

UNIFORM NETWORK CODE - TRANSITION DOCUMENT

PART I - GENERAL

1. Introduction

- 1.1 This is the Transition Document which forms part of the Uniform Network Code.
- 1.2 This Transition Document contains provisions:
- (a) relating to the Transportation Principal Document (and where relevant the General Terms), which provisions are in Part II of this Transition Document;
 - (b) relating to the Offtake Arrangements Document, which provisions are in Part III of this Transition Document;
 - (c) relating to the Modification Rules, which provisions are in Part IV of this Transition Document.

2. Interpretation and effect

- 2.1 In this Transition Document the following words and expressions shall have the following meanings:

"First Day": is the UNC Implementation Date; and where the context admits a reference to the First Day is to 0600 hours at the start of such Day;

"Last Day": is the Day preceding the UNC Implementation Date; and where the context admits a reference to the Last Day is to 0600 hours at the end of such Day;

"Relevant System": is a System owned or operated by a Relevant Transporter;

"Relevant Transporter": is a Transporter other than Transco;

"Transco Framework Agreement": is the Framework Agreement between Transco and Users dated 26 February 1996.

PART II – TRANSPORTATION PRINCIPAL DOCUMENT

PART IIA - GENERAL

1. Introduction

1.1 This Part II contains provisions:

- (a) for the commencement in relation to Relevant Systems of the arrangements provided for in the Transportation Principal Document (and where relevant the General Terms), which provisions are in Part IIB;
- (b) pursuant to which the arrangements provided for in the Transportation Principal Document are modified for certain specified periods, which provisions are in Part IIC; and
- (c) for a Contingency Balancing Arrangement as provided for in the Transportation Principal Document, which provisions are in Part IID.

1.2 For the purposes of this Part II:

- (a) **"relating to a Relevant System"** means relating to or applicable in relation to that System, or any System Point, or the conveyance of gas in or delivery or offtake of gas to or from that Relevant System, and 'relate to a Relevant System' shall be construed accordingly;
- (b) a reference to a 'parameter' includes any quantity, term, designation, feature, characteristic, condition, specification, registration or other matter provided for in the Code; and a reference to a parameter 'value' is to the value, amount, description, quality or other state (as appropriate) of any such parameter.

2. Transco

2.1 For the avoidance of doubt, Transco's Network Code (as modified with effect from the First Day by the Code Modification referred to in the definition of UNC Modification Date) shall continue in force in accordance with its terms in relation to Systems other than Relevant Systems, and Part IIB shall not apply in respect of Transco's Network Code.

2.2 With effect from the First Day, Transco and Users hereby release each other from all rights, obligations and liabilities under Transco's Network Code, the Transco Framework Agreement and any Ancillary Agreement which:

- (a) relate to a Relevant System; and
- (b) by virtue of the operation of Part IIB become rights, obligations and liabilities between, and enforceable by, the Relevant Transporter and Users.

3. Collective actions and parameters

3.1 Anything done by Transco pursuant to Transco's Network Code on or before the Last Day which (if it were done on or after the First Day) would be required (by the provisions of the Transportation Principal Document) to be done by the Transporters collectively, shall (unless and until actually done by the Transporters collectively) be deemed to have been done by the Transporters collectively pursuant to the Code for the purposes of its application on and with effect from the First Day.

- 3.2 Where on and after the First Day any parameter under the Transportation Principal Document is to apply to or in relation to the Transporters collectively, the value of the equivalent parameter (applying to or in relation to Transco under Transco's Network Code) as at the Last Day shall be deemed to apply to or in relation to the Transporters collectively on and with effect from the First Day for the purposes of the Code.
- 3.3 Anything decided or otherwise done by the Network Code Committee on or before the Last Day shall be deemed, for the purposes of the application of the Transportation Principal Document or General Terms on and with effect from the First Day, to have been decided or done by the Uniform Network Code Committee.
- 3.4 In accordance with paragraph 3.1, for the purposes of TPD Section V10.2, amounts payable by Transco pursuant to Compensation Rules in respect of months (in the Compensation Year in which the Last Day falls) up to the month in which the Last Day falls shall be treated as having been payable by the Transporters.

4. Existing Transportation Charges

4.1 In this Transition Document:

- (a) subject to paragraph (b)(ii), "**Existing Transportation Charges**" means:
- (i) amounts relating to a Relevant System which:
 - (1) are payable by a User or Transco pursuant to Transco's Network Code by way of Transportation Charge, or otherwise pursuant to any provision of Transco's Network Code which provides for an amount to be payable (but for the avoidance of doubt not including Energy Balancing Charges); and
 - (2) accrue in respect of any period ending on or before the Last Day;
 - (ii) amounts payable by Transco or a User by way of Invoice Credit, rebate or other adjustment in respect of an amount in paragraph (i);
 - (iii) amounts payable by Transco or a User by way of interest in respect of an amount in paragraph (i) or (ii); and
 - (iv) any amount payable by Transco or a User upon the resolution of any Invoice Query or dispute in respect of an amount in paragraph (i), (ii) or (iii)
- whether or not an Invoice has been issued on or before the Last Day in respect of such amount;
- (b) Existing Transportation Charges include amounts relating to a Relevant System:
- (i) which are payable by Transco or a User pursuant to Transco's Network Code by way of Reconciliation Transportation Charge Adjustments in respect of LDZ Commodity Charges or Commodity Variable Components (if any) of Customer Charges pursuant to Individual Reconciliation or Aggregate NDM Reconciliation carried out on or before the Last Day; and
 - (ii) in respect of which an Invoice has been issued by Transco on or before the last Day of the month in which the First Day falls.

- 4.2 Existing Transportation Charges shall continue to be payable by or to Transco under Transco's Network Code (and shall not become payable by or to the Relevant Transporter), and Transco shall continue to issue Invoices after the Last Day in respect of Existing Transportation Charges.
- 4.3 Any dispute, whether existing as at the Last Day or arising on or after the First Day, as to (or so far as relating to) any Existing Transportation Charges shall be a dispute under Transco's Network Code between Transco and the relevant User(s).

Part IIB – Relevant Transporters

1 Introduction

- 1.1 Anything done by a User or Transco pursuant to, and any circumstance existing under, Transco's Network Code on or before the Last Day, so far as relating to a Relevant System, shall be deemed to have been done (by the User or the Relevant Transporter) pursuant to or exist under the Relevant Transporter's Network Code for the purposes of its application on and with effect from the First Day, except as provided in paragraph 4 of Part IIA or expressly provided in this Part IIB.

2. General

- 2.1 In accordance with paragraph 1.1, for the purposes of giving effect to a Relevant Transporter's Network Code on the First Day, all parameter values established and prevailing pursuant to the terms of Transco's Network Code as at the Last Day and relating to a Relevant System shall be deemed to have been established and be prevailing on and with effect from the First Day in accordance with the equivalent terms of the Relevant Transporter's Network Code.
- 2.2 In accordance with paragraph 1.1, subject to paragraph 3 of Part IIA, any determination made, discretion exercised or step taken by Transco pursuant to Transco's Network Code on or before the Last Day and relating to a Relevant System shall be deemed with effect from the First Day to be a determination made, discretion exercised or step taken by the Relevant Transporter in accordance with the equivalent terms of the Relevant Transporter's Network Code.

3. Values and parameters

- 3.1 The parameters values referred to in paragraph 2.1 shall include, but not be limited to, the following:

TPD Section	Value and parameter
TPD Section B: System Use and Capacity	A User's Registered and Available System Capacity in respect of relevant System Points
	Overrun amounts and Supply Point Ratchet amounts at respect of relevant System Points
TPD Section C: Nominations	Input Nominations, Output Nominations and Renominations
TPD Section G: Supply Points	Registered Users and Registered Supply Points.
	Annual Quantities, Supply Point Offtake Rates, maximum offtake rates, Maximum Supply Point Offtake Rates and Aggregate Bottom-stop Capacity in respect of relevant System Points
	Designation of relevant Supply Points as Firm, Interruptible or TNI Supply Points and remaining available Interruption Allowances for the Gas Year at relevant Supply Points

TPD Section H: Demand Models and Demand Forecasting	End User Categories, Demand Models, Composite Weather Variables, Weather Variable Coefficients and seasonal normal values
TPD Section L: Maintenance and Operational Planning	Programmed Maintenance in respect of relevant System Points
TPD Section N: Shrinkage	Shrinkage Factors applying in respect of relevant System(s)
TPD Section Q: Emergencies	Designation of Priority Consumers in respect of relevant System Points
TPD Section U: UK Link	Planned UK Link downtime
TPD Section Z: Transco LNG Storage Facilities	Gas-in-storage for the purposes of TPD Section B1.9.2(a)

4. Code Communications

In accordance with paragraph 1.1, but subject to paragraphs 3 and 4 of Part IIA, a Code Communication made or received for the purposes of Transco's Network Code on or before the Last Day shall to the extent relating to a Relevant System be deemed to have been made or received and be effective in accordance with the equivalent terms of the Relevant Transporter's Network Code.

5. Invoices

For the avoidance of doubt, in accordance with paragraph 1.1, amounts relating to a Relevant System and payable by way of Transportation Charge, other than Existing Transportation Charges, shall be payable by or to the Relevant Transporter pursuant to the Relevant Transporter's Network Code.

6. Accrued rights, obligations and liabilities

In accordance with paragraph 1.1, but subject to paragraph 4 of Part IIA, the rights, obligations and liabilities of Transco and a User under Transco's Network Code, the Transco Framework Agreement and any Ancillary Agreement as outstanding on the Last Day and so far as relating to a Relevant System, shall be deemed with effect from the First Day to be rights, obligations and liabilities between, and enforceable by, the Relevant Transporter and the User.

7. Ancillary Agreements and NEAs/NExA

- 7.1 In accordance with paragraph 1.1, where (as at the Last Day) Transco and a User or Users are party to an Ancillary Agreement relating to a Relevant System, subject to paragraph (b), the Ancillary Agreement shall be deemed with effect from the First Day to be an agreement between the Relevant Transporter and the relevant User(s) and in respect of which Transco is no longer a party.
- 7.2 In accordance with paragraph 1.1, where (as at the Last Day) there is a Network Exit Agreement or there are Network Entry Provisions in force relating to a Relevant System, parameter values contained or provided for in or determined under such Network Exit

Agreement or Network Entry Provisions shall be deemed on and with effect from the First Day to apply for the purposes of the Relevant Transporter's Network Code (unless and until the Relevant Transporter enters into an equivalent Network Exit Agreement or Network Entry Provisions).

- 7.3 For the purposes of the Ancillary Agreement which applies in relation to the Connected System Exit Point referred to in TPD Section A1.7.5, in relation to the provisions of such Ancillary Agreement which:
- (a) relate to the offtake of gas from the NTS for conveyance to the Scottish Independent Network at Stranraer, and
 - (b) apply (as at the Last Day) to Transco in the capacity of owner and operator of such Scottish Independent Network

the DN Operator which operates the Scottish Independent Network at Stranraer shall be deemed with effect from the First Day to be a party to such Ancillary Agreement in the place of Transco, and references to Transco shall be construed accordingly.

8. Publications and procedures etc

- 8.1 In accordance with paragraph 1.1, subject to paragraph 3 of Part IIA, any document or publication made available by Transco and relating to a Relevant System shall be deemed to have been made available or published by the Relevant Transporter in accordance with the equivalent terms of the Relevant Transporter's Network Code.
- 8.2 In accordance with paragraph 1.1, where pursuant to Transco's Network Code any procedures, conditions, methodologies or standards relating to a Relevant System apply, the same procedures, conditions, methodologies or standards shall be deemed to be the procedures, conditions, methodologies or standards applying with effect from the First Day for the purposes of the Relevant Transporter's Network Code.

9. Disputes

Subject to paragraph 4 of Part IIA, any dispute existing and outstanding on the Last Day between Transco and a User and relating to a Relevant System shall be deemed with effect from the First Day to be a dispute existing and outstanding under the Relevant Transporter's Network Code between the Relevant Transporter and the relevant User.

10. External UK Link Users

Each person permitted to have access to and use of UK Link pursuant to Transco's Network Code shall be deemed with effect from the First Day to have been permitted access to and use of UK Link pursuant to each Relevant Transporter's Network Code.

11. User Agents

Each person appointed by a User as a User Agent pursuant to Transco's Network Code shall be deemed with effect from the First Day to have been appointed as a User Agent by the same User for the same period and in respect of the same category of UK Link Code Communications pursuant to each Relevant Transporter's Network Code.

12. Credit cover

- 12.1 For each Relevant Transporter, as at the First Day the Code Credit Rules and (in relation to each User) the Code Credit Limit are the rules and limit established by Transco (in

anticipation of the UNC Implementation Date) separately for each Relevant Transporter on or before the Last Day, and a User may (in anticipation of the UNC Implementation Date) have provided surety or security (taking effect from the First Day) separately for such Relevant Transporter.

- 12.2 Nothing in this Part IIB affects (or operates to transfer to a Relevant Transporter) any surety or security provided by any User to Transco as at the Last Day pursuant to the Transco Network Code.

UNIFORM NETWORK CODE - TRANSITION DOCUMENT

PART IIC – TRANSITIONAL RULES

1. UNIFORM NETWORK CODE

1.1 TPD Section G: Supply Point Administration

1.1.1 TPD Section G7.1

- (a) Notwithstanding TPD Section G7.1.1(b)(iii) and (c)(i) and (ii) (which specifically does not include work relating to the Supply Meter Installation) until 12 July 2005 but not thereafter, for the purposes of TPD Section G7, "**Siteworks**" includes works undertaken by the Transporter:
 - (i) at the request of a Registered User or other person in connection with the System for the purposes of installing, modifying, removing or replacing a Sub-deduct Supply Meter Installation at a Supply Meter Point;
 - (ii) at the request of the Registered User for the purposes of ceasing or enabling the flow of gas at a Sub-deduct Supply Meter Point in which a relevant meter (as defined by TPD Section G1.8.1(e)(i)) is comprised;
 - (iii) at the request of a Registered User or other person in connection with the System for the purposes of installing, modifying, removing, or replacing a Supply Meter Installation at a Special Metering Supply Point;
 - (iv) at the request of the Registered User for the purposes of ceasing or enabling the flow of gas at a Special Metering Supply Point;
- (b) the Transporter shall not be obliged to undertake work requested in accordance with:
 - (i) paragraph (a)(i) or (a)(ii), unless by no later than the date of such request the Registered User has notified the Transporter that it has obtained from those Users at the dependent meters (as defined by TPD Section G1.8.1(e)(ii)) their agreement to undertake such work;
 - (ii) paragraph (a)(iii) or (a)(iv), unless by no later than the date of such request the Registered User has notified the Transporter that it has obtained from those Users at a Shared Supply Meter Point their agreement to undertake such work.

1.1.2 TPD Section G7.1

"Special Metering Supply Point" is any Supply Point:

- (a) comprising a Supply Meter Point in respect of which a Supply Meter Installation is provided and installed by the Transporter; and
- (b) such Supply Meter Point:
 - (i) is a Shared Supply Meter Point; or
 - (ii) is comprised within a System Exit Point which is subject to a Special Offtake Arrangement; or
 - (iii) which is comprised in an LDZ Specified Exit Point identified within a Supply

Point Nomination in respect of which a Supply Point Registration has occurred; or

- (iv) which is comprised in a Notional NTS Connection Point identified within a Supply Point Offer in respect of which a Supply Point Registration has occurred; or
- (c) such Supply Meter Installation comprises a Supply Meter to which telemetered equipment has been installed in accordance with TPD Section M4.9.1; or
- (d) which the Transporter and the User at such Supply Point have agreed shall be a Special Metering Supply Point.

1.2 TPD Section J: Exit Requirements

1.2.1 TPD Section J3.11:

- (a) Unless the CSEP Network Exit Agreement provides otherwise, the CSEP Liability Sharing Proportion in respect of each LDZ Connected System Exit Point to which TPD Section J3.11 applies shall (notwithstanding TPD Section J3.11.7) be:
 - (i) until such time, not earlier than 1 May 1997, at which another proportion is determined under paragraph (c), one;
 - (ii) with effect from such time, the proportion (applicable to the relevant LDZ Connected System Exit Point) so determined.
- (b) All relevant CSEP Users and the Transporter agree to meet, commencing reasonably promptly after the date of the Code, and review together on a mutually agreeable basis (in consultation with relevant Connected System Operators and with the Authority) what principles are appropriate to determine CSEP Liability Sharing Proportions.
- (c) In respect of each LDZ Connected System Exit Point to which TPD Section J3.11 applies, the proportion referred to in paragraph (a) shall be such proportion, or the proportion determined by such mechanism, as following the review under paragraph (b) the Transporter shall with Condition A11(18) Approval of the Authority determine and notify to the relevant CSEP Users and Connected System Operator.

1.3 TPD Section M: Supply Point Metering

1.3.1 TPD Section M2

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

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

then until 12 July 2005 but not thereafter, the provisions of paragraph 1.3.3 will continue to apply.

1.3.2 TPD Section M2

- (a) Except as the Transporter may otherwise agree in an Ancillary Agreement with the Registered User:
 - (i) subject to sub paragraph (a)(iii) and (iv) and to paragraphs (c) and (d), the Transporter will be responsible for securing (on behalf of the Registered User) the provision, installation (in accordance with TPD Section M2.1.2), maintenance, repair, exchange and replacement of the Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation or relevant part of it provided by the Transporter within a reasonable time after a request to do so and subject to payment of appropriate charges in accordance with the Metering Charges Statement;
 - (ii) the Registered User shall secure that there are made available (without charge to the Transporter) at the Supply Point Premises:
 - (1) a suitable site (at a location complying with TPD Section M2.1.3) at the Supply Point Premises, and suitable support, protection and security, for the Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation;
 - (2) supplies of power, water and drainage as appropriate for the Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation;
 - (3) such access, at all reasonable times and in any event between 08:00 and 17:00 hours on any Business Day, to the Supply Point Premises as shall be required to enable the Transporter to carry out all Meter Installation Works required pursuant to sub paragraph (a)(i);
 - (iii) the Registered User shall take all reasonable steps to secure that the Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation is not damaged or otherwise mistreated;
 - (iv) ownership of the Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation shall remain with the Transporter (or any person to whom the Transporter may transfer ownership); and the Registered User shall take all reasonable steps to secure that any notice to that effect affixed thereto by the Transporter shall not be removed or defaced;
- (b) nothing in paragraph (a) requires the Transporter:
 - (i) to replace any part of a Special Metering Supply Meter Installation or Sub deduct Supply Meter Installation other than where such replacement is necessary as a result of the failure (including by reason of damage, normal wear or tear or defective design or manufacture) thereof;
 - (ii) to carry out any Meter Installation Works other than for the purposes of maintaining or repairing or (where required under sub paragraph (b)(i)) replacing a Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation or part thereof provided by the Transporter;
 - (iii) except in the case of routine maintenance, to carry out any Meter Installation Works until reasonable notice has been given to the Transporter of the requirement for such works;

- (c) Meter Installation Works carried out by the Transporter for the purposes of maintaining, repairing or (where required having regard to sub paragraph (b)(i)) replacing any part of a Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation to which this paragraph 1.3.4 applies will not be Siteworks for the purposes of Part IIC paragraph 1.1.1;
- (d) any Meter Installation Works which any person may request the Transporter to carry out in respect of a Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation other than as required under sub paragraph (a), including:
 - (i) the provision of a Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation at a New Supply Meter Point;
 - (ii) the provision of a Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation at a Supply Meter Point where by reason of a change in the nature or extent of the consumer's requirements for the supply of gas the existing Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation no longer complies with the requirements of TPD Section M2.1.2 and 2.1.3

will be Siteworks subject to and in accordance with Part IIC paragraph 1.1.1;

- (e) nothing in this paragraph 1.3.4 prevents the Transporter from providing at the request of the consumer or supplier a Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation which conforms to higher standards than are (or provides any function in addition to what is) required pursuant to TPD Section M2.1.2, provided that (unless the Registered User has otherwise agreed) the amount of the relevant charge payable by the Registered User will not thereby be increased;
- (f) where as a result of any failure or defect in any Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation provided by the Transporter gas cannot be offtaken from the System at the relevant Supply Meter Point and except where TPD Section J4.4.5(b) applies, the Transporter will not be in breach (by reason thereof) of its obligation to make gas available for offtake from the Total System until:
 - (i) written notice of such failure, defect or requirement has been given to the Transporter; and
 - (ii) the expiry after such notice of a reasonable period for the Transporter to carry out the required Meter Installation Works;
- (g) for the purposes of this TPD Section M "**Meter Installation Works**" means the installation testing, maintenance, repair, exchange or replacement of a Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation or any part thereof;
- (h) any Code Communication in respect of any activities performed in relation to a Special Metering Supply Meter Installation shall only be made by Conventional Notice;
- (i) where as a result of any Meter Installation Works undertaken by the Transporter in relation to Special Metering Supply Meter Installation or Sub-deduct Supply Meter Installation, the relevant Meter Information recorded in the Supply Point Register ceases to be accurate, the Transporter will after completing such Meter Installation

Works:

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

1.3.3 TPD Section M2

From 1 October 2003 until the Metering Separation Date, the following shall apply:

- (a) where as a result of any Meter Installation Works undertaken by the Transporter in relation to an applicable Supply Meter Point, the relevant Meter Information recorded in the Supply Point Register ceases to be accurate, the Transporter will after completing such works:
 - (i) amend the Supply Point Register so as to record the change in relevant Meter Information required as a result of such works; and
 - (ii) provide to the Registered User details of the amendment made pursuant to paragraph (i);
- (b) For the purposes of this paragraph 1.4:
 - (i) an "**applicable**" Supply Meter Point is a Supply Meter Point, other than an NTS Supply Meter Point or Supply Meter Point comprised in a VLDMC Supply Meter Point Component, in relation to which the Transporter provides the Supply Meter Installation;
 - (ii) references to a Supply Meter Point include a New Supply Meter Point, and accordingly references to a change in relevant Meter Information includes the creation of initial relevant Meter Information;
 - (iii) relevant Meter Information is such Meter Information as is specified in the UK Link Manual;
 - (iv) in relation to any calendar month and any User, a "**relevant**" Supply Meter Point is an applicable Supply Meter Point of which the User is Registered User and in relation to which the Meter Installation Works referred to in paragraph (a) were completed in that month;
 - (v) a relevant Supply Meter Point will not be treated as one in relation to which the Transporter did not comply with paragraph (a) where the Transporter was unable to comply with paragraph (a) by reason of Force Majeure;
 - (vi) in relation to any relevant Supply Meter Point, any period within which the Transporter is to comply with paragraph (a) runs from the Business Day after the relevant Meter Installation Works (therein referred to) were completed,
- (c) paragraphs (d) and (e) shall apply separately in relation to relevant Supply Meter Points whose Annual Quantities exceed, and do not exceed, 293,000 kWh (10,000 therms);

- (d) the Transporter will comply with paragraph (a) within 5 Business Days in respect of at least 95% of relevant Supply Meter Points in relation to each User, in relation to each calendar month;
- (e) if, in relation to any calendar month and any User, the Transporter does not comply with the requirement in paragraph (d), the Transporter will pay to the User an amount calculated as:

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

where for the relevant month and the relevant User:

M is the number of relevant Supply Meter Points;

N is the number of relevant Supply Meter Points in respect of which Transco did not comply with paragraph (d);

Q is the relevant percentage of £10 in relation to relevant Supply Meter Points whose Annual Quantities exceed 293,000 kWh (10,000 therms), and of £2 in relation to relevant Supply Meter Points whose Annual Quantities do not exceed 293,000 kWh (10,000 therms);

- (f) if, in relation to a Supply Meter Point which is a relevant Supply Meter Point in any calendar month and of which the User continues to be the Registered User until the end of such 20 Business Day period, the Transporter does not comply with paragraph (a) within 20 Business Days, the Transporter will pay to the User the relevant percentage of £30 in relation to relevant Supply Meter Points whose Annual Quantities exceed 293,000 kWh (10,000 therms), and of £5 in relation to relevant Supply Meter Points whose Annual Quantities do not exceed 293,000 kWh (10,000 therms);
- (g) for the purposes of TPD Section V10, the rules in paragraph (e) and (f) are Compensation Rules within Compensation Group L and in relation thereto the 'payment month' is the second month following that in which the Meter Installation Works were completed;
- (h) where in any month the aggregate amount payable by the Transporter under this paragraph 1.3.1 would exceed the relevant amount provided in paragraph (e), the amounts payable to Users in respect of that month shall be reduced pro rata;
- (i) the provisions of TPD Section G4.9.1 and 4.11 (in each case after the application of paragraphs (e) and (f)) apply for the purposes of this paragraph 1.3.1, which is subject to those provisions.

1.3.4 TPD Section M2.1

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

- (a) where:
 - (i) a Supply Meter Point does not relate to premises covered by Standard Condition 34(2) of the Supplier's Licence; and
 - (ii) any supplier or any User in relation to such Supply Meter Point has provided or requested, or is providing or requesting, another to provide a Supply Meter

Installation (other than where the Supply Meter Installation belongs to a consumer, or is lent or hired to a consumer and is the responsibility of a person other than a Gas transporter or supplier) for such Supply Meter Point;

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

- (1) where the Supply Meter Installation at such Supply Meter Point is installed after the 12 July 2004, appropriate approval, appraisal and authorisation will be obtained from the Transporter to the extent required by section 6 of the MAM CoP; and/or
 - (2) after 12 July 2004, such Supply Meter Installation at such Supply Meter Point is maintained by a Meter Asset Manager appointed by the supplier or the User; and
- (b) where the Transporter discovers after the 12 July 2004 that in respect of such Supply Meter Installation paragraphs (a)(1) and/or (2) have not been complied with then the Transporter shall notify the Registered User accordingly and the Registered User will:
 - (i) within fourteen (14) calendar days of receipt of the notice from the Transporter ensure that such Supply Meter Installation is re-installed and/or maintained by a Meter Asset Manager and notify the Transporter of the identity of such Meter Asset Manager; or
 - (ii) where it is not practicable to ensure the performance of such reinstallation and/or maintenance within such 14 calendar day period, within 7 calendar days of receipt of the notice from the Transporter notify the Transporter of the reasons for this and the date by which it will ensure such re-installation and/or maintenance is performed by a Meter Asset Manager and promptly notify the Transporter when such work has occurred;
- (c) where the Registered User has failed to fully comply with paragraphs (a)(1) or (2) the Transporter, acting reasonably, shall be entitled to take whatever steps it deems necessary (including the inspection, repair, replacement or disconnection of the Supply Meter Installation) to ensure that the Transporter complies with any Legal Requirements imposed upon it, and the Registered User shall reimburse the Transporter in respect of any and all costs, expenses and charges reasonably incurred or expended by or on behalf of the Transporter in taking such steps;
- (d) the Transporter's entitlement in paragraph (c) is without prejudice to the Transporter's entitlement at any time to make safe any Supply Meter Installation (including disconnection) for this purpose;
- (e) for the purposes of paragraph (a) "**Meter Asset Manager**" means:
 - (i) a person approved by the Authority as possessing expertise satisfactorily to provide services in relation to Supply Meter Installations or a class or description of persons so approved; or
 - (ii) an undertaking approved by the Authority as having staff possessing the requisite expertise;

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

1.3.5 TPD Section M3.8.1

Where a User submits a Supply Point Confirmation with a Supply Point Registration Date which becomes effective up to and including 8 July 2004 and the Supply Point Confirmation records a change only to the supplier identity (but not a change to the User identity or the Supply Point configuration) then the requirement of the User to obtain and provide an Opening Meter Reading (in accordance with TPD Section M3.8.2) shall not apply and where, in the absence of any such Opening Meter Reading, any notional Meter Reading is used by the Transporter as an estimated Meter Reading (in accordance with TPD Section M3.8.5) it shall not be included in the calculation (in accordance with TPD Section M3.8.10(c)) of the number of estimated Meter Readings in respect of which the User is required to pay a charge and the Transporter shall not levy such charge (in accordance with TPD Section M3.8.10 (a)) in respect of such estimated Meter Readings.

1.3.6 TPD Section M5

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

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

1.4 TPD Section R: Storage

1.4.1 TPD Section R4.1.4

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

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

- (d) a percentage for each Week in the Winter Period for the purposes of TPD Section R4.6.3.

1.4.2 TPD Section R1.4

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

- (a) 30 April 2005; or
- (b) the effective date determined in accordance with paragraph 1.4.5 below.

1.4.3 TPD Section R1.7.1

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

1.4.4 TPD Section R4.1.1

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

1.4.5 TPD Section R

For the purposes of paragraph 1.4.2, the effective date shall be a date not earlier than the date notified by Transco LNG Storage for these purposes in the Annual Storage Invitation issued by Transco LNG Storage pursuant to TPD Section Z in respect of Storage Year 2004/5, and shall be 0600 hours on a date falling between 1 January 2005 and 1 June 2005 (the "**First Window Period**") and established by Transco LNG Storage in accordance with the following procedure:

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

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

1.4.6 For the purposes of the Code, there shall be deemed to be no 'Isle of Grain LNG Importation Facility' until the effective date established in accordance with paragraph 1.4.3.

1.5 TPD Section S: Invoicing and Payment

1.5.1 TPD Section S2.1

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

2. TRANSPORTATION CONSTRAINTS

- 2.1 The provisions of paragraphs 2.2 to 2.5 (inclusive) shall not apply until such time as by way of Code Modification this paragraph 2.1 no longer applies.
- 2.2 Where after 24:00 hours on the Preceding Day it appears to Transco NTS that a Transportation Constraint is likely to arise or has arisen at a System Entry Point, Transco NTS may take (at such time as it judges operationally appropriate), but shall not be required to, Market Balancing Sell Actions at the relevant System Entry Point with a view to gas flow rates at such point being reduced so as to avoid such Transportation Constraint.
- 2.3 Nothing in paragraph 2.2 shall prejudice TPD Section I3.7.
- 2.4 In TPD Section D1.3 references to Operational Balancing shall be construed as including steps taken by Transco NTS under paragraph 2.2 in respect of a Transportation Constraint or anticipated Transportation Constraint, and references to Operational Balancing Steps and Operational Balancing Requirements shall be construed accordingly.
- 2.5 Where Transco NTS takes a Market Balancing Sell Action pursuant to this paragraph 2 the relevant User's Available System Entry Capacity (determined as Adjusted pursuant to TPD Sections B2.7.10, 2.8.3 and 2.8.5) at the relevant System Entry Point on the Day in respect of which such Market Balancing Sell Action was taken shall for the purposes of TPD Section B2.10 be reduced by an amount equivalent to the Market Balancing Action Quantity in relation thereto.

UNIFORM NETWORK CODE - TRANSITION DOCUMENT

PART IID – FLEXIBILITY BIDDING

1 GENERAL

The provisions of this Part IID constitute a Contingency Balancing Arrangement and may have effect in accordance with TPD Section D2.4 from the time specified by Transco NTS in a notice given to Users pursuant to TPD Section D2.4.

2 FLEXIBILITY BIDDING

2.1 Flexibility Bid

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

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

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

2.1.2 For the purpose of this Part IID a **"System Sell"** is a System Entry Sell or a System Exit Sell and a **"System Buy"** is a System Entry Buy or a System Exit Buy.

2.1.3 For the purpose of paragraph 0 a **"Flexibility Eligible System Exit Point"** is any System Exit Point other than an NDM Supply Point Component, DMA Supply Point Component or SDMC(I) Supply Point Component or relevant Connected System Exit Point.

2.2 Bidding requirements

2.2.1 A User may at any time commencing 30 Days before the Gas Flow Day until 04:00 hours on the Gas Flow Day make a Flexibility Bid by submitting to Transco NTS a notice (**"Flexibility Bid Notice"**), subject to and in accordance with this paragraph 0.

2.2.2 A Flexibility Bid Notice shall specify:

- (a) the identity of the Bidding User;
- (b) the Day or (in accordance with paragraph 0) Days for which the bid or bids are made;
- (c) whether the bid is for a System Entry Buy, System Entry Sell, System Entry Exit;
- (d) the Bid Entry Point or Bid Exit Point;
- (e) the maximum and the minimum quantity of gas (which may be the same) for which the bid is made, or (in accordance with paragraph 0) alternative maximum and minimum quantities;

- (f) in the case of a System Entry Buy, an estimate of either:
 - (i) the calorific value; or
 - (ii) the volume of the maximum quantity within the quantity range, of the Flexibility Gas;
 - (g) the flexibility lead time or (in accordance with paragraph 0) alternative flexibility lead times;
 - (h) the maximum and minimum Flexibility Flow Rate Changes (which may be the same) for which the bid is made, or (in accordance with paragraph 0) alternative maximum and minimum such changes; and
 - (i) the Bid Price, or (in accordance with paragraph 0) alternative Bid Prices.
- 2.2.3 A Flexibility Bid may not be made subject to any condition (other than one expressly provided for in this Part IID) and Transco NTS may at its option accept (notwithstanding any purported condition other than one so provided for) or disregard a Flexibility Bid which purports to be so conditional.
- 2.2.4 A Flexibility Bid Notice may not be amended (but a User may withdraw such a notice and submit a further notice in accordance with this Part IID).
- 2.2.5 In accordance with paragraph 5.2 a User may make a Flexibility Bid without holding System Capacity at the Bid System Point.
- 2.3 Bid restrictions**
- 2.3.1 A Flexibility Bid for a System Entry Buy or System Entry Sell may not be made for a minimum Flexibility Flow Rate Change of less than 0.05 MCM/Day.
- 2.3.2 A User may not have outstanding for any Day more than two Flexibility Bids for System Entry Buys nor more than two Flexibility Bids for System Entry Sells for which the minimum Flexibility Flow Rate Change is less than 0.5 MCM/Day.
- 2.3.3 There is no limit on the number of Flexibility Bids which a User may have outstanding for System Entry Buys or System Entry Sells for which the minimum Flexibility Flow Rate Change is not less than 0.5 MCM/Day.
- 2.3.4 A User may not have outstanding for any Day more than the relevant number of Flexibility Bids for a System Exit Buy nor more than the relevant number of Flexibility Bids for a System Exit Sell in respect of any Flexibility Eligible System Exit Point, where the relevant number is four in the case of a VLDMC Supply Point Component and one in the case of any other Flexibility Eligible System Exit Point.
- 2.3.5 For the purpose of this paragraph 0:
- (a) a Flexibility Bid is outstanding for a Day where and for so long as it has been made by a User and not withdrawn under paragraph 0 or accepted under paragraph 0;
 - (b) a flexibility option bid under paragraph 2.4.1(a) counts as one bid notwithstanding the number of bid alternatives thereunder.
- 2.3.6 Where a User makes a Flexibility Bid, the condition in paragraph 0 must be capable of being satisfied (assuming acceptance of the Flexibility Bid at the time the bid is made, and taking

account of the Flexibility Effective Time) for all quantities within the quantity range, all Flexibility Flow Rate Changes within the Flow Rate Change Range, and in the case of a flexibility option bid (in accordance with paragraph 0) for all options.

2.4 Options for Flexibility Bidding

2.4.1 A User submitting a Flexibility Bid Notice may:

- (a) subject to paragraph 2.4.2 designate the Flexibility Bid as a "**flexibility option bid**", in which case the Flexibility Bid Notice shall specify alternative combinations (each one a "**bid alternative**") of quantity ranges, flexibility lead times, Flow Rate Changes Ranges, and Bid Prices for which the bid is made; and/or
- (b) where the Flexibility Bid Notice contains a Flexibility Bid for a System Entry Buy or System Exit Sell, specify a number of consecutive Days for which the Flexibility Bid Notice is submitted and designate the notice as made either:
 - (i) under this paragraph (i), in which case the Flexibility Bid may be accepted by Transco NTS for any one but only one of the specified Days;
 - (ii) under this paragraph (ii), in which case the Flexibility Bid Notice shall contain identical bids for each of the specified Days and may be accepted by Transco NTS for all or any one or more of the specified Days

without prejudice to paragraphs 2.3.5(b) and 2.4.3, each of the bid alternatives within a flexibility option bid shall be treated as a separate Flexibility Bid.

2.4.2 For the purposes of paragraph 0, a User may not in a flexibility option bid specify more than:

- (a) in the case of a System Entry Point or VLDMC Supply Point Component, 3 bid alternatives;
- (b) in the case of any other Flexibility Eligible System Exit Point, 2 bid alternatives.

2.4.3 Where a User submits a flexibility option bid:

- (a) Transco NTS may accept the Flexibility Bid for any one of the bid alternatives;
- (b) acceptance by Transco NTS of the Flexibility Bid for one of the bid alternatives shall extinguish the Flexibility Bid (but where the Flexibility Bid Notice is made under paragraph 0, only for the relevant Day) as to the remaining bid alternatives.

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

2.5 Turn-down bids

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

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

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

- 2.5.2 Where, at a time at which a Flexibility Bid under paragraph 0 is or has become valid (in accordance with that paragraph) but not been accepted, the Bidding User makes a Renomination in respect of the Bid System Point following which the Implied Nomination Flow Rate is less than the maximum Flexibility Flow Rate Change, the bid shall remain valid but for a maximum Flexibility Flow Rate Change equal to the Implied Nomination Flow Rate (or cease to be valid if the minimum Flexibility Flow Rate Change exceeds the Implied Nomination Flow Rate).
- 2.5.3 During a Bid Evaluation Period or where a Flexibility Bid within paragraph 0 has been accepted, the Bidding User may not make a Renomination in respect of the Bid System Point as a result of which the Implied Nomination Flow Rate would be less than (as the case may be) the maximum Flexibility Flow Rate Change or the amount determined as the Flexibility Quantity divided by the period (in hours) from the Flexibility Effective Time to the end of the Gas Flow Day.

2.6 Negative Bid Price

- 2.6.1 A Flexibility Bid may specify a negative Bid Price, which represents:
- (a) in the case of a System Buy, an amount that the User is willing to pay in order to increase its deliveries of gas to the Total System or (as the case may be) to reduce its offtake of gas from the Total System at the Bid System Point; and
 - (b) in the case of a System Sell, an amount that the User wishes to be paid in order to reduce its deliveries of gas to the Total System or (as the case may be) to increase its offtake of gas from the Total System at the Bid System Point.
- 2.6.2 For the purpose of paragraph 3.2.3(a), in the case of a System Buy a Flexibility Bid with a negative Bid Price will rank higher, and in the case of a System Sell a Flexibility Bid with a negative Bid Price will rank lower, than (in either case) a Flexibility Bid with a positive Bid Price.
- 2.6.3 For the purposes of paragraph 0, where a Flexibility Bid with a negative Bid Price is accepted, payment of the Flexibility Charge will be made by the seller and not the buyer.

2.7 Withdrawal of Flexibility Bid

- 2.7.1 A User may withdraw a Flexibility Bid which has not been accepted by Transco NTS, subject to and in accordance with this paragraph 2.7.
- 2.7.2 The User shall submit a notice ("**bid withdrawal notice**") specifying:
- (a) the identity of the User; and
 - (b) the Flexibility Bid Notice in respect of the Flexibility Bid(s) to be withdrawn.
- 2.7.3 A Flexibility Bid may not be withdrawn during a Bid Evaluation Period and if a User submits a bid withdrawal notice during a Bid Evaluation Period:
- (a) Transco NTS will notify the User that a Bid Evaluation Period is current;
 - (b) the bid withdrawal notice shall be of no effect and (without prejudice to any further bid withdrawal notice submitted after the end of the Bid Evaluation Period) the

Flexibility Bid Notice shall remain in force and the Flexibility Bid thereunder may be accepted (in accordance with paragraph 0) by Transco NTS.

2.7.4 A bid withdrawal notice may not be withdrawn nor made conditional.

2.7.5 Subject to paragraph 0 the bid withdrawal notice shall be effective when submitted and the Flexibility Bid Notice (and the Flexibility Bid(s) thereunder, including in the case of a Flexibility Bid Notice under paragraph 0 the Flexibility Bid for the subsequent Days) shall be withdrawn upon submission of the bid withdrawal notice.

2.8 Definitions

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

- (a) **"Flexibility Gas"** is gas the subject of the Flexibility Bid;
- (b) the **"Bid Price"** is the price (in pence/kWh) specified by a Bidding User for the Flexibility Bid;
- (c) **"flexibility lead time"** is the period of time required by the User after acceptance by Transco NTS of the Flexibility Bid before the User will modify the gas flow rate at the Bid System Point;
- (d) **"Flexibility Flow Rate Change"** is:
 - (i) where no earlier Nomination was made in respect of the Bid System Point, the rate (in MCM/Day) at which Flexibility Gas is to be delivered or offtaken;
 - (ii) where an earlier Nomination was made in respect of the Bid System Point, the amount (in MCM/Day) by which the gas flow rate is to be increased or (as the case may be) decreased in respect of Flexibility Gas;
- (e) the **"Bid Entry Point"** or **"Bid Exit Point"** is the System Entry Point or System Exit Point at which the gas flow rate is to be modified; and the **"Bid System Point"** is the Bid Entry Point or Bid Exit Point;
- (f) the **"quantity range"** is the range of quantities defined by the maximum and minimum quantities specified in the Flexibility Bid Notice; and
- (g) the **"Flow Rate Change Range"** is the range of Flexibility Flow Rate Changes defined by the maximum and minimum such changes specified in the Flexibility Bid Notice.

2.9 Bid Information

2.9.1 Users will have access each Day by means of UK Link to the following details in respect of Flexibility Bids which are outstanding for that and any subsequent Day or which have been accepted for that Day; the details (for each bid alternative, in the case of a flexibility option bid) under sub-paragraphs 0, 0, 0, 0 and 0 of paragraph 0 (but only the maximum values as respects sub-paragraphs 0 and 0).

2.9.2 The identity of Bidding Users will not be disclosed to Users pursuant to paragraph 0.

3. ACCEPTANCE OF FLEXIBILITY BIDS

3.1 Acceptance

3.1.1 With effect from the Renomination Start Time and throughout the Gas Flow Day Transco NTS may (in accordance with this paragraph 0) accept Flexibility Bids made for the Gas Flow Day for such quantities of Flexibility Gas as it from time to time requires for purposes of Operational Balancing.

3.1.2 For avoidance of doubt Transco NTS may at different times, or at the same times at different Bid Entry Points or Bid Exit Points, accept Flexibility Bids for System Sells and System Buys for the same Day.

3.2 Bid evaluation and selection

3.2.1 Where for the purposes of Operational Balancing Transco NTS intends to accept Flexibility Bid(s), Transco NTS will:

- (a) initiate a Bid Evaluation Period;
- (b) determine which Flexibility Bids are Available in accordance with paragraph 0;
- (c) rank the Available Flexibility Bids in accordance with paragraph 0; and
- (d) review and select for acceptance Available Flexibility Bids in accordance with paragraph 0.

3.2.2 For the purposes of this Part IID a Flexibility Bid is "**Available**" where:

- (a) the Flexibility Bid was made, and in the case of a Flexibility Bid within paragraph 0 has become and remains valid in accordance with that paragraph, before the start of the Bid Evaluation Period, and is capable of acceptance in accordance with paragraph 0; and
- (b) the operational balancing quantity is not less than:
 - (i) the minimum quantity in the quantity range under the Flexibility Bid: nor
 - (ii) the product of the minimum Flexibility Flow Rate Change (expressed in kWh/hour) and the period in hours from the expiry (after the time at which the bid would be accepted, and taking into account paragraph 0) of the flexibility lead time until the end of the Gas Flow Day.

3.2.3 Subject to paragraph 0, Available Flexibility Bids will be ranked:

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

3.2.4 Transco NTS will, in respect of each ranked Available Flexibility Bid, sequentially in the

order ranked (starting with the highest ranking), review such bid to determine whether, having regard to the factors in paragraph 0, such bid is operationally suitable for acceptance (for the purposes of Operational Balancing), until Transco NTS has determined to accept Flexibility Bids in aggregate for approximately the operational balancing quantity, whereupon it will accept the Flexibility Bids so determined.

3.2.5 The facts referred to in paragraph 0 are:

- (a) the quantity range, Flow Rate Change Range, Bid System Point, flexibility lead time (taking into account paragraph 0), and (in the case of a System Entry Point) estimated calorific value or volume of the maximum quantity of Flexibility Gas, of the Flexibility Bid under review;
- (b) the nature and urgency of the Operational Balancing Requirement, and any prevailing Transportation Constraints;
- (c) the extent to which (as compared with any other Flexibility Bid) acceptance of the Flexibility Bid would be likely to give rise to a subsequent Operational Balancing Requirement as described in paragraph 1.2.2; and
- (d) such other consideration as Transco NTS may reasonably determine in the circumstances to be relevant for the purposes of Operational Balancing.

3.2.6 Transco NTS may elect, before ranking Available Flexibility Bids under paragraph 0, to exclude Flexibility Bids which (on the basis of any one or more of the factors referred to in paragraph 0) are not operationally suitable for acceptance.

3.2.7 Transco NTS will secure that the Bid Evaluation Period is not longer than is reasonably necessary in the circumstances to enable Transco NTS properly to carry out the actions described in this paragraph 0.

3.2.8 For the purposes of this Part IID:

- (a) the "**Bid Evaluation Period**" is a period in which, where Transco NTS intends to accept Flexibility Bids, it evaluates and accepts Flexibility Bids in accordance with this paragraph 0;
- (b) the "**operational balancing quantity**" is the quantity of gas required for Operational Balancing purposes.

3.2.9 Transco NTS will maintain records (which for the avoidance of doubt will not be available to Users) which will include the times at which and reasons for which it initiates Bid Evaluation Periods, the times at which Bid Evaluation Periods are closed and the reasons for which it accepts Flexibility Bids.

3.3 Acceptance procedure

3.3.1 A Flexibility Bid shall be accepted where Transco NTS gives notice of acceptance to the Bidding User.

3.3.2 Notice of acceptance by Transco NTS of a Flexibility Bid shall specify:

- (a) the Flexibility Bid Notice;
- (b) the quantity (within the quantity range) and Flexibility Flow Rate Change for which the bid is accepted;

- (c) where the bid was a flexibility option bid, the bid alternative for which the bid is accepted; and
- (d) where the Flexibility Bid Notice was made under paragraph 0, the Day for which the bid is accepted.

3.3.3 Where Transco NTS accepts a Flexibility Bid, Transco NTS will (but without prejudice to the effectiveness of such acceptance) give such further notice of acceptance to the Bidding User by Active Notification Communication.

3.4 Restrictions on acceptance

3.4.1 Transco NTS shall not accept a Flexibility Bid at a time, and/or for a quantity or flexibility lead time, where as a result the condition in paragraph 0 would not be satisfied.

3.4.2 The condition referred to in paragraph 0 is that:

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

4 FLEXIBILITY QUANTITY AND CONTRACT

4.1 Effect of acceptance

4.1.1 Where (in accordance with paragraph 0) Transco NTS accepts a Flexibility Bid:

- (a) the Flexibility Quantity shall be deemed to be sold and purchased pursuant to a System Clearing Contract;
- (b) the Flexibility Quantity shall be taken into account in the determination of the User's Daily Imbalance in accordance with TPD Section E5.1;
- (c) the Bidding User shall be deemed to have made a Renomination in respect of the Bid System Point in accordance with paragraph 0.

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

- (a) the "**Accepted Price**" is the Bid Price or (in the case of a flexibility option bid) the Bid Price for which the bid was accepted;
- (b) the "**Flexibility Quantity**" is the quantity of gas for which the bid was accepted;
- (c) the "**Flexibility Charge**" is the Flexibility Quantity multiplied by the Accepted Price;
- (d) the "**Flexibility Effective Time**" is the hour (in accordance with TPD Section C1.9.1) of the Gas Flow Day immediately after the elapse, from the time at which Transco NTS gave notice of acceptance of the Flexibility Bid, of the flexibility lead time, or (in the case of a flexibility option bid) the flexibility lead time for which the bid was accepted.

4.2 Flexibility Nominations

- 4.2.1 In the case of a System Entry Buy the Bidding User shall be deemed to have made an original Input Nomination for, or a Renomination increasing the Nomination Quantity under its prevailing Input Nomination by, the Flexibility Quantity.
- 4.2.2 In the case of a System Exit Buy the Bidding User shall be deemed to have made a Renomination decreasing the Nomination Quantity under its prevailing Output Nomination by the Flexibility Quantity.
- 4.2.3 In the case of a System Entry Sell the Bidding User shall be deemed to have made a Renomination decreasing the Nomination Quantity under its prevailing Input Nomination by the Flexibility Quantity.
- 4.2.4 In the case of a System Exit Sell the Bidding User shall be deemed to have made an original Output Nomination for, or a Renomination increasing the Nomination Quantity under its prevailing Output Nomination by, the Flexibility Quantity.
- 4.2.5 Where the Flexibility Effective Time is after the start of the Gas Flow Day, the Renomination Effective Time under the Flexibility Nomination shall be the Flexibility Effective Time.
- 4.2.6 An original Input Nomination under paragraph 0 or Output Nomination under paragraph 0 shall be a New Renomination.

4.3 System Clearing Contract

- 4.3.1 The System Clearing Contract shall arise on Transco NTS's acceptance of the Flexibility Bid and (without prejudice to the determination of the Bidding User's Daily Imbalance in accordance with TPD Section E5) shall be deemed fully performed except as to payment.
- 4.3.2 Except as provided in paragraph 0:
 - (a) in the case of a System Sell, the Bidding User shall pay to Transco NTS the Flexibility Charge;
 - (b) in the case of a System Buy, Transco NTS shall pay to the Bidding User the Flexibility Charge.
- 4.3.3 The Flexibility Charge will be invoiced and payable in accordance with TPD Section S.

5 MISCELLANEOUS

5.1 General

- 5.1.1 For the purposes of giving effect to this Part IID in respect of each Day on which it applies, the provisions of this paragraph 0 shall apply.
- 5.1.2 The provisions of TPD Sections F, S and X which applied in respect of or in connection with the invoicing and payment of Market Balancing Action Charges immediately prior to the coming into effect of this Part IID, shall be deemed to continue to have effect until such time as there is no longer any requirement that they continue to do so.
- 5.1.3 For the purposes of paragraph 0, where any of the preceding 7 Days referred to falls on or before a Day with effect from which this Part IID applies the System Average Price for such Day shall be the System Average Price calculated in accordance with the provisions of TPD Sections F1.2.1 and 1.2.2 applying immediately prior to the coming into effect of this Part IID.
- 5.1.4 For each Day on which this Part IID applies for the purposes of the Code:

- (a) Eligible Balancing Actions shall include the acceptance by Transco NTS of Flexibility Bids;
- (b) Flexibility Charges in respect of System Sells (or negatively priced System Buys) shall be other amounts payable to Transco NTS in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements for the purposes of TPD Section F4.4.2(a);
- (c) Flexibility Charges in respect of System Buys (or negatively priced System Sells) shall be other amounts payable to Transco NTS in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements for the purposes of TPD Section F4.4.3(a);
- (d) Flexibility Charges shall be other amounts payable in respect of Eligible Balancing Actions pursuant to Contingency Balancing Arrangements for the purposes of TPD Sections F4.5.3(a)(ii), F4.5.3(b)(ii) and 4.5.3(b)(iii), TPD Section V7.2.1(c) and paragraph TPD Section X2.5.2(b).

5.2 TPD Section B: System Use and Capacity

For each Day on which this Part IID applies a User may use the Total System by delivering gas pursuant to the acceptance of a Flexibility Bid for a System Entry Buy, without holding System Entry Capacity at the relevant Aggregate System Entry Point, and will be liable to pay a System Entry Overrun Charge in accordance with TPD Section B2.12.

5.3 TPD Section C: Nominations

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

- (a) a "**Flexibility Nomination**" is the Renomination deemed to be made by a User upon acceptance of a Flexibility Bid under paragraph 0;
- (b) an Initial Nomination does not include a Flexibility Nomination.

5.3.2 A Flexibility Nomination shall be deemed to comply with the requirements of TPD Section C and to be approved by Transco NTS.

5.3.3 A Flexibility Nomination made in respect of a System Point of which the Bidding User has (before acceptance of the relevant Flexibility Bid) made an earlier Nomination shall take effect as a Renomination and revise the Renomination Quantity (in accordance with paragraph 0.8) under such earlier Renomination.

5.3.4 A User shall not be entitled to make a Renomination after a Flexibility Bid made by the User has been accepted, in the circumstances in paragraph 0.

5.3.5 For the purposes of the Code a New Renomination shall include an original Nomination in accordance with paragraph 0.

5.4 TPD Section D: Operational Balancing and Trading Arrangements

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

- (a) prices and quantities of gas offered by Users for sale to or purchase by Transco NTS each Day will be established;

- (b) Transco NTS may (by accepting such offers) buy and sell gas, so as to adjust the quantities of gas delivered to and offtaken from the Total System each Day.
- 5.4.2 For the purposes of TPD Section D1.5.1, the requirement that Transco NTS will take a Market Balancing Buy Action(s) shall be deemed to be a requirement that Transco NTS accept a Flexibility Bid(s) for a System Buy(s).
- 5.4.3 In TPD Section D1.3 references to Operational Balancing shall be construed as including the acceptance of Flexibility Bids for System Buys under paragraph 0 and the acceptance of Flexibility Bids for System Sells taken as a consequence with a view to maintaining an Operational Balance and references to Operational Balancing Steps and Operational Balancing Requirement will be construed accordingly.
- 5.4.4 Subject to paragraphs 0 and 0 Transco NTS will not accept Flexibility Bids other than for the purposes of Operational Balancing.

5.5 TPD Section E: Daily Quantities, Imbalance and Reconciliation

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

5.6 TPD Section F: System Clearing, Balancing Charges and Neutrality

- 5.6.1 The reference to Market Balancing Action Charges in TPD Section F1.1.2(d) shall be construed as including Flexibility Charges.
- 5.6.2 For each Day on which this Part IID applies TPD Sections F1.2.1 and F1.2.2 shall not apply and:
 - (a) the "**System Marginal Buy Price**" is the price in pence/kWh which is equal to the highest Accepted Price in respect of any Flexibility Bid for a System Buy accepted by Transco NTS for that Day;
 - (b) the "**System Marginal Sell Price**" is the price in pence/kWh which is equal to the lowest Accepted Price in respect of any Flexibility Bid for a System Sell accepted by Transco NTS for that Day;
 - (c) the "**System Average Price**" for a Day is the price in pence/kWh calculated as the sum of the Flexibility Charges divided by the sum of the Flexibility Quantities for all Flexibility Bids (for System Buys and System Sells) accepted by Transco NTS for that Day;
 - (d) for the avoidance of doubt TPD Sections F1.2.3 and 1.2.4 shall apply, for which purposes reference to a Market Balancing Buy Action and Market Balancing Sell Action taken by Transco NTS shall be construed as including respectively a Flexibility

Bid for a System Buy and a Flexibility Bid for a System Sell accepted by Transco NTS.

5.6.3 Subject to TPD Section F1.2.5, where for any Day no Flexibility Bid (or none other than one excluded for the purposes of paragraph 0 pursuant to TPD Section F1.2.3) was accepted by Transco NTS:

- (a) for either a System Buy or System Sell, the System Average Price for that Day shall be the arithmetic mean of the System Average Prices determined under paragraph 0 for the preceding 7 Days;
- (b) for a System Buy, the System Marginal Buy Price shall be the System Average Price (in accordance with paragraph 0 or paragraph 0) for that Day;
- (c) for a System Sell, the System Marginal Sell Price shall be the System Average Price (in accordance with paragraph 0 or paragraph 0) for that Day.

5.6.4 For the purposes of:

- (a) TPD Section F3.2.1(a) the Scheduling Input Nominated Quantity in respect of a User shall be calculated after taking account of any Flexibility Nominations in respect of the relevant System Entry Point;
- (b) TPD Section F3.3.2(a)(i) and F3.3.2(a)(ii) the Scheduling Output Nominated Quantity in respect of a User shall be calculated after taking account of any Flexibility Nominations in respect of the relevant System Exit Point.

5.6.5 In respect of any Day where following a notification by Transco NTS pursuant to TPD Section D2.4.1 or D2.4.4 that it may make use of Contingency Balancing Arrangements:

- (a) for the purposes of paragraph 0 no account shall be taken of any Market Transaction effected in respect of such Day prior to the time at which Transco NTS notified Users that it may make use of Contingency Balancing Arrangements;
- (b) no Flexibility Bids are accepted by Transco NTS, the System Average Price for such Day shall be the System Average Price determined pursuant to TPD Section F1.2.1 or F1.2.2 in respect of the Preceding Day.

5.7 TPD Section I: Entry Requirements

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

5.8 TPD Section K: Operating Margins

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

5.8.2 For the purposes of :

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

- (b) in TPD Section K2.1.1(b) the reference to the taking of a Market Balancing Action shall be construed as including the acceptance of Flexibility Bids.

5.9 TPD Section N: Shrinkage

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

5.10 TPD Section Q: Emergencies

- 5.10.1 TPD Section Q3.2.2 shall not apply and:
 - (a) in a Network Gas Supply Emergency the application of paragraphs 0, 0 and 0 of this Part IID will be suspended, and in particular Transco NTS will not accept any Flexibility Bid made by a User in respect of any Gas Flow Day falling within the duration of the Network Gas Supply Emergency; and (in lieu thereof) the Emergency Procedures will apply and Transco NTS's decisions as to the delivery and offtake of gas to and from the Total System shall be implemented pursuant to TPD Section Q3.3 and 3.4;
 - (b) in accordance with paragraph 0, where on a Day on which a Network Gas Supply Emergency occurs Transco NTS has (before the start of the Network Gas Supply Emergency) accepted a Flexibility Bid the Flexibility Charge will not be paid (and TPD Section Q4 shall apply).
- 5.10.2 For the purposes of TPD Section Q4.1.1(c) the reference to TPD Section D shall be deemed to be a reference to paragraphs 0, 0 and 0 of this Part IID.
- 5.10.3 For the purposes of TPD Section Q4.2.4 the reference to the Market Balancing Action Charges payable by Transco NTS shall be deemed to be a reference to the Flexibility Charges payable by Transco NTS.

5.11 TPD Section R: Storage

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

5.12 TPD Section S: Invoicing and Payment

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

5.13 TPD Section V: General

- 5.13.1 A Non-Code Shipper may make a Flexibility Bid.
- 5.13.2 A User admitted pursuant to TPD Section V2.5.1 shall be deemed to have undertaken to Transco NTS that it will not make a Flexibility Bid.

- 5.13.3 For the purposes of TPD Section V7.2.1(c) the reference to Market Balancing Action Charges shall be construed as including Flexibility Charges.

5.14 TPD Section X: Energy Balancing Credit Arrangement

Where Transco NTS has given notice pursuant to TPD Section X2.9.1 until the Cash Call is paid in full the User shall not be entitled to make a Flexibility Bid and Transco NTS will not accept a Flexibility Bid made by the User.

5.15 TPD Section Z: Transco LNG Storage Facilities

- 5.15.1 For the purposes of TPD Section Z6.2, on acceptance of a Flexibility Bid for a System Entry Sell at a Storage Connection Point the User shall be deemed to make a Storage Withdrawal Nomination as a Flexibility Nomination in respect of the relevant Storage Connection Point, in accordance with TPD Sections C and paragraphs 0, 0 and 0 of this Part IID.
- 5.15.2 Where a User is deemed to make a Storage Withdrawal Nomination on acceptance of a Flexibility Bid pursuant to paragraph 0 such shall be deemed to be a relevant Nomination for the purposes of TPD Section Z6 and the implied withdrawal rate shall not exceed the available withdrawal rate and shall not be less than zero.
- 5.15.3 For the purposes of TPD Section Z6.2.5(e) and the calculation of the 'relevant period', a relevant Nomination shall become effective at the time the nomination is made or the Flexibility Bid is accepted plus the withdrawal lead time prevailing at such time (in the case of a Flexibility Bid for a System Entry Buy) the flexibility lead time if longer.

5.16 GT Section B: General

GT Section B5.1.5 shall not apply in respect of a Flexibility Bid.

PART III – OFFTAKE ARRANGEMENTS DOCUMENT

1. Introduction and Commencement

- 1.1 In this Part III defined terms shall have the meanings given to them in or for the purposes of the Offtake Arrangements Document.
- 1.2 The arrangements provided for in the Offtake Arrangements Document:
 - (a) shall be effective with respect to the operation of the Parties' Systems and flows of gas at Offtakes with effect on and from the First Day; but
 - (b) shall come into force (for the purposes, inter alia, of enabling the doing of any thing which may be required to be done in relation to but in advance of the First Day) upon the (earlier) date of the Transporter's Framework Agreement.

2. OAD Section B

- 2.1 For the purposes of OAD Section B3.9, as at the First Day, the prevailing Site Schedule of Responsibilities relating to each Offtake Site is the site schedule of responsibilities established by Transco and prevailing as at the Last Day for each Offtake Site.

3. OAD Section C

- 3.1 For the purposes of OAD Section C2, as at the First Day, the prevailing versions of Emergency Procedures E1, E2 and E3 are the prevailing emergency procedures (referred to as T/PME/1, T/PME/2 and T/PME/3 prepared by Transco and prevailing as at the Last Day.
- 3.2 For the purposes of OAD Section C3, as at the First Day, the prevailing version of SCO-IP is the version prepared by Transco and known as 'Process for controlling work on sites containing both NTS and Network operational equipment' and dated as of the First Day.
- 3.3 For the purposes of OAD Section C4, as at the First Day, the prevailing Site Emergency Procedures relating to each Offtake Site are the site emergency procedures established by Transco and prevailing as at the Last Day for each Offtake Site.
- 3.4 For the purposes of OAD Section C5, as at the First Day, the prevailing GSSERs relating to each Offtake Site are the general site safety and environmental requirements established by Transco and prevailing as at the Last Day for each Offtake Site.

4. OAD Section D

- 4.1 For the purposes of OAD Section D3.1.1, as at the First Day, the prevailing Validation Procedures are the documents known as T/PR/ME2 Parts 1, 2 and 3 and T/PR/GQ/3 established by Transco and prevailing as at the Last Day.
- 4.2 For the purposes of OAD Section D3.2.5, as at the First Day, Routine Validation of any Measurement Equipment shall be treated as last carried out upon the date on which Transco last carried out routine validation thereof before the date of this Document.

5. OAD Section G

- 5.1 For the purposes of OAD Section G, the draft, final and updated maintenance programmes (relating to maintenance of one System which may affect another) established by Transco and prevailing at the Last Day shall be treated on and with effect from the First Day as draft, final

and updated Maintenance Programmes prepared (as appropriate) by each Party and provided to each affected Party.

6. OAD Section H

- 6.1 For the purposes of OAD Section H, each Party shall be treated, as at the First Day, as having provided the information (relating to historic and forecast development of demand) prepared by Transco (in relation to the relevant LDZ) and prevailing as at the Last Day.

7. OAD Section I

- 7.1 Offtake Profile Notices, pressure requests and requests for reduced pressure in relation to the First Day shall be established by the Parties as provided in paragraph 1.2 above.

- 7.2 For the purposes of the application (in relation to the Formula Year in which the First Day falls) of OAD Section I5.3.2, Interruption (pursuant to the Transco Network Code) of an Interruptible LDZ Supply Point on Days in that Formula Year up to the Last Day:

- (a) shall be counted in the term 'AI';
- (b) shall be treated as Interruption pursuant to an Interruption Instruction given by Transco NTS (and counted in the term 'NI') if such Interruption was required:
 - (i) pursuant to Section G6.7.3(a) of the Transco Network Code, in respect of a Transportation Constraint affecting the NTS; or
 - (ii) pursuant to Section G6.7.3(c) of the Transco Network Code.

8. OAD Section J

- 8.1 For the purposes of OAD Section J, the statements (setting out planning data in relation to LDZ/LDZ Offtakes) prepared by Transco and prevailing at the Last Day shall be treated on and with effect from the First Day as Offtake Parameter Statements prepared by the upstream Party in relation to such LDZ/LDZ Offtakes and provided to the downstream Party.

9. OAD Section M

- 9.1 For the purposes of OAD Section M, as at the First Day, the prevailing Offtake Communications Document is the document of that title prepared by Transco and dated as of the First Day.

10 OAD Section N

- 10.1 For the purposes of OAD Section N8, as at the First Day, the prevailing members and chairman of the Offtake Committee are the persons nominated as such by Transco on or before the Last Day.

PART IV – MODIFICATION RULES

1. Modification Panel

1.1 Prior to the First Day:

- (a) the Transporters have nominated (by notice to Transco) not more than five (5) individuals to be Transporters' Representatives; and
- (b) the Designated Person has nominated (by notice to Transco) not more than five (5) individuals to be Users' Representatives.

1.2 With effect from the First Day, the Voting Members of the Modification Panel shall be:

- (a) the individuals so nominated by the Transporters, as Transporters' Representatives; and
- (b) the individuals so nominated by the Designated Person, as Users' Representatives.

1.3 All individuals appointed to the modification panel as non-voting members as at the Last Day shall be deemed with effect from the First Day to continue in that appointment as non-voting Members of the Modification Panel.

1.4 Prior to the First Day the Transporters have nominated (by notice to Transco) an individual to be the Panel Chairman and an individual to be his deputy and with effect from the First Day the Panel Chairman and his deputy shall be the individuals who have been so nominated by the Transporters.

1.5 The individuals appointed as secretary (and deputy secretary) to the modification panel as at the Last Day shall be deemed with effect from the First Day to continue in that appointment as Secretary (and deputy Secretary) to the Modification Panel.

2. Modification Proposals

2.1 Where, as at the Last Day:

- (a) a modification proposal or a third party modification proposal has been made pursuant to Transco's Network Code; and
- (b) Transco has not submitted a modification report to the Authority, or (as the case may be) the Authority has not decided whether to direct that the relevant modification be made or (as the case may be) to consent to the relevant modification

the modification proposal or third party modification proposal shall be deemed with effect from the First Day to be a Modification Proposal or Third Party Modification Proposal as the case may be (identical in its purpose and effect to the modification proposal or third party modification proposal) made in respect of the Uniform Network Code in accordance with the Modification Rules.

2.2 Where, as at the Last Day:

- (a) the Authority has directed Transco to make (or consented to Transco making) a modification to Transco's Network Code with effect from an implementation date after the Last Day; and

- (b) Transco has not modified Transco's Network Code in accordance with such direction or consent

the Transporters shall as soon as practicable on or after the First Day apply to the Authority for consent (pursuant to Standard Special Condition A11(13)(b) of their Transporter's Licences) to modify the Uniform Network Code in accordance (mutatis mutandis) with such direction or consent, and (if the Authority so consents) shall modify the Uniform Network Code in accordance with such consent.

3. Application of Modification Rules

- 3.1 Subject to paragraphs 1 and 2, all steps, acts, circumstances and other things taken, done or existing as at the Last Day under or for the purposes of any provision of Section Y of Transco's Network Code (as applying generally and in relation to any modification proposal) shall be deemed to be or have been taken, done or existing under or for the purposes of the equivalent provision of the Modification Rules.
- 3.2 Without limitation, the things referred to in paragraph 3.1 include the business conducted by the modification panel, the establishment of and business conducted by any development work group, workstream, or review group, and the preparation and sending to or receipt from any person or body of any agenda, guidelines, draft or final paper, report, representation or other document.
- 3.3 If any question arises as to the stage (under the Modification Rules) which a Modification Proposal or Third Party Modification Proposal is treated (pursuant to paragraphs 2.1 and 3.1) as having reached on the First Day, the Modification Panel shall decide such question after consulting the Authority.

4. Interpretation

In this Part IV 'non-voting member', 'secretary', 'modification proposal', 'third party modification proposal', 'modification report', 'implementation date', 'modification panel', 'development work group', 'workstream', 'review group' or 'review proposal' mean non-voting Member, Secretary, Modification Proposal, Third Party Modification Proposal, Modification Report, Implementation Date, Modification Panel, Development Work Group, Workstream, Review Group or Review Proposal as defined in Transco's Network Code as in force as at the Last Day.

5. Review of Modification Rules

The Transporters agree, prior to the coming into force of Sections 173 to 176 of the Energy Act 2004, to procure that a review proposal is made for the review of the Modification Rules in the light of the provisions of those Sections.