of this Part H shall apply to IP Entry Points. Each Shipper registered at an Entry Point shall be provided by the Transporter with details of the requirements for the delivery of Natural Gas to such Entry Point ("**Entry Point Requirements**"), including:

- (a) the location of the Entry Point;
- (b) the conditions applicable to that Entry Point as to the pressure and specification of Natural Gas delivered or tendered for delivery to the Transportation System at the Entry Point (including those matters referenced in Part G (*Technical*) Section 1 (*Specifications: Quality and Pressure*));
- (c) the Measurement Provisions with respect to an Entry Point as described in Part G (*Technical*) Section 3 (*Measurement*) ("**Entry Point Measurement Provisions**");
- (d) the requirements for the delivery of Natural Gas to such Entry Point contained in any CSA where a CSA is in existence for such Entry Point;
- (e) the existence of any Entry Point Procedures; and
- (f) the existence of any OBA.

3.1.3 The Entry Point Requirements referenced in this Section 3.1 shall be subject to and reflect:

- (a) the provisions of any applicable CSA subject always to the requirements of Part G (*Technical*) Section 1 (*Specifications Quality and Pressure*); or

- (b) in the absence of a CSA or to the extent the CSA does not include all of the information referred to in Section 3.1.2, the provisions of Part G (*Technical*) Section 1 (*Specifications: Quality and Pressure*) and Section 3 (*Measurement*) in respect of each relevant Entry Point.
 - (c) the provisions of any OBA.
- 3.1.4 The Transporter shall, only to the extent that such requirements are not already made available pursuant to obligations elsewhere in this Code, make available to Shippers the relevant Entry Point Requirements. The absence of a CSA shall not preclude Shippers from making Natural Gas available for delivery to the Transportation System at an Entry Point.
- 3.1.5 In the event that a Registered Shipper fails to comply with the Entry Point Requirements applicable to an Entry Point at which the Registered Shipper is delivering or tendering for delivery Natural Gas, the Shipper shall indemnify the Transporter for all costs, losses and expenses arising as a result of any such failure, which shall include all claims, charges, demands, costs, losses and/or payments due or arising in respect of a Connected System and/or generally upstream of an Entry Point made by any person (including such Shipper or any third party) delivering, directly or indirectly, Natural Gas to the Transmission System at an Entry Point. Such indemnity shall include any claim with respect to the cost of Capacity Charges, the commodity element of the Tariff, Scheduling Charges, Overrun Charges, Balancing Charges and Failure to Interrupt Charges.
- 3.1.6 The Registered Shippers shall not be liable to the Transporter in respect of any material claims, charges, demands, costs, losses and/or payments arising as aforesaid to the extent that they result from a failure by the Transporter to act as a RPO in the performance of its obligations under a CSA.
- 3.1.7 The existence of a CSA shall not relieve Shippers or the Transporter of any obligations under this Code and the Transporter shall not be required (for itself or for the benefit of any Shipper) to secure in a CSA any remedy against the Upstream Operator nor to take steps to enforce any provisions of a CSA.
- 3.1.8 Without prejudice to a Shipper's obligations pursuant to Section 3.1.5 above, to the extent that:
- (a) a Registered Shipper fails to comply with the Entry Point Requirements applicable to an Entry Point other than as a result of failure by the Transporter to perform any requirement under the CSA applicable to such Entry Point; and
 - (b) such failure by the Registered Shipper adversely affects the ability of the Transporter to operate the Transportation System, or any localised part thereof, or to comply with any Legal Requirement or any provision (other than a provision with which the failure to comply has no significant

consequences for the Transporter or any Shipper) of this Code,

then the Transporter shall be entitled to refuse (until such time as the Transporter is reasonably satisfied that such non-compliance has been remedied) to accept delivery by a Registered Shipper, to the Transportation System, of Natural Gas at the relevant Entry Point, in which case the Transporter shall notify all affected Shippers of such refusal and (subject to any duties of confidentiality) of the relevant circumstances therefor.

- 3.1.9 To the extent that any changes to the Entry Point Requirements for each Entry Point are required in order to comply with any new or changed Legal Requirement, in respect of Natural Gas conveyed by means of, or tendered for delivery to, the Transportation System, the Entry Point Requirements shall be deemed to incorporate any such changes with effect from the time at which the Legal Requirement comes into force (unless expressly provided otherwise under any special delivery arrangements) and, as soon as reasonably practicable thereafter, the Transporter shall notify the Registered Shippers at such Entry Point of any amendments made to the Entry Point Requirements.
- 3.1.10 The Transporter shall be entitled to refuse to accept quantities of Natural Gas tendered for delivery at an Entry Point on a Day on which there are no Registered Shippers at the Entry Point.

3.2 **RNG Entry Points**

- 3.2.1 RNG Entry Points may be connected to the Transmission System or may be connected to the Distribution System.
- 3.2.2 Natural gas shall be deemed to enter the Transportation System at a RNG Entry Point.
- 3.2.3 The Transporter will not enter into any OBAs at RNG Entry Points.
- 3.2.4 The Transporter does not anticipate the development of offtake profile notices at RNG Entry Points. The Transporter may enter into agreements with the operator of an RNG Delivery Facility in connection with the determination of the quantities of Natural Gas to be delivered to the Transportation System at an RNG Entry Point for any Day.
- 3.2.5 The provisions of Section 3.8 (*Administrative Procedures at an Entry Point*) shall not apply to RNG Entry Points.

3.3 **Not Used**

- 3.3.1

3.4 **Not Used**

3.5 Not Used

3.6 Bellanaboy Entry Point

- 3.6.1 The Proposed Bellanaboy Entry Point is located at Bellanaboy Bridge, Co. Mayo.
- 3.6.2 The Proposed Bellanaboy Entry Point shall become the Bellanaboy Entry Point in accordance with Part F (*Administration*) Section 1.3.
- 3.6.3 Natural Gas shall be deemed to enter the Transportation System at the Bellanaboy Entry Point.
- 3.6.4 The Proposed Bellanaboy Entry Point shall become a Commissioning Connected System Point in accordance with Section 3.7.4 and the Transporter shall publish Commissioning Reverse Flow Arrangements in respect of it in accordance with Section 3.7.5.
- 3.6.5 Natural Gas offtaken pursuant to any applicable Commissioning Reverse Flow Arrangements or Operational Reverse Flow Arrangements shall be deemed to be offtaken from the Transportation System at the Commissioning Connected System Point or the Bellanaboy Entry Point (as the case may be).

3.7 New Entry Points and Commissioning Connected System Point(s)

- 3.7.1 The Transporter shall, subject to Sections 3.7.2 and 3.7.3, facilitate new Entry Points to the Transmission System when and wherever practicable and where commercially and technically feasible in order to secure as diverse, safe, economic and secure a supply of Natural Gas as possible to the Transportation System.
- 3.7.2 The Transporter shall enter into good faith negotiations for CSA(s) in respect of any proposed new Entry Point(s) on appropriate terms. Natural Gas shall be delivered or tendered for delivery to the Transmission System from such new Entry Point(s) in accordance with the provisions of the relevant CSA for such new Entry Point(s) and this Code.
- 3.7.3 The Transporter will not enter into any CSA(s) which would in the reasonable opinion of the Transporter have a material adverse impact on Shippers in general without first advising Shippers of the provision which the Transporter believes will have such material effect. Subject to the agreement of the other contracting parties thereto, any CSA for a new Entry Point shall be made publicly available by the Transporter following its execution and the Shippers shall, in any event, not be liable in respect of any obligations which they may incur in respect of a CSA of which they were unaware.
- 3.7.4 The Transporter may, (at the request of the relevant Connected System Operator and with the approval of the Commission) and where operationally and technically feasible and in order to facilitate new Entry Points, designate

a new Entry Point or a Proposed Entry Point connected or to be connected to a Gas Source at which Natural Gas is required to be offtaken from the Transportation System to facilitate commissioning of Upstream Facilities, a commissioning Connected System Point (“**Commissioning Connected System Point**”).

- 3.7.5 Without prejudice to the generality of Section 3.7.1 the Transporter shall (including where so requested by the Connected Systems Operator at a Commissioning Connected System Point) and with the approval of the Commission publish arrangements (“**Commissioning Reverse Flow Arrangements**”) to facilitate booking of capacity and offtake of Natural Gas by Commissioning Shippers at a Commissioning Connected Point in order to facilitate commissioning of facilities at or immediately upstream of the Commissioning Connected System Point.
- 3.7.6 The Transporter may where technically and operationally feasible and in order to facilitate new RNG Entry Point(s) enter into such arrangements as the Transporter acting as a Reasonable and Prudent Operator considers appropriate to facilitate the commissioning of any proposed new RNG Entry Point.
- 3.7.7 Shippers notified in writing to the Transporter by the Connected System Operator at a Commissioning Connected System Point (“**Commissioning Shippers**”) may reserve capacity to facilitate the offtake of Natural Gas at a Commissioning Connected System Point in accordance with this Code and applicable Commissioning Reverse Flow Arrangements. A Commissioning Shipper shall comply with the applicable Commissioning Reverse Flow Arrangements which shall constitute a part of this Code as if set out fully herein provided however, in the event of any conflict between the applicable Reverse Flow Arrangements and the remaining provisions of this Code the Code shall prevail.

3.8 **Administrative Procedures at an Entry Point**

- 3.8.1 Procedures (“**Entry Point Procedures**”) for the management of the matching of Nominations made by a Third Party Shipper and the relevant Registered Shipper at an Entry Point, and/or Allocations at an Entry Point may be proposed to the Transporter by all Shippers who have Entry Capacity reserved at the same Entry Point or all Shippers who have been certified by the Connected System Operator at a Proposed Entry Point, as constituting all of the Shippers who have an entitlement to Natural Gas upstream of the Proposed Entry Point provided one or more of them have submitted Entry Capacity Requests in respect of the Proposed Entry Point and which requests have been accepted by the Transporter.
- 3.8.2 Entry Point Procedures may be introduced either at the time of, or prior to, or as soon as possible following, the implementation of this Code and may

outline principles to be established in respect of the matching of nominations ((a) above), and/or the allocation procedures ((b) above) and any related activities at an Entry Point. For the avoidance of doubt where the Transporter accepts Entry Point Procedures in respect of a Proposed Entry Point such Entry Point Procedures shall apply only with effect from the date upon which the Proposed Entry Point becomes an Entry Point in accordance with this Code. If the proposed Entry Point Procedures referred to in Section 3.8.1 are acceptable to the Transporter, the Transporter shall notify all relevant Shippers of its acceptance of such Entry Point Procedures and the date from which the same shall be effective and all relevant Shippers shall be bound by such Entry Point Procedures from such effective date.

- 3.8.3 Agreement by and between relevant Shippers and the Transporter with respect to Entry Point Procedures shall constitute an authority to the Transporter from all relevant Shippers to accept Allocations or such other information as may be authorised to be provided to the Transporter pursuant to such Entry Point Procedures and to provide information in accordance with such Entry Point Procedures. The Transporter shall not be liable to such Shippers, or any of them, in respect of any consequence of the acceptance by the Transporter of such Entry Point Procedures or the implementation thereof. All relevant Shippers hereby waive any and all rights of action against the Transporter in respect of any loss, damage or otherwise that may be suffered by any such Shipper as a result of such Entry Point Procedures and the reliance by the Transporter thereon and on any information received pursuant thereto.
- 3.8.4 Where Entry Point Procedures have been proposed by Shippers and accepted by the Transporter in accordance with this Section 3.8, all Shippers with Entry Capacity registered at such Entry Point or applying for Entry Capacity at such Entry Point shall adhere to and comply with such Entry Point Procedures together with any subsequent arrangements modifying the same and such Entry Point Procedures (and modifications thereof) shall be applied by the Transporter.
- 3.8.5 The Transporter is under no obligation, express or implied, to verify that the relevant Entry Point Procedures have been complied with and no action by the Transporter should be construed as such.
- 3.8.6 Where a Shipper does not adhere to such Entry Point Procedures the Transporter shall suspend such Shipper's right to make Nominations or Renominations in respect of such Entry Point until such time as the Shipper shall have adhered to such Entry Point Procedures.

3.9 **Offtake Profile Notice at Entry Points**

- 3.9.1 The Transporter may develop and make available to the Connected System Operator in relation to any Entry Point offtake profile notices relating to the

delivery of Natural Gas at an Entry Point on any Day. The Transporter may enter into such agreements with Connected System Operators, Shippers, Third Party Shippers and other Third Parties relating to the provision of offtake profile notices as the Transporter may consider appropriate.

- 3.9.2 The Transporter shall not be liable to the Shippers, or any of them, in respect of the development and provision of any such offtake profile notice or the failure to develop and/or provide such offtake profile notice other than in accordance with the terms and conditions of such agreement(s) as may be developed and agreed between the Transporter and Shippers in connection with offtake profile notices. Each Shipper hereby waives any and all rights of action against the Transporter in respect of any loss, damage or otherwise that may be suffered by any Shipper as a result of the development and provision of such offtake profile notices or the failure to provide such notices in respect of rights of action expressly contained in such agreement(s) as may be developed and agreed between the Transporter and Shippers in connection with offtake profile notices.

3.10 **Operational Balancing Agreement**

- 3.10.1 The Transporter may enter into an OBA with a Connected System Operator at an Entry Point or at a Proposed Entry Point.
- 3.10.2 The Transporter will not enter into any OBA(s) without first advising Shippers of the terms of the OBA.
- 3.10.3 An OBA shall be made publicly available by the Transporter prior to its execution. Shippers acknowledge that the provisions of OBA(s) may impact on the quantity of Natural Gas to be allocated to Shippers at the Entry Point to which such OBA relates in respect of a Day.

3.11 **Offtake of Natural Gas at Entry Points**

- 3.11.1 The Transporter may where technically and operationally feasible enter into arrangements (“**Operational Reverse Flow Arrangements**”) to make quantities of Natural Gas available for offtake at an Entry Point connected to a Gas Source in order to facilitate operational start up requirements of facilities upstream of the Entry Point and where there is no alternative source of Natural Gas available to meet the operational requirements of such upstream facilities. Any such Natural Gas shall be made available for offtake on such terms as may be agreed by the Transporter with the approval of the Commission and which terms may be included in an OBA (where appropriate).
- 3.11.2 For the avoidance of doubt, the offtake of Natural Gas for commissioning facilities upstream of a new Entry Point or a Proposed Entry Point as contemplated by Section 3.7 or for operational reasons pursuant to 3.11 shall not mean or imply that an Entry Point shall be an Exit Point (or a Bi

Directional CSP) within the meaning of this Code.

4. OFFTAKE POINTS

4.1 General

4.1.1 The Transporter and each Shipper acknowledge that an Exit Point from the Transmission System may also (subject to any Modifications which may be required by the Transporter) become an Entry Point for the purposes of this Code and vice versa.

4.2 Offtake Requirements

4.2.1 On any Day, a Shipper shall be entitled to offtake Quantities in accordance with, and subject to, the provisions of the Code.

4.2.2 Where in the Transporter's opinion:

(c) Natural Gas is being offtaken from the Transportation System:

- (i) in the case of a LDM Offtake, at a quantity and/or rate which exceeds the MHQ and/or ramp rate or where the notice period has not expired ;
- (ii) in the case of a TCDM Exit Point, at a quantity and/or rate which exceeds the MHQ;
- (iii) in the case of a DM Supply Point, at a quantity and/or rate which exceeds the MHQ; or
- (iv) in the case of a NDM Supply Point, at a rate which exceeds the relevant offtake limits; and

(d) the integrity of the Transportation System or any localised part thereof is prejudiced as a result or where the service to other Shippers is likely to be adversely affected or compromised,

the Transporter may take any appropriate steps available to it to secure the required reduction in the rate of flow of, or the discontinuance of, the offtake of Natural Gas from the Transportation System at the relevant Offtake Point.

4.2.3 The steps referred to in Section 4.2.2 may, following (where practicable) appropriate notice, include the disconnection of the equipment or facilities at the relevant Offtake Point but (without prejudice to any other provision of this Code (including any rights which the Transporter may have pursuant to Part I (*Legal and General*) Section 4 (*Suspension and Termination*)) the Transporter shall endeavour not to take this step where in its opinion alternative steps are available and adequate in the circumstances.

4.2.4 The Shipper acknowledges that it shall be the obligation of the Shipper to procure a copy of any applicable End User Agreement from the End User

prior to such Shipper becoming Registered Shipper at the LDM Offtake or the DM Offtake (as the case may be). The Transporter shall on request provide an End User Agreement to a Shipper only when:

- (a) the Shipper is a Registered Shipper at the relevant Offtake Point; or
- (b) with the prior written consent of the relevant End User.

4.3 **General Provisions Relating to Offtake**

- 4.3.1 Where under this Code or any Ancillary Agreement or under any applicable Legal Requirement, the Transporter is not required to connect to, or to maintain a connection in respect of, or has exercised or is entitled to exercise any right to disconnect, or is required to disconnect, any equipment or facilities at the Offtake Point in order to prevent the flow of Natural Gas to any End User's Facilities, or (having carried out any such disconnection) is not required to reconnect any such equipment or facilities to allow the flow of Natural Gas to any End User's Facilities, the Transporter shall not be in breach for failing to comply with its obligation to make Natural Gas available for offtake from the Transportation System at the relevant Offtake Point.
- 4.3.2 A Shipper's obligation to make any payments to the Transporter in connection with the transportation of Natural Gas shall not be affected by the existence of any circumstances under which, in accordance with this Code and/or any Ancillary Agreement, the Transporter is not obliged, or is relieved of its obligations, to make Natural Gas available for offtake from an Offtake Point.
- 4.3.3 Each Shipper shall indemnify the Transporter against all claims, charges, demands and payments due or arising downstream of an Offtake Point in respect of any person (including itself and any End User) offtaking, directly or indirectly, Natural Gas at the relevant Offtake Point.
- 4.3.4 The Transporter will not be obliged under any provision of this Code and/or any Ancillary Agreement to make Natural Gas available for offtake from the Transportation System by a Shipper at an Offtake Point:
 - (a) at any time, at a rate which exceeds the MHQ; and/or
 - (b) on any Day, of a quantity which exceeds the Shipper's Nominated Quantity and/or the Shipper's Active Capacity.

4.4 **Natural Gas Offtaken at an Offtake Point: Compressors**

- 4.4.1 Where Natural Gas is offtaken for supplying a compressor, the Transporter may, by notice to the relevant Shipper, require the relevant Shipper to procure that an appliance is installed and kept in use to effectively prevent pressure fluctuation in the Transportation System or any localised part thereof and to prevent any other inconvenience or danger which may be caused to the Transporter and/or End Users or Shippers of Natural Gas. The Shipper shall

comply with, or procure compliance with, any such notice and shall be responsible for paying, or procuring the payment of, all costs associated with such compliance.

- 4.4.2 Where a Shipper is required by this Section 4.4 to keep in use any such appliance, or procure that any such appliance is kept in use, the Shipper shall, keep or procure that such appliance is kept in proper order and repair and replace or repair it if it is not in proper order or shall procure that an End User will do so. The Shipper shall be responsible for paying, or procuring the payment of all costs associated with compliance or procuring compliance with this Section 4.4.2.
- 4.4.3 Without prejudice to any rights which the Transporter may have pursuant to this Code, and in particular Part I (*Legal and General*) Section 4 (*Suspension and Termination*), if a Shipper defaults in complying with any provision of this Section 4.4, the Transporter may suspend offtake of Natural Gas by such Shipper at the relevant Offtake Point and shall not be required to resume the supply of such Natural Gas until the default has been remedied to the reasonable satisfaction of the Transporter.

4.5 **Discontinuance of Supply at an Offtake Point**

- 4.5.1 Without prejudice to any rights which the Transporter may have pursuant to Part I (*Legal and General*) Section 4 (*Suspension and Termination*), if the Transporter has reason to believe that any Shipper (or End User for whom the Shipper has procured Natural Gas) has offtaken Natural Gas other than in accordance with this Code and/or any relevant Ancillary Agreement, or has offtaken Natural Gas so as to prejudice the integrity of the Transportation System (or any localised part thereof) or has interfered with the offtake of Natural Gas elsewhere on the Transportation System, the Transporter may following notification to the Shipper that the Transporter has reason to believe that Natural Gas has been offtaken, or that Natural Gas has been offtaken, as aforesaid discontinue the supply of Natural Gas to the relevant Offtake Point until such breach of this Code and/or any Ancillary Agreement is remedied and/or such interference has ceased and been remedied and/or the integrity of the Transportation System (or any localised part thereof) is restored to the reasonable satisfaction of the Transporter. There shall be no obligation on the Transporter to provide a notice of such discontinuance in those circumstances where the Transporter deems it necessary to effect such discontinuance without notice.
- 4.5.2 Notwithstanding discontinuance of the supply of Natural Gas under this Section 4.5, the Shipper will remain liable for all charges pursuant to this Code in respect of the Offtake Point for so long as the Shipper is the Registered Shipper at that Offtake Point and the Shipper shall indemnify the Transporter in respect of any claim by an End User with respect to such discontinuance.

4.6 **Not Used**

5. **NOT USED**

5.1 **Not Used**

5.2 **Not Used**

5.3 **Not Used**

5.4 **Not Used**

5.5 **Not Used**

5.6 **Not Used**

5.7 **Not Used**

5.8 **Not Used**

6. **SUB-SEA I/C OFFTAKE**

6.1 **Sub-Sea I/C Offtake Arrangements**

6.1.1 The Transporter may, subject to Section 6.2.5, enter into such agreements (the “**Sub-Sea I/C Offtake Agreement(s)**”) with respect to the offtake of Natural Gas at the Sub-Sea I/C Offtake including with respect to access to ownership, operation and/or maintenance of facilities and the provision of information from time to time to the Transporter.

6.2 **Sub-Sea I/C Offtake Requirements**

6.2.1 On any Day a Shipper shall be entitled to offtake quantities at the Sub-Sea I/C Offtake in accordance with, and subject to, the provisions of the Code and the provisions of the Sub-Sea I/C Offtake Agreement(s). On any Day the Transporter shall subject to the Sub-Sea I/C Offtake Agreement(s) make available for offtake at the Sub-Sea I/C Offtake quantities in accordance with and subject to the provisions of the Code.

6.2.2 Each Shipper registered at the Sub-Sea I/C Offtake shall be provided by the Transporter with details of the requirements for the offtake of Natural Gas at the Sub-Sea I/C Offtake (“**Sub-Sea I/C Offtake Requirements**”) including:

(a) the location of the Sub-Sea I/C Offtake;

(b) the conditions applicable to the Sub-Sea I/C Offtake as to the pressure and specification of Natural Gas made available for offtake from the Transportation System at the Sub-Sea I/C Offtake (including those matters referenced in Part G (*Technical*) Section 1 (*Specifications, Quality and Pressure*));

- (c) the measurement provisions with respect to the Sub-Sea I/C Offtake as described in Part G (*Technical*) Section 3 (*Measurement*) (“**Sub-Sea I/C Offtake Measurement Provisions**”); and
 - (d) those requirements for the offtake of Natural Gas at the Sub-Sea I/C Offtake contained in Sub-Sea I/C Offtake Agreement(s) (if any) with which the Shipper must comply.
 - 6.2.3 The Sub-Sea I/C Offtake Requirements referenced in this Section 6 shall be subject to and reflect:
 - (a) the provisions of any applicable Sub-Sea I/C Offtake Agreement(s); and
 - (b) to the extent that the Sub-Sea I/C Offtake Agreement(s) does not include all of the information referenced in Section 6.2.2, provisions of Part G (*Technical*) Section 1 (*Specifications, Quality and Pressure*) and Section 3 (*Measurement*) in respect of the Sub-Sea I/C Offtake.
 - 6.2.4 In the event of any failure or non-compliance by any party with the provisions of the Sub-Sea I/C Offtake Agreement(s) (or any of them) then the Transporter shall be entitled to refuse (until such time as the Transporter is reasonably satisfied that such non-compliance has been remedied) to make available for offtake by a Registered Shipper at the Sub-Sea I/C Offtake, in which case the Transporter shall notify all affected Shippers of such refusal and (subject to any duties of confidentiality) of the relevant reasons therefor.
 - 6.2.5 The Transporter will not enter into any Sub-Sea I/C Offtake Agreement(s) which would, in the reasonable opinion of the Transporter, have a material adverse effect on Shippers at the Sub-Sea I/C Offtake without first advising such Shippers of the provision which the Transporter believe will have such material effect.
 - 6.2.6 The Transporter shall not be obliged to make the provisions of the Sub-Sea I/C Offtake Agreement(s) publicly available.
 - 6.2.7 The Transporter shall not be obliged to seek any remedy with respect to the non-compliance by any party with the Sub-Sea I/C Offtake Agreement(s) nor shall the Transporter be obliged to seek to enforce any provisions of the Sub-Sea I/C Offtake Agreement(s) or require any third party to do so.
- 6.3 **General Provisions relating to Offtake at the Sub-Sea I/C Offtake**
- 6.3.1 The Transporter shall be entitled but not obliged to rely on any information provided to the Transporter pursuant to the Sub-Sea I/C Offtake Agreement(s) and shall have no responsibility to investigate or verify any quantity or information provided pursuant thereto.
 - 6.3.2 A Shipper’s obligations to make any payment to the Transporter in connection with the transportation of Natural Gas shall not be affected by the

existence of any circumstances which in accordance with the Code and/or any Ancillary Agreements, the Transporter is not obliged, or is relieved of its obligation, to make Natural Gas available for offtake at the Sub-Sea I/C Offtake.

6.3.3 The Transporter will not be obliged under any provisions of this Code and/or any Ancillary Agreement(s) to make Natural Gas available for offtake at the Sub-Sea I/C Offtake:

- (a) at any time at a rate which exceeds the MHQ; and/or
- (b) on any Day, of a quantity which exceeds the Shipper's Nominated Quantity; and/or
- (c) the Shipper's Sub-Sea I/C Offtake Capacity or Available Sub-Sea I/C Offtake Capacity (as the case may be).

7. INTERCONNECTION POINTS

7.1 GENERAL

7.1.1 A Shipper may:

- (a) deliver or tender for delivery of Natural Gas to the Transportation System at an IP Entry Point; and/or
- (b) offtake Natural Gas from the Transportation System at an IP CSEP Offtake;

in each case consistent with the provisions of this Code and the applicable Interconnection Agreement.

7.1.2 The Transporter (or its Affiliate) shall enter into an agreement (the "**Interconnection Agreement**") at each Interconnection Point.

7.1.3 The Transporter shall make the relevant terms of each Interconnection Agreement available to Shippers at the Interconnection Point.

7.1.4 At an Interconnection Point JBP Transactions will, in accordance with this Code be performed on the JBP by the JBP Operator in accordance with the JBP Processes the JBP Users T&C's and the arrangements between the Transporter and the JBP Operator. A Shipper must be a JBP User in order to participate in and/or perform JBP Transactions.

7.2 INTERCONNECTION AGREEMENT(S)

7.2.1 Each Interconnection Agreement shall include the following:

- (a) the location of the IP Entry Point or the IP CSEP located at the Interconnection Point;

- (b) the direction of physical flow at the Interconnection Point (where the Interconnection Point is unidirectional);
- (c) provisions for flow control at the Interconnection Point;
- (d) provisions for the IP Matching Procedure for the Interconnection Point;
- (e) any applicable IP OBA Provisions;
- (f) the conditions applicable at that Interconnection Point as to the pressure and specification of Natural Gas delivered or tendered for delivery to the Transportation System at any IP Entry Point located at the Interconnection Point or the pressure and specification of Natural Gas offtaken or made available for offtake from the Transportation System at the IP CSEP Offtake [including those matters referenced in Part G (*Technical*) Section 1 (*Specifications; Quality and Pressure*)];
- (g) such further ancillary matters as may be agreed with the Adjacent TSO.

7.2.2 If a Shipper fails to comply with those provisions of an Interconnection Agreement in respect of the delivery or tender for delivery or offtake or making available for offtake of Natural Gas at an Interconnection Point the Shipper shall indemnify the Transporter for all costs, losses and expenses arising as a result of any such failure which shall include all claims, charges, demands, costs, losses and/or payments due or arising in respect of an Interconnected System made by any person (including such Shipper or Interconnected System Shipper). Such indemnity shall include any claim with respect to any cost of IP Capacity Charges, the commodity element of any applicable tariff, scheduling charges, IP Overrun Charges, Balancing Charges and Failure to Interrupt Charges (including imbalance or corresponding charges arising under the Interconnected System Transportation Arrangements).

7.2.3 The Transporter shall not be required (for itself or for the benefit of any Shippers) to secure in any Interconnection Agreement any remedy against the Adjacent TSO nor to take steps to enforce any provision of an Interconnection Agreement. The Transporter or its Affiliate may agree pursuant to any applicable Interconnection Agreement to indemnify the Adjacent TSO on demand in respect of any costs, losses or damages incurred by the Adjacent TSO as a result of a relevant claim made by a Shipper against the Adjacent TSO arising out of any failure (whether negligent or otherwise) by the Adjacent TSO to comply with any provision of the Interconnection Agreement in respect of the delivery or receipt of gas or the specification of gas made available for delivery at the Interconnection Point.

7.2.4 Where the Interconnection Agreement includes provision for indemnification in accordance with Section 7.2.3 or otherwise each Shipper:

- (a) waives each and every such claim against the Adjacent TSO to the extent that the Transporter (or its Affiliate) would otherwise be obliged pursuant to the Interconnection Agreement to indemnify the Adjacent TSO in respect of any costs, losses or damages as a result of any such claim; and
- (b) shall indemnify and keep indemnified the Transporter from and against any payment which the Transporter is obliged to make to the Adjacent TSO pursuant to an indemnity as referred to in Section 3.2.3 as a result of any claim by the Shipper;

nothing in this section 7.2.4 shall extend to or affect a Shipper's claim to the extent that the Shipper is also a shipper pursuant to the Interconnected System Transportation Arrangements and makes or is entitled to make a relevant claim pursuant to the Interconnected System Transportation Arrangements.

7.2.5 Without prejudice to a Shipper's obligations pursuant to this Section 3 to the extent that:

- (a) a Shipper fails to comply with any applicable provisions at an Interconnection Point other than as a result of a failure by the Transporter to perform any requirement under the Interconnection Agreement applicable at such Interconnection Point; and
- (b) such failure by the Shipper adversely affects the ability of the Transporter or its Affiliate to operate the Transportation System, or any localised part thereof, or to comply with any Legal Requirement or any provision (other than a provision with which the failure to comply has no significant consequences for the Transporter or any Shipper) of the Interconnection Agreement or this Code,

then the Transporter shall be entitled to refuse until such time as the Transporter is reasonably satisfied that such non-compliance has been remedied to facilitate delivery of or offtake by the Shipper of Natural Gas to or from the Transportation System at the Interconnection Point in which case the Transporter may notify all affected Shippers of such refusal and (subject to any duties of confidentiality) of the relevant circumstances therefor.

7.2.6 To the extent that any changes to an Interconnection Agreement at an Interconnection Point are required in order to comply with any new or changed Legal Requirement, the requirements of any such Legal Requirement shall and may be met by the Transporter at the relevant Interconnection Point including pending amendment of the Interconnection Agreement and any such compliance by the Transporter shall not be a breach of any provision of this Code. The Transporter shall as soon as reasonably practicable thereafter notify Shippers at the Interconnection Point of any amendments made to the Interconnection Agreement.

- 7.2.7 The Transporter shall consult with Shippers prior to agreeing any changes to an Interconnection Agreement in relation to:
- (a) the IP Matching Procedure at the Interconnection Point;
 - (b) rules for the allocation of gas quantities to the extent that such rules do not form part of the IP Matching Procedure;
 - (c) procedures for communications in connection with Exceptional Events, or exceptional events on the Interconnected System;
 - (d) any provision which might adversely affect the Shipper's potential liability pursuant to any applicable indemnity.
- each a "**Consultation Interconnection Provision**".

7.3 **Joint Booking Platform (JBP) and JBP Operator**

- 7.3.1 The Transporter shall and each Shipper which wishes to participate in JBP Transactions shall enter into and make such arrangements as may be necessary for access to and use of the JBP. Without prejudice to the generality of the foregoing a Shipper shall apply to become a JBP User for the purpose of this Code in accordance with Part F (*Administration*) Section 1.16; nothing in this Code shall be treated as creating or conferring on any Shipper or on the Transporter any entitlement to use of or access to the JBP or any rights against or relationship with the JBP Operator.
- 7.3.2 The Transporter has entered into an agreement with the JBP Operator as required under Section 3.3.1.
- 7.3.3 The Transporter and Shippers agree and acknowledge that
- (a) the rules, algorithms, systems and processes (the "**JBP Processes**") established from time to time by the JBP Operator in connection with each Interconnection Point are those which apply to and govern JBP Transactions and the Shipper acknowledges that JBP Transactions shall be performed in accordance with the JBP Process under the JBP Users T&C's.
 - (b) the Transporter and Shippers shall be bound for the purpose of this Code by the result of the application of the JBP Processes.
 - (c) no party shall have any liability to another party under this Code in respect of the carrying out of or any failure to carry out any such activities in accordance with the JBP Processes;
 - (d) the provisions of this Code which relate to the JBP Transactions are understood to reflect the JBP Processes; if there is any conflict between

the JBP Processes and the provisions of this Code the JBP Processes will prevail.

7.3.4 It is further agreed and acknowledged that:

- (a) communications between the Transporter or any Shipper and the JBP Operator in connection with activities pursuant to this Code including the JBP Transactions the format of such communications, access to and availability of any systems for such communications and any question as to the authority of any person to give or receive such communication or the validity or time of giving or receipt of such communication shall be governed by and determined in accordance with the JBP User's T&C's;
- (b) the rights and obligations of Shippers and/or the JBP Operator in respect of confidentiality and disclosure of information shall be in accordance with the JBP Processes and the JBP User's T&C's.

Any other question or dispute arising as to the performance of activities on the JBP or the JBP Processes shall be determined in accordance with the JBP User's T&C's and/or the JBP Processes (as the case may be).

7.3.5 The following communications with Shippers shall be undertaken by the JBP Operator as agent for and on behalf of the Transporter utilising the JBP:

- (a) publication of information for Capacity Auctions;
- (b) receipt of Bids from Shippers and notifying acceptance or rejection of Bids;
- (c) receipt of IP Trade Proposal(s) and notifying acceptance or rejection of such IP Trade Proposal(s) as referenced to in Part C (*Capacity*);
- (d) receipt of Capacity Surrender Requests from Shippers as referred to in Part H (*Operations*) Section 2A and notifying acceptance or otherwise of such Capacity Surrender Requests;
- (e) such other communications under this Code as may be notified by the Transporter to Shippers from time to time.

Part I (*Legal and General*) Section 9 shall not apply with respect to communications referred to in this Section 3.3.4 and 3.3.5 nor in relation to any other communication to be made between any Shipper and the JBP Operator which shall be in accordance with the JBP User's T&C's.

7.3.6 The Transporter shall:

- (a) in connection with an application by Shipper to become a JBP User in accordance with Part F (*Administration*) Section 1.16 provide

information to and receive information from the JBP Operator in accordance with Part F (*Administration*) Section 1.16.

- (b) in connection with Capacity Auctions at an Interconnection Point:
 - (i) send to the JBP Operator information with respect to the Auctionable Capacity as determined pursuant to Part C (*Capacity*) Section 2.4 to enable the JBP Operator to determine the Auctionable Capacity and to determine the applicable Auctionable Capacity which can be made available as Bundled IP Capacity;
 - (ii) inform the JBP Operator if a Shipper's Bid pursuant to Capacity Auction is a Bid which should be accepted or rejected for the purpose of this Code;
 - (iii) increase or decrease the Shipper's IP Capacity on the basis of the result of such Capacity Auction(s) as notified by the JBP Operator to the Transporter;
- (c) in connection with IP Capacity Surrenders inform the JBP Operator as to whether Capacity Surrender Requests are valid and/or accepted in accordance with Part H (*Operations*) Section 2A (*Congestion Management*):
- (d) in connection with IP Capacity Trades:
 - (i) notify the JBP Operator whether such proposed IP Capacity Trades are accepted or rejected in accordance with Part C (*Capacity*) Section 5; or
 - (ii) adjust a Shipper's Active IP Capacity on the basis of any IP Capacity Trades notified by the JBP Operator to the Transporter.

7.4 **Moffat Interconnection Point**

- 7.4.1 The Moffat Interconnection Point is located in South West Scotland, is unidirectional and comprises;
 - (a) the Moffat IP Entry Point; and
 - (b) the Moffat IP VExit.
- 7.4.2 The physical flow at the Moffat Interconnection Point is forward flow such that Natural Gas is physically offtaken from the Interconnected System and delivered to the Transportation System at the Moffat IP Entry Point.
- 7.4.3 Natural Gas shall be deemed to enter the Transportation System at the Moffat IP Entry Point; Natural Gas shall be deemed to be offtaken from the Transportation System at the Moffat IP VExit.

- 7.4.4 Natural Gas may be nominated for and allocated as offtaken from the Transportation System at the Moffat Interconnection Point on a Day only to the extent that there are (in aggregate) IP Nominations and IP Allocations of equal or greater quantities as delivered at the Moffat IP Entry Point for that Day;
- 7.4.5 At the Moffat Interconnection Point:
- (a) the Moffat Interconnection Agreement is entered into by NGG and GNI (UK) Limited, an Affiliate of the Transporter; and
 - (b) the GNI Tripartite Agreement is entered into by NGG, GNI (UK) Limited (the Affiliate of the Transporter) and the Transporter.
- 7.4.6 The Moffat Interconnection Agreement refers to processes including with respect to bundling of capacity, aspects of the Matching Procedure and Allocations which are supported by and/or provided in whole or in part pursuant to the GNI Tripartite Agreement. References in this Code to the Moffat Interconnection Agreement shall include and be deemed to include references to the GNI Tripartite Agreement where the context so admits or requires.

7.5 **South North Interconnection Point**

- 7.5.1 The South-North Interconnection Point is located at Gormanston County Meath; and
- (a) comprises the: the South-North IP CSEP; and
 - (i) the South-North IP VEntry.
 - (b) the physical flow at the South North Interconnection Point is reverse flow such that Natural Gas is physically offtaken from the Transportation System for delivery to the Interconnected System.
- 7.5.2 The South-North Interconnection Point is unidirectional and Shippers may nominate and be allocated gas as delivered to the Transportation System at the South-North IP VEntry on a Day only to the extent that there are in aggregate IP Nomination(s) and IP Allocations of equal or greater quantities as offtaken from the Transportation System at the South-North IP CSEP for that Day.
- 7.5.3 Subject to section 7.5.4 Natural Gas shall be offtaken from the Transportation System at the IP CSEP and shall be deemed to enter the Transportation System at the IP VEntry at the South-North Interconnection Point.
- 7.5.4 Section 7.5(3) shall not apply to Natural Gas transported pursuant to the Use of System Agreement and such Natural Gas shall remain in the Transportation System.

- 7.6 **IP VEntry Capacity Interruption and Failure to Interrupt Charges**
- 7.6.1 Without prejudice to any other rights which the Transporter may have pursuant to the Code the Transporter may for operational reasons reduce the amount of Available Daily Interruptible IP VEntry Capacity at the IP VEntry in respect of a Day and shall notify Shippers of such reduction by way of a notice (“**IP VEntry Capacity Interruption Notice**”).
- 7.6.2 The IP VEntry Capacity Interruption Notice shall specify:
- (a) the IP VEntry to which the notice relates;
 - (b) the Day to which the notice applies;
 - (c) the amount of the reduced Available Daily Interruptible IP VEntry Capacity (the “**Reduced Available Daily Interruptible IP VEntry Capacity**”) at the IP VEntry in respect of the affected Day(s).
- 7.6.3 Where the Transporter publishes the Reduced Available Daily Interruptible IP VEntry Capacity in respect of a Day before a Rolling Day Ahead Interruptible IP Capacity Auction with respect to such Day. The Reduced Available Daily Interruptible IP VEntry Capacity shall be the applicable Auctionable Capacity for such Capacity Auction..
- 7.6.4 Where the Transporter publishes the Reduced Available Daily Interruptible IP VEntry Capacity in respect of a Day after the close of the Rolling Day Ahead Interruptible IP Capacity Auction with respect to that Day and where the aggregate of the Booked Daily Interruptible IP VEntry Capacity of all Shippers at the IP VEntry exceeds the Reduced Available Daily Interruptible IP VEntry Capacity in respect of that Day then the Transporter shall allocate the Reduced Available Daily Interruptible IP VEntry Capacity among Shippers pro rata to such Shipper’s Booked Daily Interruptible IP VEntry Capacity and shall notify each Shipper at the IP VEntry of such Shipper’s share of the Reduced Available Daily Interruptible IP VEntry Capacity in respect of the Day (the “**Reduced Daily Interruptible IP VEntry Capacity**”).
- 7.6.5 A Shipper registered at a IP VEntry shall be liable to a charge (“**IP VEntry Failure to Interrupt Charge**”) calculated in accordance with this Section 3 for a Day in respect of which the Transporter has notified the Shipper of a Shipper’s Reduced Daily Interruptible IP VEntry Capacity and the Shipper does not renominate such that the Shipper’s prevailing IP Nomination Confirmed Quantity does not exceed the Shipper’s Reduced Daily Interruptible IP VEntry Capacity at the IP VEntry.
- 7.6.6 The Failure to Interrupt Charge will be calculated in accordance with the following formula:

$$\mathbf{FTIc} = (\mathbf{NOMq} - \mathbf{Rcap}) * \mathbf{M} * \mathbf{T}$$

where:

FTIc = the Failure to Interrupt Charge;

NOMq = the IP Nomination Confirmed Quantity in the Shipper's prevailing Valid IP Nomination at the IP VEntry;

Rcap = the Shipper's Reduced Daily Interruptible IP VEntry Capacity.

M = 8

T = the applicable Capacity Charges with respect to the IP CSEP Offtake Capacity at the applicable IP CSEP.

- 7.6.7 A Shipper's liability for IP VEntry Failure to Interrupt Charges shall continue notwithstanding that the Transporter may have exercised its entitlement to revoke or limit a Shipper's IP VEntry Nomination in accordance with Part D (*Nominations, Allocations and Supply Point Reconciliation*).
- 7.6.8 A Shipper's liability with respect to Failure to Interrupt Charge shall be in addition to any liability which a Shipper may have with respect to a IP VEntry Capacity Overrun in respect of the Day.
- 7.6.9 Notwithstanding that a Shipper shall be notified of a Reduced Daily Interruptible IP VEntry Capacity in respect of a Day the Shipper shall remain liable to pay all charges with respect to the Shipper's Booked Daily Interruptible IP VEntry Capacity in respect of the Day.

7.7 IP VExit Capacity Interruption and Failure to Interrupt Charges

- 7.7.1 Without prejudice to any other rights which the Transporter may have pursuant to the Code the Transporter may for operational reasons reduce the amount of Available Daily Interruptible IP VExit Capacity at an IP VExit in respect of a Day and shall notify Shipper(s) of such reduction by way of a notice ("**IP VExit Capacity Interruption Notice**").
- 7.7.2 The IP VExit Capacity Interruption Notice shall specify:
- (h) the IP VExit to which the notice relates.
 - (i) the affected Day(s) to which the notice applies;
 - (j) the amount of the reduced Available Daily Interruptible IP VExit

Capacity (the “Reduced Available Daily Interruptible IP VExit Capacity”) at the IP VExit in respect of the affected Day(s).

- 7.7.3 Where the Transporter publishes the Reduced Available Daily Interruptible IP VExit Capacity in respect of a Day before the applicable Rolling Daily Interruptible IP Capacity Auction for such Day then the Reduced Daily Interruptible IP VExit Capacity shall be the applicable Auctionable Capacity for such Capacity Auction.
- 7.7.4 Where the Transporter publishes the Reduced Available Daily Interruptible IP VExit Capacity in respect of a Day after the close of the Rolling Daily Interruptible IP Capacity Auction for that Day and where the aggregate of the Booked Daily Interruptible IP VExit Capacity of all Shippers at the IP VExit exceeds the Reduced Available Daily Interruptible IP VExit Capacity in respect of that Day then the Transporter shall allocate the Reduced Available Daily Interruptible IP VExit Capacity among Shippers pro rata to such Shippers Booked Daily Interruptible IP VExit Capacity and shall notify each Registered Shipper at the IP VExit of such Shipper’s share of the Reduced Available Daily Interruptible IP VExit Capacity in respect of the Day (the “**Reduced Daily Interruptible IP VExit Capacity**”).
- 7.7.5 A Shipper at an IP VExit shall be liable to a charge (“**IP VExit Failure to Interrupt Charge**”) calculated in accordance with this Section 3.4 for a Day in respect of which the Transporter has notified the Shipper of a Shipper’s Reduced Daily Interruptible IP VExit Capacity where the Shipper does not Renominate such that the Shippers prevailing IP VExit Renomination is in respect of an IP Nomination Confirmed Quantity which does not exceed the Shipper’s Reduced Daily Interruptible IP VExit Capacity.
- 7.7.6 The Failure to Interrupt Charge will be calculated according to the following formula:

$$\mathbf{FTIc} = (\mathbf{Nom}_q - \mathbf{R}_{cap}) \times \mathbf{M} \times \mathbf{T}$$

where:

FTIc = the failure to interrupt charge;

\mathbf{Nom}_q = the IP Nomination Confirmed Quantity in the Shipper’s prevailing IP VExit Renomination

\mathbf{R}_{cap} = the Shipper’s Reduced Daily Interruptible IP VExit Capacity.

M = 8

T = the applicable Entry Capacity Charges with respect to Daily IP Entry Capacity at the Interconnection

Point at which the IP VExit is located.

- 7.7.7 The Shipper's liability for a IP VExit Failure to Interrupt Charge shall continue notwithstanding the Transporter may have exercised its entitlement to revoke or limit a Shipper's Valid IP VExit Nomination in accordance with Part D (*Nominations, Allocations and Supply Point Reconciliation*).
- 7.7.8 A Shipper's liability with respect to Failure to Interrupt Charge shall be in addition to any liability which a Shipper may have with respect to a IP VExit Capacity Overrun in respect of the Day.
- 7.7.9 Notwithstanding that a Shipper shall be notified of a Reduced Daily Interruptible IP VExit Capacity in respect of a Day the Shipper shall remain liable to pay all charges with respect to the Shippers Booked Daily Interruptible IP VExit Capacity in respect of the Day.

7.8 **Implementation of Procedures at Interconnection Points**

- 7.8.1 The Transporter shall not be liable to Shippers, or any of them, in respect of any consequence of the implementation of any applicable IP Matching Procedure(s) and/or IP OBA Provisions. All relevant Shippers hereby waive any and all rights of action against the Transporter in respect of any loss, damage or otherwise that may be suffered by any such Shipper as a result of such IP Matching Procedures and/or IP OBA Provisions and the reliance by the Transporter thereon and on any information received pursuant thereto.
- 7.8.2 The Transporter is under no obligation, express or implied, to verify that the relevant IP Matching Procedures or IP OBA Provisions have been complied with and no action by the Transporter should be construed as such.

7.9 **Profile Notice(s) at Interconnection Point(s)**

- 7.9.1 The Transporter may pursuant to the applicable Interconnection Agreement make arrangements for the development and making available of offtake profile notices (otherwise Exit Flow Profiles) relating to the

(a) delivery of Natural Gas to the Transportation System at an IP Entry Point on any Day and/or

(b) the offtake of Natural Gas at an IP CSEP on any Day.

as the Transporter may consider appropriate;

- 7.9.2 The Transporter shall not be liable to Shippers, or any of them, in respect of the development and provision of any such offtake profile notice or the failure to develop and/or provide such offtake profile notice in accordance with the terms and conditions of the applicable Interconnection Agreement or as

referred to therein (as may be developed and agreed between the Transporter (or its Affiliate) and any Adjacent TSO and Shippers in connection with offtake profile notices) or otherwise. Each Shipper hereby waives any and all rights of action against the Transporter and/or any Adjacent TSO in respect of any loss, damage or otherwise that may be suffered by any Shipper as a result of the development and provision of such offtake profile notices or the failure to provide such notices in respect of rights of action expressly contained in such agreement(s) as may be developed and agreed between the Transporter and the Adjacent TSO in connection with offtake profile notices.

- 7.9.3 Where the Interconnection Agreement is executed by an Affiliate of the Transporter any reference to any matter or thing to be done by or for and indemnification or relief of liability for the benefit of or information to be disclosed or received by, the Transporter as party to an applicable Interconnection Agreement shall and shall be deemed to include a reference to such Affiliate and the Transporter shall be entitled to notify information to or receive information from such an Affiliate for such purpose; and the Affiliate shall be entitled to the benefit of any indemnity, relief from or limitation of liability which is expressed to be for the benefit of the Transporter.

For the purpose of this Section 3.9.3 Affiliate shall exclude GNI (UK) acting as Adjacent TSO at the South-North Interconnection Point. Each Shipper shall indemnify the Transporter against all claims, charges, demands and payments due or arising upstream or downstream of the Interconnection Point in respect of any person (including itself and any Adjacent TSO).

- 7.9.4 The Transporter shall be entitled but not obliged to rely on any information provided to the Transporter pursuant to the Interconnection Agreement and/or in the case of the Moffat Interconnection Point, the GNI Tripartite Agreement and shall have no responsibility to investigate or verify any information so notified.

For the avoidance of doubt the quantities of Natural Gas profiled for delivery to or offtake from the Transportation System on a Day may differ from the quantity nominated by Shippers for delivery to or offtake from the Transportation System in respect of that Day (and may differ from the net quantities so nominated).

8. INCREMENTAL CAPACITY

8.1 General

- 8.1.1 The Transporter shall undertake a process ("**Incremental Capacity Process**") for the assessment of demand for, and where applicable the development and offer of Incremental Capacity, as required under the CAM Code on a biannual basis in accordance with this Section 8. The Transporter shall co-operate

with the Adjacent TSO in the assessment of demand for Incremental Capacity at their joint Interconnection Points.

The Transporter may initiate interim Incremental Capacity Processes in addition to the biannual process in accordance with this Section 8 subject to agreement of any applicable Adjacent TSO.

Each Incremental Capacity Process shall comprise the phases (i) and (ii) and where applicable (iii) and/or (iv) and/or (v) (as applicable) described below:

- (i) a Market Demand Assessment in accordance with Section 8.2;
- (ii) production of a Demand Assessment Report in accordance with Section 8.3;
- (iii) subject to the Demand Assessment Report a design phase;
- (iv) project regulatory approval in accordance with Section 8.5 (where applicable); and
- (v) the allocation of Incremental Capacity in accordance with this Code or any alternative allocation mechanism as referred to in Section 8.6.

In the event of any inconsistency between the provisions of this Section 8 and the provisions of Part C (*Capacity*) in relation to the allocation of Incremental Capacity at an Interconnection Point the provisions of this Section 8 shall prevail to the extent of such inconsistency.

The Transporter shall publish Incremental Capacity Process requirements to which interested third parties (and where applicable Shippers) shall adhere. Notwithstanding that interested third parties may submit Demand Indications (and shall be obliged to discharge a DIF in accordance with any such requirement published by the Transporter) only Shippers may be allocated Incremental Capacity under this Code and/or any alternative allocation mechanism.

8.2 Demand Indications

- 8.2.1 Shippers and/or interested third parties may submit a demand indication(s) ("**Demand Indication**") to the Transporter in accordance with this Section 8.2. Demand Indications may be submitted at any time however, they must be submitted within a period of eight (8) weeks after the date the Annual Yearly Capacity Auction opens in each odd numbered year in order to ensure inclusion in the Demand Assessment Report for that year contemplated by Section 8.3. The first year in which Demand Indications may be submitted is 2017.

Valid Demand Indication(s) submitted in accordance with this Section 8.2 shall be included in a Demand Assessment Report as determined under Section 8.2.5.

8.2.2 Demand Indications shall be non-binding and shall be submitted in such form and in accordance with such process as may be prescribed by the Transporter from time to time and in any event shall include the following information:

- (i) the Interconnected System located at the Interconnection Point at which demand for Incremental Capacity is indicated;
- (ii) the Gas Year(s) for which demand for Incremental Capacity is expressed;
- (iii) the class and direction of capacity for which demand is expressed;
- (iv) confirmation whether a corresponding demand indication is submitted to the Adjacent TSO for the Interconnected System;
- (v) additional information on corresponding demand indications which are or will be submitted to the Adjacent TSO or operators of other transmission systems where the demand indications are linked, including demand for capacity at related interconnection points;
- (vi) whether the Demand Indication is subject to any of the following conditions:
 - (a) the demand is linked to demand at other proposed Interconnection Points or interconnection points on other transmission systems;
 - (b) the demand is linked to demand expressed across a number of different Gas Years;
 - (c) the demand is linked to specific or minimum acceptable quantities.
- (vii) evidence of identity of the party submitting the Demand Indication together with appropriate contact details, together with the Shipper ID or the EIC of the Shipper submitting the application (where applicable).

Where the Demand Indication is in respect of the Transportation System and more than one Interconnected System, or at more than one Interconnection Point or proposed interconnection point the information (as set out in (ii) to (vii) above shall be set out separately in respect of each such Interconnection Point, or proposed interconnection point.

8.2.3 The Transporter shall when responding to a Demand Indication in accordance with Section 8.2.7 notify the Shipper (or interested party which submitted the Demand Indication as appropriate) whether the Demand Indication is valid (a "**Valid Demand Indication**").

A Demand Indication is valid where it is submitted in accordance with Section 8.2.2 (including any process prescribed by the Transporter as referred to in Section 8.2.2) and the DIF has been paid in full.

8.2.4 Where the Transporter does not consider a Demand Indication is valid it shall notify the party submitting the Demand Indication accordingly and the reason the Demand Indication is not valid.

8.2.5 Valid Demand Indications submitted in accordance with this Section 8.2:

- (i) received within eight (8) weeks after the 6 April 2017 shall be included in the Demand Assessment Report for 2017;
- (ii) within eight (8) weeks after the Annual Yearly Capacity Auction in an odd year shall be included in the Demand Assessment Report for that year;
- (iii) all other Valid Demand Indications received by the Transporter shall be included:
 - (a) where reasonably practicable in any then existing Incremental Capacity Process; or
 - (b) in any other Incremental Capacity Process (other than the biannual process) initiated by the Transporter subject to the agreement of any applicable Adjacent TSO; and/or
 - (c) the next available biannual Market Demand Assessment.

8.2.6 Where the Transporter receives a Valid Demand Indication within eight (8) weeks after the start of the Annual Yearly Capacity Auction in any even numbered year the Transporter may agree to conduct a Market Demand Assessment in that even numbered year provided that:

- (i) the Market Demand Assessment and applicable Incremental Capacity Process can be completed prior to the next biannual Incremental Capacity Process; and
- (ii) the ENTSOG Auction Calendar is respected.

8.2.7 The Transporter shall respond to Demand Indications:

- (i) within sixteen weeks after the start of the Annual Yearly Capacity Auction or within eight (8) weeks of receipt of Demand Indications.

- (ii) Without prejudice to Section 8.2.3 the Transporter shall in respect of Valid Demand Indications notify the relevant Shipper or interested third party:
 - (a) whether the Demand Indication shall be considered by the Transporter in any ongoing process; or
 - (b) whether in the case of Demand Indications received in accordance with Section 8.2.6 they are sufficient subject to the agreement of the Adjacent TSO to consider the initiation of Incremental Capacity Process according to Section 8.2.6; or
 - (c) if the Demand Indication cannot be considered under (a) or (b) above in which Demand Assessment Report according to paragraph 8.2.5(iii) the indicated demand will be assessed.

The Transporter shall in its response advise the reason the Demand Indication cannot be considered under Section 8.2.7 (ii) (a) or (b) as applicable.

8.3 Demand Assessment Report

- 8.3.1 The Transporter shall as part of the biannual Incremental Capacity Process produce and publish a report (a **“Demand Assessment Report”**) in accordance with this Section 8.3; where the Transporter has decided to undertake an Incremental Capacity Process other than the biannual process the provisions of this Section 8.3 (other than 8.3.2) shall also apply.
- 8.3.2 The Demand Assessment Report shall be published by the Transporter within sixteen (16) weeks after the start of the applicable Annual Yearly Capacity Auction.
- 8.3.3 The Transporter in developing a Demand Assessment Report shall take into account all of the following criteria (but shall not be limited to such criteria):
 - (a) whether the 10 year Network Development Plan developed pursuant to the provisions of Regulation 715/2009 identifies that there is insufficient capacity at a relevant Interconnection Point to meet system demand for gas flows at that Interconnection Point and
 - i. as a result of that insufficiency there is a shortfall in the availability of Natural Gas for offtake from the Transmission System or any localised part thereof;
 - ii. the shortfall could be addressed by Incremental Capacity.

- (b) whether no Yearly Standard Capacity Product at the Interconnection Point or the proposed interconnection point is available in the Annual Yearly Capacity Auction for the Gas Years in which Incremental Capacity could be offered for the first time and in the three subsequent Gas Years because all relevant capacity has been contracted or no such capacity exists.
- (c) whether Valid Demand Indications were received requesting Incremental Capacity for a sustained number of Gas Years and all other economically efficient means for maximising the availability of existing relevant capacity have been exhausted.

8.3.4 The Demand Assessment Report shall include at least the following:

- (a) a conclusion on whether to initiate an Incremental Capacity Project; or a decision as to whether it is appropriate to proceed to the design phase in accordance with Section 8.4.
- (b) the aggregate Valid Demand Indications received in accordance with Section 8.2.5(i) or 8.2.5(ii);
- (c) the aggregate of the Valid Demand Indications which the Transporter has agreed to consider as referred to in Section 8.2.7(ii)(a);
- (d) the aggregate Demand Indications which the Transmission System Operator has decided under Section 8.2.7(ii)(c) to consider in the applicable Market Demand Assessment;
- (e) an assessment of the expected amount direction and duration of demand for Incremental Capacity at each Interconnection Point and each proposed interconnection point;
- (f) where available the aggregate level of any Demand Indications which are subject to any one or more of the conditions referred to in Section 8.2.2(vi);
- (g) a conclusion on whether, and for which Interconnection Points, technical studies for potential Incremental Capacity Projects will be progressed;
- (h) provisional timelines for the Incremental Capacity Project including technical studies and the consultation referred to in Section 8.4;
- (i) a conclusion on what fees (if any) will apply in accordance with Section 8.5.2(c);

- (j) the Transporter's intention with regard to the availability (if any) of Incremental Capacity in the Annual Yearly Capacity Auctions during the Incremental Capacity Process.

8.3.5 The Transporter shall publish a point of contact for Incremental Capacity Projects on publication of a Demand Assessment Report and shall update such information from time to time.

8.4 Design Phase

8.4.1 If the Demand Assessment Report concludes that an Incremental Capacity Project should be initiated the Transporter shall the day after the publication of the Demand Assessment Report commence the activities and processes outlined in this section 8.4.

8.4.2 The Transporter shall conduct technical studies (as required) for the design of the Incremental Capacity Project and co-ordinate Offer Levels of Incremental Capacity based on technical feasibility and the Demand Assessment Report with the intent to produce a draft proposal for the Incremental Capacity Project.

8.4.3 Not later than 12 weeks after the start of the design phase in accordance with Section 8.4.1 the Transporter and the Adjacent TSO shall issue a joint public consultation document on the draft proposal for the Incremental Capacity Project. The consultation period shall be a minimum of one (1) month and no longer than two (2) months and the Transporter and the Adjacent TSO shall take all reasonable steps to ensure cross-border co-ordination.

8.4.4 The consultation document shall address the following:

- (a) a description of the proposed Incremental Capacity Project;
- (b) a cost estimate in respect of the Incremental Capacity Project;
- (c) the potential Offer Levels for proposed Bundled capacity products at the Interconnection Point;
- (d) where relevant and having regard inter alia to any conditional Demand Indications received the Transporter's proposed alternative allocation mechanism (if any) and the reasons for such proposed alternative allocation mechanism;
- (e) the provisional anticipated timelines of the Incremental Capacity Project;

- (f) an outline of the general rules and conditions that a Shipper must accept in order to participate in and access capacity in any binding capacity allocation phase of the Incremental Capacity Process, including a description of any financial security or collateral to be provided by Shippers and a proposal on how delays in the availability of Incremental Capacity or in the event of disruption to the Incremental Capacity Project will be dealt with contractually;
- (g) where a fixed price approach is followed for the Incremental Capacity Project the elements of RP and IND.
- (h) the level of binding Shipper commitment (if any) expressed as an estimate of the f factor which is proposed subject to the approval of the Commission.
- (i) any additional demand indications which a Transporter may have received after the eight (8) week window;
- (j) an indication as whether in the reasonable opinion of the Transporter the Incremental Capacity is likely to result in a sustained, significant decrease in the utilisation of other non-depreciated gas infrastructure in the Transportation System and Interconnected System or along the same gas transport route.

8.5 Regulatory Approval

8.5.1 Following completion of the consultation process referred to in Section 8.4 the Transporter and (if relevant) the relevant Adjacent TSO(s) shall prepare a joint project proposal for submission to the Commission and any other relevant regulatory authority and shall publish the project proposal which shall include the following information:

- (a) all Offer Levels of capacity, reflecting the range of expected demand for Incremental Capacity at the relevant Interconnection Points as determined, inter alia, having regard to the consultation process referred to in Section 8.4;
- (b) general rules and conditions that a Shipper must accept to participate in and access capacity in the binding capacity allocation phase of the Incremental Capacity Process including any collateral or financial security to be provided by the Shipper and how possible delays in the provision of capacity, in the event of a disruption to the Incremental Capacity Project are intended to be dealt with contractually;
- (c) proposed timelines of the Incremental Capacity Project implementation, including any changes subsequent to the consultation referred to in Section 8.4 and measures to prevent delays in project implementation and to minimise the impact of delays;

- (d) the parameters to be used in the Economic Test being
 - (i) the present value of binding commitments of Shippers to contract capacity which is calculated as the discounted sum of:
 - (1) the sum of the respective estimated, Reference Prices and potential Auction Premia and a potential mandatory minimum auction premium multiplied by the amount of contracted Incremental Capacity;
 - (2) the sum of a potential Auction Premium and a potential mandatory minimum auction premium multiplied by the amount of available capacity that was contracted in combination with the Incremental Capacity; and
 - (ii) the present value of the estimated increase in the allowed or target revenue of the Transporter associated with the Incremental Capacity included with the respective Offer Level as approved by the Commission;
 - (iii) the f factor.
- (e) Whether an exceptionally extended time horizon for contracting capacity for an additional period of up to five years beyond the allocation of up to fifteen years after the start of the operational use of the Incremental Capacity may be required;
- (f) Where applicable the proposed alternative allocation mechanism, including the reasons why such alternative allocation mechanism is required together with the conditions which the Transporter proposes pursuant to the alternative allocation mechanism;
- (g) Where a fixed price approach is followed the elements of IND and RP;
 - (i) IND: the chosen index; and
 - (ii) RP: the risk premium to be applied.)

8.5.2 When the Commission and any other relevant national regulatory authority publishes their decision on the Incremental Capacity Project the Transporter and any relevant Adjacent TSOs shall prepare and publish jointly a notice of such decision. If the decision of the Commission and any other relevant national regulatory authority is to approve the Incremental Capacity Project, the notice shall include the following minimum information:

- (a) the information referred to in Section 8.5.1;
- (b) a template of the proposed contracts in relation to the Incremental Capacity;
- (c) the actual costs incurred by the Transporter in completing the design work and whether there is any corresponding adjustment in the DIF; and
- (d) whether there is any need for reinforcement works in respect of the Transportation System or any localised part thereof;

8.5.3 The notice referred to in Section 8.5.2 shall be published by no later than two months before the offer of Incremental Capacity in the Annual Yearly Capacity Auction (if any) subject to the decision of the Commission and any other national regulatory authority having been issued in a timely manner.

8.6 **Regulatory Approval**

8.6.1 The draft project proposal for the Incremental Capacity Project published pursuant to Section 8.4 shall state the proposed alternative allocation mechanism (if any) and the project proposal submitted for regulatory approval pursuant to Section 8.5 shall include the rules for allocation via the alternative allocation mechanism.

8.6.2 Following approval of the Commission and any other relevant national regulatory authorities the alternative capacity allocation provisions in the relevant approved project proposal shall be treated as incorporated into and forming part of the Code and binding pursuant to this Section 8;

Any capacity booked in accordance with such approved alternative allocation mechanism shall be subject to satisfaction of any applicable conditions in all respects treated as booked in accordance with the provisions of this Code of Operations and all provisions of the Code shall apply to such capacity accordingly;

8.7 **DIF**

8.7.1 The DIF must be discharged in full in respect of each Demand Indication before such Demand Indication can be included in any Market Demand Assessment.

8.7.2 The DIF shall be published by the Transporter from time to time.

8.7.3 The DIF will be repaid in full if:

- (a) an Incremental Capacity Project is not initiated following publication of the Demand Assessment Report; or
- (b) the economic test for an Incremental Capacity Project is positive.

8.7.4 The DIF will be retained by the Transporter if the Economic Test for an Incremental Capacity Project is negative. For the avoidance of doubt this includes where there are no binding capacity applications that could be considered for the purpose of an Economic Test.

8.8 Auctioning of Incremental Capacity

8.8.1 Unless an alternative allocation mechanism has been proposed and approved as provided in this Section 8, the Incremental Capacity shall be offered together with the respective available capacity in the Annual Yearly Capacity Auction in accordance with Part C (*Capacity*) Section 2.

8.8.2 The auctions for the Incremental Capacity and its respective Offer Levels shall be conducted in parallel with, but independently from each other, in accordance with Part C (*Capacity*) Section 2. Only offers of Incremental Capacity coordinated with the Adjacent TSO shall be offered; the provisions of Part C (*Capacity*) Section 2 shall apply mutatis mutandis to each such auction in respect of Incremental Capacity.

8.8.3 In order to minimise potential auction premia and to achieve a positive economic test outcome for the highest possible Offer Level a new auction may be initiated once only if:

- (a) there were at least two Offer Levels set by the Transporter and the Adjacent TSO before the Annual Yearly Capacity Auction in respect of which the offer was initially made; and
- (b) at least one Offer Level was unsuccessful and resulted in a negative Economic Test; and
- (c) the next smaller Offer Level of the lowest unsuccessful Offer Level resulted in a positive economic test and cleared with an auction premium for at least one yearly standard capacity product.

If the new auction does not result in a positive Economic Test outcome the allocation results of the original auction referred to in point (c) shall prevail.

All capacity allocated pursuant to an auction in respect of Incremental Capacity shall be conditional upon a satisfactory Economic Test and such other conditions as may be prescribed by the Transporter including in any alternate allocation mechanism.