

Initial Modification Report No.18

Introduction of Entry Point Switching Agreement and minor 'housekeeping' changes

14th August 2023

Please find below Initial Modification Report No.18 to the NI Network Gas Transmission Code raised by the Transporter, as required under sections A2 and A3 of the Code Modification Rules.

A Description of the nature and purpose of the modification

This Proposed Modification is to introduce the arrangements for an Entry Point Switching Agreement (EPSA) into the NI Network Code. This is required to help manage potential constraints in relation to Moffat IP Entry Point, where constraints are expected to be an increasingly likely possibility due to the imminent stepped increase in demand in NI leading to an increasing number of days in which nominations at the Moffat IP will be at or approaching the maximum capacity available. Under these proposed arrangements, the Transporter would be able to direct the counterparty to the EPSA to switch their Moffat IP Entry Nominations to the South North IP Entry Point, either on the day ahead of a potential constraint, or on the day. The intention would be to avoid or minimise the need to curtail the Moffat IP Entry Point Nominations of all Shippers in response to a constraint, and the costs of the action taken by the counterparty (and any fee for participating in the arrangement) would be recovered from all Shippers through the existing arrangement for monthly disbursement charges.

The Proposed Modification provides for the procurement of the service via a competitive tender process and sets out the basis for the use of the EPSA, including through a refinement of the definitions of the types of constraint and the introduction of a new EPSA Declaration which may happen in advance of a formal declaration of a System Constraint, to let Shippers know that the contract has been called upon.

Further detail is provided in section G below.

B How the modification better facilitates the relevant objective

The Relevant Objective, (condition 2.4 of the Transporter Licences) will be better facilitated by the NI Network Gas Transmission Code as a result of the proposed changes. They will enable the introduction of an Entry Point Switching Agreement which will better enable the efficient and economic operation of the NI Network.

C The clauses of the NI Network Gas Transmission Code that require amendment

On implementation, this Proposed Modification would amend text in sections 9 and 10 and add or amend definitions in Appendix 1. Please see section G for more information and the proposed text in section H.

D Impact on the networks of the Designated Pipeline Operators, Adjacent Transporters and/or relevant agreements in respect of the NI Network:

The Transporter has considered the impacts the modification may have and concluded as follows:

Operation of the networks of the Designated Pipeline Operators (DPOs)

Positive Impact: The EPSA provides a commercial tool for switching of flows from Moffat IP Entry Point to the South North IP Entry Point and as such will provide an additional mechanism to the Transporter for avoiding and/or managing a constraint.

Adjacent Transporters

The upstream transporter at the South North IP Entry Point would see higher capacity bookings, nominations and hence gas flows at the point as a result of this arrangement.

The upstream transporter at Moffat IP Entry Point would see switching of nominations between the NI Moffat IP Entry Point and the ROI Moffat IP Entry Point.

Relevant NI Agreements

It is anticipated that changes to the SOA will be made to provide for the operation of the EPSA by the NI Network control room teams.

E The date proposed for implementation

The Transporter proposes that these arrangements should come into effect on 31st October 2023.

F How to Respond

Please send responses no later than 12th September 2023 by email to:

shippercommunications@gmo-ni.com

G Further Information on the Proposed Modification and the Proposed Text

1. Context and Description of the Proposed Arrangements

1.1 Requirement for Change

At Moffat IP Entry Point, 69% of the available capacity is now booked through the annual bookings processes on PRISMA. This will be supplemented by bookings of daily capacity especially in the winter months, and it is anticipated that on some days during the next Gas Year (and subsequent Gas Years) capacity could approach being sold out. This can be characterised as physical congestion. There is no indication of contractual congestion (i.e. capacity 'hoarding' or systemic under-utilisation of booked capacity), although the Transporter continues to monitor the status of annual capacity bookings in line with the Activation Test and the Long Term Use-it-or-Lose-it (UIOLI) requirements set out in the OS Scheme and CMP Methodology Statement. The increasing utilisation of the Moffat IP Entry Point has been reported annually in the NI Gas Capacity Statement for a number of years.

This means that flows on the NI Network are increasingly sensitive to pressure in the upstream system and the pressure demands of the NI Network itself and this is experienced operationally as sensitivity to the timing of Nominations and Renominations. More specifically, the combination of the nature of NI demand (i.e. approximately 42/58 domestic and power station load) and the small scale and largely straight-line topography of the NI gas transmission pipelines makes the NI Network increasingly sensitive to the step-change effects of the power stations. The potential for the power stations to be dispatched at short notice means that the timing of power station Nominations relative to the diurnal profile of the domestic/non-power load can occasionally lead to pressures being too high or too low to enable the movement of all gas which is nominated/renominated at Moffat IP at certain times of day. Curtailments to all Shippers Nominations are then needed in line with sections 6.7.14 to 6.7.21 of the NI Network Code.

The introduction of the new Kilroot power station is anticipated to exacerbate this existing issue. The existing provisions for managing constraints, where they do arise, seek first to request re-dispatch by SONI, and as a last resort, would apply the 'flip-flop' rule (taking power stations off the NI gas transmission network in turn). However, requiring power stations to stop generating is also not without risks for NI as a whole.

The current curtailment process provides a certain degree of commercial incentive for Shippers to move their gas flow nominations voluntarily to the South North IP Entry Point, since all Shippers with Moffat IP Entry Nominations will share pro-rata in any curtailment and will consequently be exposed to Imbalance Charges unless they take such action.

IP Entry Capacity at South North is readily available but is more expensive, so there is not yet sufficiently large capacity constraint risk to provide sufficient commercial incentive to Shippers to routinely buy capacity there to avoid the risk of curtailment.

1.2 Outline of the Proposal

The Transporter intends to run a tender process, annually or as required, for a Shipper to act as an 'EPSA Provider', in a similar form to the current process for procuring balancing gas contracts.

The EPSA contract will be for a firm obligation on the EPSA Provider to switch their gas flow nominations from Moffat IP Entry Point to South North IP Entry Point, on request from Transporter. A request could be made at either the Day Ahead and/or Within Day stage. It is currently anticipated that it would be used more often at the Day Ahead stage, and the Within Day option to call on the contract would be valuable for dealing with issues which arise over a shorter term. The EPSA provider would be reimbursed for the cost of transportation (i.e. the ROI Moffat IP entry capacity, the ROI South North IP exit capacity and the (NI) South North IP Entry Capacity and relevant commodity charges), but not for any overrun charges, associated with

delivering this service and may also receive an administration fee. These costs would form part of the Disbursement Amounts for all Shippers in line with the existing basis for calculating such charges.

This will provide a commercial basis (i.e. a tendered service) for ensuring that flows can be moved from Moffat IP Entry Point to South North IP Entry Point, which will be capable of effectively alleviating the operational issues whilst sharing the costs amongst all Shippers, since all Shippers will benefit from not being curtailed.

When the Transporter calls on the EPSA, the intention is that it would notify all Shippers by making an 'EPSA Declaration', for transparency, since costs will be incurred, and also to provide relevant information about the status of the NI Network. An EPSA Declaration may precede a System Constraint Declaration or happen at the same time but does not in itself constitute a System Constraint Declaration.

It should be noted that the EPSA contract will not be a balancing gas contract since it will not change the net flow position into NI. Instead, it will substitute flows at one entry point for another.

1.3 Potential Duration of the EPSA Arrangement

The Transporter anticipates that this new arrangement could be effective in minimising the costs arising from the physical congestion at Moffat IP Entry Point for all Shippers for a period.

However, if the load on the NI Network continues to grow and/or the impact of the new power station (or future changes in dispatch patterns) is more severe than anticipated, there may come a point when EPSA is insufficient or less effective, since the costs of the EPSA will become such that it would be more cost effective for all other shippers to book at SN than risk the EPSA being called upon. Therefore, the Transporter intends to revisit the need for this arrangement on a very regular basis, with a view to ensuring it provides optimal incentives in the market.

It should be noted that the Transporter anticipates being required to initiate the use of Firm Day Ahead UIOLI type provisions within the next few Gas Years, in accordance with the Code and the OS Scheme. However, that still may not resolve the problem of the NI Network being physically constrained at the least expensive IP Entry Point, and the EPSA may still serve as a useful tool even in the event of other congestion management tools being implemented.

1.4 Participation in the Tender

It should also be acknowledged that all Shippers may bid to be EPSA Provider. However, the minimum quantity requirement (needed for the Transporter to have confidence in it being an effective operational tool) will, in practice, limit it to larger shippers, at least in the first year of its operation. Should there be a material level of interest in participation, the Transporter would consider whether the minimum quantity limits could be amended to facilitate participation by smaller Shippers.

2. Changes to Section 9 – Balancing and Shrinkage Gas

In relation to the EPSA, the proposed text adds terms for the contracting of the EPSA in a new section 9.4, and for the recovery of associated costs through the Disbursement Account arrangements in renumbered section 9.5. There are also a couple of small subsequent changes to make it clear that the Transporter will publish relevant cost information to Shippers.

The proposed text also includes some minor housekeeping changes, as follows:

- (i) the addition of distinct Own Use Gas term and clarification that it is included in Shrinkage Gas; and

- (ii) an update of the names of the balancing gas contracts to reflect the names now in use.

3. Changes to Section 10 – System Constraints, Exceptional Events and Emergencies

The proposed changes to section 10 are as follows:

- (i) the existing definition of an Excess Nominations Day is proposed to be replaced by two terms, drawing a distinction between an Excess Exit Nominations Day and an Excess Entry Nominations Day, to allow for clearer definition of applicable circumstances;
- (ii) new provisions at the end of section 10.2 to set out the circumstances in which the EPSA may be called upon i.e. primarily an Excess Entry Nominations Day, but without limiting the Transporters ability to call on it whenever it considers it appropriate to do so and a provision to clarify that the Transporter will issue an EPSA Declaration to let Shippers know that the contract has been called upon;
- (iii) the addition of the EPSA as an available tool to address an NI-wide System Constraint in section 10.4; and
- (iv) the addition of the EPSA as an availability tool to address a Localised Constraint affecting the Moffat IP Entry Point in section 10.5;
- (v) consequential renumbering and some minor housekeeping (adding the word 'section' in a couple of places where it had previously been omitted).

4. Appendix 1 – Definitions and Interpretation

There are also proposed consequential changes and additions to the defined terms in Appendix 1 from both sections 9 and 10.

H Proposed Code Text

Amend section 9 to read as follows:

9. BALANCING AND SHRINKAGE GAS

9.1 Introduction and Definitions

9.1.1 In this Code:

(a) “Own Use Gas” is gas which is used by the Transporter in the operation of the NI Network or any localised part thereof;

(~~ab~~) “Shrinkage Gas” is gas, of any amount, which is Own Use Gas or gas which is lost or otherwise unaccounted for, from the NI Network or any part of the NI Network;

(~~cb~~) “Balancing Gas” is gas reasonably required to achieve the physical balance of the NI Network or any localised part thereof.

9.2 Balancing Gas Procurement

9.2.1 In accordance with the SOA, the Transporter shall procure the purchase of or procure the sale of Balancing Gas including that which is considered reasonably necessary to provide gas to make up Shrinkage Gas.

9.2.2 The Transporter shall use reasonable endeavours to procure the purchase and sale of Balancing Gas upon the most competitive terms and conditions reasonably available.

9.2.3 In this Code:

(a) “Balancing Gas Services” means services made available to the Transporter which enables it to purchase or sell Balancing Gas, as required for any Gas Flow Day, from time to time;

(b) “Balancing Gas Contract” means a contract for the purchase or sale of Balancing Gas as described in section 9.2.4;

(c) “Balancing Gas Framework Agreement” means either the Balancing Gas Sell Framework Agreement or the Balancing Gas Buy Framework Agreement and “Balancing Gas Framework Agreements” means both of them;

(d) “Balancing Gas Buy Framework Agreement” means a framework agreement for the purchase of Balancing Gas for the NI Network issued as a result of a Tender;

(e) “Balancing Gas Sell Framework Agreement” means a framework agreement for the sale of Balancing Gas for the NI Network issued as a result of a Tender;

(f) “Balancing Gas Provider” means a Framework Member or a party who provides Balancing Gas Services to the Transporter pursuant to a Balancing Gas Contract entered into in accordance with section 9.2.7 of this Code;

- (g) **“Framework Member”** means a Shipper or another party which is a party to a Balancing Gas Framework Agreement;
- (h) **“Tender”** means an annual tender procedure carried out by the Transporter pursuant to and the SOA to procure Balancing Gas Services;
- (i) **“Ranked Order”** means the order in which Balancing Gas Contracts have been awarded in respect of a given Gas Year pursuant to the arrangements in a Tender.

9.2.4 For the purposes of this Code, a Balancing Gas Contract may be any of the following:

~~(ba) a “Locational (Moffat) Primary Balancing Gas Buy Contract” is a Balancing Gas Contract for the purchase of Balancing Gas at the Moffat IP Entry Point;~~

~~(fb) a “Non-locational Balancing Gas Sell Contract” is a Balancing Gas Contract for the sale of Balancing Gas at the Trading Point;~~

(ca) a **“Trading Point Primary Balancing Gas Buy Contract (with physical delivery via the Moffat IP Entry Point)”** ~~“Non-locational Balancing Gas Buy Contract”~~ is a Balancing Gas Contract for the purchase of Balancing Gas at the Trading Point with physical delivery via the Moffat IP Entry Point;

~~(b) a “Locational (Moffat) Balancing Gas Buy Contract” is a Balancing Gas Contract for the purchase of Balancing Gas at the Moffat IP Entry Point;~~ (c) ~~—~~ a **“Locational (Moffat) Balancing Gas Buy Contract for a non-Shipper”** is a Balancing Gas Contract with a party who is not a Shipper for the purchase of Balancing Gas at the Moffat IP Entry Point;

(d) a **“Trading Point Secondary Balancing Gas Buy Contract (with physical delivery via the South North IP Entry Point)”** ~~“Locational (South North) Balancing Gas Buy Contract”~~ is a Balancing Gas Contract for the purchase of Balancing Gas at the Trading Point with physical delivery via the South North IP Entry Point;

~~(e) a “Locational (South North) Balancing Gas Buy Contract for a non-Shipper” is a Balancing Gas Contract with a party who is not a Shipper for the purchase of Balancing Gas at the South North IP Entry Point;~~ (f) ~~—~~ a **“Non-locational Balancing Gas Sell Contract”** is a Balancing Gas Contract for the sale of Balancing Gas at the Trading Point;

(ge) any other form of contract that the Transporter considers appropriate from time to time.

9.2.5 The Transporter shall, in accordance with the SOA, conduct an annual Tender for the procurement of Balancing Gas Services as a result of which parties, including Shippers, may become members of one or both of the Balancing Gas Framework Agreements.

9.2.6 Under the Balancing Gas Framework Agreements, one or a number of Balancing Gas Contracts will be entered into between the Transporter and the Framework Members.

9.2.7 Nothing herein shall prevent the Transporter from time to time procuring Balancing Gas Services, as may be reasonably necessary to achieve the physical balance of the NI Network, or any part thereof, by means other than a Tender and using whatever form of Balancing Gas Contract it deems appropriate.

9.3 Operational use of Balancing Gas Contracts

9.3.1 This section 9.3 sets out how Balancing Gas Contracts will be utilised on any given Gas Flow Day.

9.3.2 Where Balancing Gas Services have been procured by means other than a Tender, for the purposes of this section 9.3 the Transporter shall treat any such Balancing Gas Contract as though it has the last place in the Ranked Order, including where the provisions of section 9.3.8 have been applied.

9.3.3 When calling on Balancing Gas Contracts on any given Gas Flow Day, subject to section 9.3.4, the Transporter intends to utilise the Balancing Gas Contracts in accordance with the Ranked Order so that:

- (a) the first-ranked Balancing Gas Contract shall be called on up to the maximum quantity of Balancing Gas available for sale or purchase (as the case may be) under that Balancing Gas Contract;
- (b) if there is a further requirement for Balancing Gas, the second-ranked Balancing Gas Contract shall be called on up to the maximum quantity of Balancing Gas available for sale or purchase (as the case may be) under that Balancing Gas Contract; and

so on, utilising the maximum quantity of Balancing Gas specified in each Balancing Gas Contract in Ranked Order.

9.3.4 Notwithstanding section 9.3.3 above, the Transporter shall not be required to utilise Balancing Gas Contracts in the Ranked Order in the following operational circumstances:

- (a) when it is preferable for the Transporter due to a time dependent requirement to alter pressures on the NI Network, to call on one particular Balancing Gas Contract pursuant to which a large quantity of Balancing Gas can be purchased or sold;
- (b) when the location of the balancing action is a priority; and
- (c) any other operational reason where the Transporter, acting as Reasonable and Prudent Operators, consider it necessary; and

in such circumstances, the order in which Balancing Gas Contracts are utilised is entirely at the discretion of the the Transporter.

9.3.5 The Transporter will communicate with the relevant Balancing Gas Provider to request the purchase or sale of Balancing Gas on any given Gas Flow Day in accordance with the terms of its Balancing Gas Contract.

9.3.6 If a Balancing Gas Provider is unable to take delivery of or make delivery of (as the case may be) the full quantity of Balancing Gas requested by the Transporter in accordance with a Balancing Gas Contract, the Transporter shall call on the next-ranked Balancing Gas Contract in the Ranked Order.

- 9.3.7 If all the Balancing Gas Contracts have been called upon in accordance with section 9.3.3 and there is still an outstanding requirement for Balancing Gas:
- (a) the Transporter will return to the top of the Ranked Order and proceed down the Balancing Gas Providers who initially were unable to take delivery of or make delivery of (as the case may be) the maximum quantity of Balancing Gas pursuant to the relevant Balancing Gas Contract, and request each such Balancing Gas Provider to specify what, if any, quantity (which should be more than the minimum contract quantity set out in the Balancing Gas Contract) it is able to take delivery of or make delivery of (as the case may be), and again proceed down the Ranked Order utilising the available quantities; and
 - (b) if this is still insufficient, then the Transporter shall be entitled to:
 - (i) request Balancing Gas Providers who have not been able to take delivery of or make delivery of (as the case may be) quantities requested (in Ranked Order) to confirm whether they can offer a quantity less than the minimum contract quantity (as set out in the relevant Balancing Gas Contract); and/or
 - (ii) make day-ahead requests for Balancing Gas (starting at the top of the Ranked Order),

again, in both cases, utilising the Ranked Order, in order to ensure that the requirement for Balancing Gas is met.
- 9.3.8 Failure to take delivery of or make delivery of (as the case may be) Balancing Gas when requested constitutes grounds for termination of a Framework Member's Balancing Gas Contract in accordance with the terms of the Balancing Gas Contract. In addition to the termination rights arising under the Balancing Gas Contracts, that failure to take delivery of or make delivery of Balancing Gas (as the case may be) shall entitle the Transporter in each case at its' sole discretion, to put any such Framework Member's Balancing Gas Contract (and any other contracts that the party may hold) to the bottom of the Ranked Order (but above any Balancing Gas Contracts procured by means other than a Tender) for a period up to the remaining duration of the Balancing Gas Framework Agreement. A return to the Balancing Gas Contract's original position in the Ranked Order shall be at the discretion of the Transporter.
- 9.3.9 Where, pursuant to section 9.3.8, the Transporter moves a Balancing Gas Contract to the bottom of the Ranked Order, the Transporter will inform the relevant Framework Member accordingly.
- 9.3.10 For the avoidance of doubt, nothing in section 9.3.8 and 9.3.9 shall affect the right of the Transporter to terminate a Framework Member's Balancing Gas Contract for a failure to take delivery of or make delivery of Balancing Gas (as the case may be) when so requested in accordance with the terms of the Balancing Gas Contract.
- 9.3.11 Failure to take delivery of or make delivery of Balancing Gas (as the case may be) when requested may affect a Balancing Gas Provider's ability to submit tenders in response to future competitive tendering procedures conducted the Transporter in relation to the procurement of Balancing Gas Services.

9.4 EPSA Procurement and Use

9.4.1 In this Code:

- (a) “Entry Point Switching Agreement” or “EPSA” is an agreement for entry point flow switching between the Transporter and an EPSA Provider;
- (b) “EPSA Charges” are the costs associated with an EPSA;
- (c) an “EPSA Provider” is a Shipper which is the counterparty to an EPSA, and the plural shall be construed accordingly;
- (d) “EPS Quantity” is the quantity of gas which is switched from Moffat IP Entry Point to South North IP Entry Point pursuant to an EPSA.

9.4.2 From time to time, in accordance with the SOA, the Transporter may procure the provision of an entry point switching service from one or more EPSA Providers.

9.4.3 The Transporter shall use reasonable endeavours to procure the entry point switching service upon the most competitive terms and conditions reasonably available.

9.4.4 The Transporter may utilise an EPSA to try to prevent a System Constraint and/or in the event of a System Constraint in accordance with section 10.

9.4.5 For the avoidance of doubt, an EPSA shall not be utilised as a Balancing Gas Contract and shall not form part of the Ranked Order.

9.49.5 NI Postalised Network Disbursement Bank Account

9.49.5.1 The Transporter shall procure the set up and operation of the NI Postalised Network Disbursement Bank Account and shall procure the administration of the NI Postalised Network Disbursement Bank Account in accordance with the SOA Agreement. In respect of each Month:

- (a) the following shall be paid into the NI Postalised Network Disbursement Bank Account:
 - (i) all Imbalance Charges, Scheduling Charges and Unauthorised Flow Charges paid by each Shipper;
 - (ii) all monies received from the sale of Balancing Gas;
 - (iii) monies received from a Shipper in respect of the costs and expenses of the Verifying Accountant in accordance with section 10;
 - (iv) Disbursement Amounts received from Shippers;
 - (v) any interest received in respect of payments required to be paid into the NI Postalised Network Disbursement Bank Account; and

- (vi) any other monies which the Transporter reasonably determines should be credited thereto.
- (b) the following shall be paid from the NI Postalised Network Disbursement Bank Account:
 - (i) all Imbalance Charges payable to each Shipper;
 - (ii) all monies paid for the purchase of Balancing Gas;
 - (iii) all EPSA Charges;
 - ~~(iiiiv)~~ all monies to be paid as a result of the determination of a Verifying Accountant under section 10;
 - ~~(ivv)~~ the costs and expenses of the Verifying Accountant in accordance with section 10;
 - (vi) all costs of administration of the NI Postalised Network Disbursement Bank Account;
 - (vii) any interest payable in respect of the NI Postalised Network Disbursement Bank Account or in respect of amounts to be discharged therefrom;
 - (viii) Disbursement Amounts payable to Shippers; and
 - ~~(ixviii)~~ any other monies which the Transporter reasonably determines should be so debited.

9.45.2 The Disbursement Amount payable to or by each Shipper shall be calculated in accordance with section ~~9.79.8~~.

9.59.6 Provision of information relating to Balancing Gas ~~and~~ Shrinkage Gas and the EPSA

9.56.1 The Transporter shall notify each Shipper, after each Gas Year, in the Ten Year Statement of:

- (a) the quantity and cost of the Balancing Gas purchased or sold in that Gas Year;
- (b) its estimate, acting as a Reasonable and Prudent Operator, of what proportion of such Balancing Gas was Shrinkage Gas; ~~and~~
- (c) its estimate, acting as a Reasonable and Prudent Operator, of the level of Shrinkage Gas in the next Gas Year; ~~and~~
- (d) the total EPS Quantity and the total EPSA Charges for the Gas Year.

9.56.2 The Transporter shall notify each Shipper after each Month of

- (a) the quantity, cost and date of each sale and purchase of Balancing Gas on the NI Network in that Month; and

(b) the total EPS Quantity and the total EPSA Charges in that Month.-

9.69.7 Transporter Shipping Balancing Gas

9.67.1 Notwithstanding any other provision of this Code the Transporter may, in respect of any Balancing Gas which the Transporter shall ship on the NI Network:

- (a) enter a Nomination, Renomination, Trade Nomination and/or a Trade Renomination;
- (b) be deemed to receive an Initial IP Entry Allocation, Initial Exit Allocation, Final IP Entry Allocation, Final Exit Allocation and/or a Trade Allocation; and
- (c) be deemed to be liable for or make claims for Off-Spec Gas or Non-Compliant Gas;

in accordance with the relevant section of this Code as though the Transporter were a Shipper, but solely for such purposes provided that the Transporter will not be liable for PS Transmission Amounts or PS Code Charges for gas nominated pursuant to this section

9.69.7.

9.79.8 Calculation of Disbursement Amounts

9.78.1 Disbursement Amounts shall be calculated by the Transporter in accordance with this section 9.79.8, subject to section 9.49.5, and invoiced in accordance with section 17. For the purposes of this Code, in respect of each Month:

- (a) a Shipper's "**Aggregate Throughput**" shall be determined as the sum of a Shipper's Aggregate NI Entry Allocations and the Shipper's Aggregate NI Exit Allocations for that Month;
- (b) the "**Total System Aggregate Throughput**" shall be determined as the sum of all Shippers' Aggregate NI Entry Allocations and all Shippers' Aggregate NI Exit Allocations for that Month; and
- (c) for each Shipper, a "**Disbursement Ratio**" shall be determined as:

$$\text{Disbursement Ratio}_{\text{Shipper}} = \frac{\text{Aggregate Throughput}_{\text{Shipper}}}{\text{Total System Aggregate Throughput}}$$

- (d) "**Balancing Gas Costs**" means the costs (or as the case may be, revenues) associated with the purchase or sale of Balancing Gas in accordance with this section 9.

9.78.2 For each Shipper, in respect of each Month, a "**Disbursement Amount**" (payable from or payable to a Shipper) shall be determined as the sum of:

- (a) $\text{net } \sum \text{Imbalance Charges} \times \text{Disbursement Ratio}_{\text{Shipper}}$
- (b) $\sum \text{Scheduling Charges} \times \text{Disbursement Ratio}_{\text{Shipper}}$
- (c) $\sum \text{Unauthorised Flow Charges} \times \text{Disbursement Ratio}_{\text{Shipper}}$

(d) $\text{net } \sum \text{Balancing Gas Costs} \times \text{Disbursement Ratio}_{\text{Shipper}}$

(e) $\sum \text{EPSA Charges} \times \text{Disbursement Ratio}_{\text{Shipper}}$

where, in each case, the totals are for all Shippers on the NI Network for the preceding Month and charge amounts shall be calculated including VAT on the sum of the Disbursement Amount.

Amend section 10 to read as follows:

10. SYSTEM CONSTRAINTS, EXCEPTIONAL EVENTS AND EMERGENCIES

10.1 Introduction and Definitions

10.1.1 This section 10 relates to the declaration of System Constraints, Exceptional Events and Emergencies in respect of the NI Network.

10.1.2 For the purposes of this Code:

- (a) **“System Capability”** means the capability of the NI Network to receive and/or deliver gas as determined by the Transporter in respect of any given Gas Flow Day or Gas Flow Days;
- (b) **“System Constraint”** means an event whereby the anticipated or actual flow of gas on the NI Network exceeds the System Capability, including but not limited to:
 - (i) a Reduced Capacity Day;
 - (ii) a Reduced Profile Day; ~~and~~
 - (iii) an Excess Exit Nominations Day; ~~and~~
 - (iv) an Excess Entry Nominations Day;
- (c) **“Reduced Capacity Day”** means a Gas Flow Day where the System Capability is reduced such that the amount of IP Capacity at an Interconnection Point, the Non-IP Entry Capacity at a Non-IP Entry Point and/or Exit Capacity at one or more Exit Points is lower than normal for any reason;
- (d) **“Reduced Profile Day”** means a Gas Flow Day where the ability of the Transporter to accept Profile Nominations is reduced for any reason;
- (e) **“Excess Exit Nominations Day”** means a Gas Flow Day where the Exit Nominations and Exit Renominations and/or the Profile Nominations in respect of that Gas Flow Day exceed the System Capability on that Gas Flow Day or in any hour on that Gas Flow Day where there is no operational constraint in respect of the NI Network;
- (f) **“Excess Entry Nominations Day” means a Gas Flow Day where the IP Entry Nominations in respect of that Gas Flow Day exceed the System Capability on that Gas Flow Day or in any hours on that Gas Flow Day where there is no operational constraint in respect of the NI Network;**
- (fg) **“Exceptional Event”** means any unplanned event that may cause, for a limited period, capacity reductions affecting the quantity or quality of gas at an Exit Point, Entry Point and/or Interconnection Point, including but not limited to a Reduced Capacity Day, Reduced Profile Day, ~~and~~ an Excess Exit Nominations Day ~~and an~~ Excess Entry Nominations Day and where section 6.7.14 applies;
- (gh) **“Flow Order”** means an order issued by the Transporter to Shippers in relation to a System Constraint or Exceptional Event instructing those Shippers in accordance with this section 10, or an order modifying an earlier such order;

(~~h~~i) **“Power Station Nominations”** means Nominations and Renominations in respect of Power Station Exit Points;

(~~j~~i) **“DN Exit Point Nominations”** means Nominations and Renominations in respect of DN Exit Points;

(~~k~~i) **“Revised Power Station Nominations”** means Nominations in respect of Power Station Exit Points which have been revised and submitted by Shippers in response to a request to SONI from the Transporter made pursuant to this section 10 to avert a System Constraint;

(~~k~~i) **“Revised DN Exit Point Nominations”** means Nominations in respect of DN Exit Points which have been revised and submitted by Shippers in response to a request from the Transporter made pursuant to this section 10 to avert a System Constraint;

10.1.3 A Reduced Capacity Day and a Reduced Profile Day may arise as a result of operational reasons including but not limited to Force Majeure and Maintenance Days.

10.1.4 For the purposes of this section 10:

(a) the term DN Exit Points shall include the Stranraer Exit Point;

(b) the term DNO shall include the Stranraer Distribution Network Operator.

System Constraints

10.2 NI-wide Constraints and Localised Constraints

10.2.1 A System Constraint may be either an NI-wide Constraint or a Localised Constraint, as determined by the Transporter in its sole discretion.

10.2.2 In this Code:

(a) an **“NI-wide Constraint”** means a System Constraint affecting all Exit Points;

(b) a **“Localised Constraint”** means a System Constraint affecting one or more Exit Points (but not all Exit Points) in one or more locations on the NI Network;

(c) **“Exit Point Capacity Shortfall”** means, where there is a Localised Constraint in respect of a specific Exit Point, the quantity by which the aggregate of all Shipper’s Exit Nominated Quantities in respect of such Exit Point exceeds the System Capability;

(d) **“System Capacity Shortfall”** means, where there is a Localised Constraint in respect of more than one Exit Point, the quantity by which the aggregate of all Shipper’s Exit Nominated Quantities in respect of all Affected Exit Points exceeds the System Capability;

(e) **“Affected Exit Point”** means an Exit Point where there is a Localised Constraint;

(f) **“Affected Exit Points”** means

- (i) more than one Exit Point where there is a Localised Constraint; or
- (ii) in the event of an NI-wide Constraint, all Exit Points on the NI Network.

10.2.3 The Transporter shall determine, in its sole discretion, whether a System Constraint is a Reduced Capacity Day, Reduced Profile Day ~~or~~, an Excess Exit Nominations Day or an Excess Entry Nominations Day.

10.2.4 The Transporter may, but shall not be obliged to, call upon an EPSA (to require an EPSA Provider to switch all or part of its IP Entry Nominations from Moffat IP Entry Point to South North IP Entry Point) before making a System Constraint Declaration pursuant to section 10.3.

10.2.5 Where the Transporter calls upon an EPSA (in accordance with section 10.2.4 or otherwise) it shall notify each Shipper that an EPSA has been called upon (an “**EPSA Declaration**”) specifying:

(a) the relevant Gas Flow Day(s);

(b) the reason for calling upon an EPSA; and

(c) any other information that the Transporter considers appropriate.

10.3 Declaration of a System Constraint

10.3.1 This section 10.3 applies to both NI-wide Constraints and Localised Constraints.

10.3.2 Where the Transporter determines that there is, or predicts that there will be, a System Constraint in respect of a given Gas Flow Day, the Transporter shall declare a System Constraint (a “**System Constraint Declaration**”) to:

- (a) each Shipper;
- (b) each DNO; and
- (c) SONI.

10.3.3 A System Constraint Declaration shall specify:

- (a) the type of System Constraint;
- (b) the Gas Flow Day to which it refers;
- (c) whether the System Constraint is an NI-wide Constraint or a Localised Constraint;
- (d) confirmation of the date and time of issuing;
- (e) the Interconnection Point and/or Exit Points affected or likely to be affected;
- (f) where it is known, the expected time of the end of the System Constraint; ~~and~~
- (g) whether or not an EPSA has been called upon; and

(h) such information concerning the reason for the System Constraint Declaration as the Transporter considers appropriate which may include for example, whether Renominations at an alternative Interconnection Point by Shippers other than the EPSA Provider may assist in averting the System Constraint.

10.3.4 A System Constraint Declaration issued in accordance with section 10.3.2 is for information purposes only and does not constitute a Flow Order.

10.3.5 In the event of a System Constraint, the Transporter shall be entitled to take, at any time it considers appropriate, such steps in accordance with section 10.4 and section 10.5 (regardless of whether it has called upon an EPSA or requested or received Revised Power Station Nominations) as it considers necessary, acting as a Reasonable and Prudent Operator, to maintain the safe operation of the NI Network and where applicable, avoid an Emergency. The taking of any step in accordance with sections 10.4 and 10.5 shall not preclude the Transporter from taking any other step under those sections and/or the remainder of this section 10.

10.4 NI-wide Constraints

10.4.1 In the event of an NI-wide Constraint in respect of a given Gas Flow Day, the Transporter may:

(a) call upon an EPSA (to require an EPSA Provider to switch all or part of its IP Entry Nominations from Moffat IP Entry Point to South North IP Entry Point);

(ab) request Revised Power Station Nominations in accordance with section 10.4.2 where, at any time on D-1 or on D, the Transporter considers that the reduction of Power Station Nominations may avert the System Constraint and where time permits;

(bc) issue a Flow Order to reduce Power Station Nominations in accordance with section 10.4.3 where:

(i) the Transporter has requested Revised Power Station Nominations but not received such Revised Power Station Nominations by the time specified in its request; or

(ii) in the reasonable opinion of the Transporter, there is insufficient time to request Revised Power Station Nominations;

(ed) request Revised DN Exit Point Nominations in accordance with section 10.4.6 where at any time on D-1 or on Day D, in addition to or instead of reducing Power Station Nominations, the Transporter considers that the reduction of DN Exit Point Nominations may avert the System Constraint and where time permits;

(ee) issue a Flow Order to reduce DN Exit Point Nominations in accordance with section 10.4.7 where:

(i) the Transporter has requested Revised DN Exit Point Nominations but not received such Revised DN Exit Point Nominations by the time specified in its request; or

- (ii) in the reasonable opinion of the Transporter, there is insufficient time to request Revised DN Exit Point Nominations.

Requesting Revised Power Station Nominations

- 10.4.2 Where, pursuant to section 10.4.1(a), the Transporter wishes to request Revised Power Station Nominations, the Transporter shall promptly inform SONI of:
- (a) the reduction in capacity utilised on the NI Network which it believes will, if achieved through Revised Power Station Nominations, avert the System Constraint;
 - (b) the time by which it believes that such Revised Power Station Nominations will have to be submitted in order that the Transporter will not have to issue a Flow Order to avert the System Constraint; and
 - (c) whether the Transporter believes that the System Constraint has arisen as a result of:
 - (i) a Reduced Capacity Day or a Reduced Profile Day; or
 - (ii) an Excess Exit Nominations Day or an Excess Entry Nominations Day.

Flow Orders for Power Stations

- 10.4.3 Where, pursuant to section ~~10.4.1(b)~~10.4.1(c), the Transporter wishes to ensure a reduction in Power Station Nominations, it shall by issuing a Flow Order:
- (a) require that Shippers submit no further Exit Nominations, Exit Renominations or Profile Nominations (other than any Exit Renominations or Profile Nominations of a reduced Nominated Quantity, which may continue to be made) on D-1 or on Day D in respect of the relevant Gas Flow Day for any Power Station Exit Points identified in such Flow Order; and
 - (b) reduce those Exit Nominations, Exit Renominations or Profile Nominations which have been submitted (whether or not confirmed by the Transporter) in respect of the relevant Gas Flow Day up until the time by which the Transporter required that no further Exit Nominations, Exit Renominations or Profile Nominations be submitted in accordance with section 10.4.3(a) above, to an extent which the Transporter believes will avert the System Constraint, in accordance with the principles in section 10.4.4.
- 10.4.4 For the purposes of section 10.4.3(b), the Transporter shall reduce Exit Nominations or Exit Renominations in the following order:
- (a) on the first occasion on which the Transporter declares a System Constraint, by applying (x) below;
 - (b) on the second occasion on which the Transporter declares a System Constraint, by applying (y) below;
 - (c) on the third such occasion on which the Transporter declares a System Constraint, by applying (z) below;
 - (d) on the fourth such occasion on which the Transporter declares a System Constraint, by applying (x) below;

- (e) on the fifth such occasion on which the Transporter declares a System Constraint, by applying (y) below;
- (f) on the sixth such occasion on which the Transporter declares a System Constraint, by applying (z) below;

and so on in sequence, where (x), (y) and (z) shall be as follows:

- (x) each Exit Nomination in respect of Kilroot Exit Point shall be reduced pro rata to the sum of the Nominated Quantities in all such Exit Nominations; and/or each Profile Nomination shall be reduced pro rata to all such Profile Nominations, to the extent that the Transporter believes will avert the System Constraint;
- (y) each Exit Nomination in respect of Coolkeeragh Exit Point shall be reduced pro rata to the sum of the Nominated Quantities in all such Exit Nominations; and/or each Profile Nomination shall be reduced pro rata to all such Profile Nominations, to the extent that the Transporter believes will avert the System Constraint;
- (z) each Exit Nomination in respect of Ballylumford Exit Point shall be reduced pro rata to the sum of the Nominated Quantities in all such Exit Nominations; and/or each Profile Nomination shall be reduced pro rata to all such Profile Nominations, to the extent that the Transporter believes will avert the System Constraint;

but nothing in this section 10.4.4 shall prevent the Transporter issuing a Flow Order in respect of any or all of the Power Station Exit Points at the same time, or in a different order, to the extent that the Transporter, acting as a Reasonable and Prudent Operator, considers that it is operationally beneficial to do so to avert the System Constraint.

10.4.5 For the avoidance of doubt:

- (a) the Transporter shall not be required to notify SONI if, in the Transporter's reasonable opinion, there is insufficient time for Revised Power Station Nominations to be submitted before the Transporter would have to issue a Flow Order to avert a System Constraint; and
- (b) a System Constraint may have a duration which is longer than one Gas Day and references in section 10.4.4 to an 'occasion' shall be treated as each referring to a separate occasion on which a System Constraint is declared.

Requesting Revised DN Exit Point Nominations

10.4.6 Where, pursuant to section ~~10.4.1(e)~~ 10.4.1(d), the Transporter wishes to request a reduction in DN Exit Point Nominations, it shall promptly inform the DNOs of:

- (a) the reduction in capacity utilised on the NI Network which it believes will, if achieved through Revised DN Exit Point Nominations, avert the System Constraint;
- (b) the time by which it believes that such Revised DN Exit Point Nominations will have to be submitted in order that the Transporter will not have to issue a Flow Order to avert the System Constraint; and
- (c) whether the Transporter believes that the System Constraint has arisen as a result of:
 - (i) a Reduced Capacity Day or a Reduced Profile Day; or
 - (ii) an Excess Exit Nominations Day or an Excess Entry Nominations Day.

Flow Orders for DN Exit Points

- 10.4.7 Where, pursuant to section ~~10.4.1(d)~~10.4.1(e), the Transporter wishes to ensure a reduction in DN Exit Point Nominations, it shall by issuing a Flow Order:
- (a) require that no further Exit Nominations in respect of DN Exit Points are submitted (other than any Exit Renominations or Profile Nominations of a reduced Nominated Quantity, which may continue to be made) on D-1 or on Day D in respect of the relevant Gas Day D for any DN Exit Points identified in such Flow Order; and
 - (b) reduce those Exit Nominations or Exit Renominations which have been submitted (whether or not confirmed by the Transporter) in respect of the relevant Gas Flow Day up until the time by which the Transporter required that no further Exit Nominations or Exit Renominations or Profile Nominations be submitted in accordance with section 10.4.7(a) above, to an extent which the Transporter believes will avert the System Constraint, in accordance with the principles in section 10.4.8.
- 10.4.8 For the purposes of section 10.4.7(b), where the Transporter issues a Flow Order in respect of DN Exit Points:
- (a) each DN Exit Point Nomination shall be reduced pro rata to all such DN Exit Nominations in respect of Affected Exit Points by an amount equal to the System Capacity Shortfall less any reduction achieved in respect of Power Station Nominations; and/or
 - (b) each Profile Nomination in respect of a DN Exit Point shall be reduced pro rata to all such Profile Nominations in respect of Affected Exit Points by an amount equal to the System Capacity Shortfall less any reduction achieved in respect of Power Station Nominations.
- 10.4.9 The Transporter shall communicate any Flow Order in respect of a DN Exit Point to the DNOs for information purposes only.

10.5 Localised Constraints

Flow Orders for Localised Constraints

- 10.5.1 In the event of a System Constraint Declaration in respect of a Localised Constraint in respect of a given Gas Flow Day, where the Transporter considers, at any time on D-1 or D, that a reduction in Exit Point Nominations in respect of the Affected Exit Point or Affected Exit Points is required to avert the System Constraint, it may, by issuing a Flow Order:
- (a) require that no further Exit Nominations, Exit Renominations or Profile Nominations in respect of the Affected Exit Point or Affected Exit Points are submitted (other than any Exit Renominations or Profile Nominations of a reduced Nominated Quantity, which may continue to be made) on D-1 or on Day D in respect of the relevant Gas Flow Day for any Affected Exit Point or Affected Exit Points identified in such Flow Order; and
 - (b) reduce those Exit Nominations, Exit Renominations or Profile Nominations which have been submitted (whether or not confirmed by the Transporter) in respect of the

Affected Exit Point or Affected Exit Points for the relevant Gas Flow Day up until the time by which the Transporter required that no further Exit Nominations or Exit Renominations or Profile Nominations be submitted in accordance with section 10.5.1(a) above, to an extent which the Transporter believes will avert the System Constraint, in accordance with the principles in section 10.5.2 and [section 10.5.3](#) as applicable.

Localised Constraint affecting a single Exit Point

- 10.5.2 Where there is an Exit Point Capacity Shortfall at a particular Exit Point and the Transporter issues a Flow Order in respect of the Affected Exit Point:
- (a) each Exit Nomination in respect of the Affected Exit Point shall be reduced pro rata to all such Exit Nominations in respect of such Affected Exit Point by an amount equal to the Exit Point Capacity Shortfall; and/or
 - (b) each Profile Nomination in respect of the Affected Exit Point shall be reduced pro rata to all such Profile Nominations in respect of such Affected Exit Point by an amount equal to the Exit Point Capacity Shortfall.

Localised Constraint affecting more than one Exit Point

- 10.5.3 Where there is a System Capacity Shortfall in respect of Affected Exit Points, and the Transporter issues a Flow Order in respect of the Affected Exit Points:
- (a) firstly, any Power Station Nominations shall be reduced to the extent necessary to avert the System Capacity Shortfall: and
 - (b) secondly, where there remains a System Capacity Shortfall:
 - (i) each Exit Point Nomination in respect of an Affected Exit Point shall be reduced pro rata to all such Exit Nominations in respect of all Affected Exit Points by an amount equal to the System Capacity Shortfall; and/or
 - (ii) each Profile Nomination in respect of an Affected Exit Point shall be reduced pro rata to all such Profile Nominations in respect of all Affected Exit Points by an amount equal to the System Capacity Shortfall.

Localised Constraint affecting Moffat IP Entry Point

10.5.4 Where there is or, in the opinion of the Transporter, there is likely to be an Excess Entry Nominations Day and/or a Reduced Capacity Day in respect of Moffat IP Entry Point, or otherwise at its sole discretion, the Transporter may call upon an EPSA (to require an EPSA Provider to switch all or part of its IP Entry Nominations from Moffat IP Entry Point to South North IP Entry Point) in order to manage or avert the Localised Constraint. For the avoidance of doubt, calling upon an EPSA does not constitute a Flow Order.

10.6 Flow Orders for IP Entry Points and Non-IP Entry Points

- 10.6.1 Where the Transporter reasonably believes that the submission of revised IP Entry Nominations and/or Non-IP Entry Nominations may avert a System Constraint or any other Exceptional Event, it may, by issuing a Flow Order:

- (a) require that Shippers submit no further IP Entry Nominations, IP Entry Renominations, Non-IP Entry Nominations or Non-IP Entry Renominations (except those of a reduced IP Nomination Quantity which may continue to be made); and
- (b) in accordance with sections 6.7.5 to 6.7.10 reduce (pro rata) those IP Entry Nominations, IP Entry Renominations, Non-IP Entry Nominations or Non-IP Entry Renominations which have been submitted (whether or not confirmed by the Transporter) to an extent which the Transporter believes will avert the System Constraint.

10.7 Flow Orders – General

- 10.7.1 A Flow Order shall have the effect that the Nominated Quantity (and, where applicable, Profile Nomination) shall for all purposes under this Code become the amount set out in the Flow Order with effect from the issue of the Flow Order.
- 10.7.2 A Shipper shall, notwithstanding any other provision of this Code:
- (a) if a Flow Order is issued on D-1 comply, by amending its' Nominations, within 5 hours; and
 - (b) if a Flow Order is issued on Day D comply by amending its' Nominations and adjusting its rate of offtake within 2 hours.
- 10.7.3 Where the Transporter reasonably believes:
- (a) that gas is being offtaken from the NI Network by a Shipper in such a manner as does not or will not comply with a Flow Order; and
 - (b) that the NI Network integrity may be prejudiced as a result, or the service to other Shippers may be affected or compromised,
- the Transporter may take any steps available to it to secure a reduction in the rate of, or the discontinuance of, the offtake of gas from the NI Network at the Exit Point by the Shipper. The Transporter, however, acknowledges that, where a Downstream Load Statement confirms that gas made available for offtake from the Exit Point is supplied to downstream consumers whose loads are less than 733,000 kWh/day, the ability to control rates and quantities of offtake are limited and this shall be taken in account when applying this section 10.7.3.
- 10.7.4 The steps referred to in section 10.7.3 include the isolation of the relevant Exit Point but, without prejudice to any other provision of this Code, the Transporter shall endeavour not to take this step where, in its opinion, alternative steps are available and adequate in the circumstances. In the event that an Exit Point is so isolated the Transporter shall explain to any affected Shipper why the Exit Point was isolated.
- 10.7.5 The Transporter shall, where the necessity for a Flow Order at an Exit Point, Non-IP Entry Point and/or an IP Entry Point has ceased:
- (a) notify any Shipper to which the Flow Order was issued of the time after which the Flow Order shall cease to apply and after which the Shippers may, subject to the

provisions of this Code, submit an Exit Renomination or an IP Entry Renomination or a Non-IP Entry Renomination; and

- (b) provide to any Shipper who requests it, an explanation of why the Flow Order was issued and the circumstances which gave rise to the need for it.
- 10.7.6 In accordance with section 8.5, an Unauthorised Flow Charge may be payable by a Shipper in respect of any Exit Point which has an Exit Allocation which exceeds the Exit Nominated Quantity specified in a Flow Order in respect of that Exit Point.
- 10.7.7 The issuing of a Flow Order in respect of an IP Entry Point, Non-IP Entry Point or an Exit Point does not affect a Shipper's obligation to ensure that its Imbalance is zero on any Gas Flow Day in accordance with section 8.

10.8 Emergencies

- 10.8.1 The existence of an Emergency under this Code shall be determined by the Transporter, acting as a Reasonable and Prudent Operator, irrespective of the cause of the Emergency, or whether the Transporter or any other person may have caused, or contributed to the Emergency.
- 10.8.2 Where the Transporter determines that an Emergency exists, it shall declare an Emergency in co-operation with the Northern Ireland Network Emergency Co-ordinator.
- 10.8.3 An emergency (an "**Emergency**"):
- (a) may exist by reason of an escape, or suspected escape, of gas; or
 - (b) may exist in circumstances in which, in the opinion of the Transporter:
 - (i) the safety of the NI Network is significantly at risk;
 - (ii) the safe conveyance of gas by the NI Network is significantly at risk;
 - (iii) gas conveyed by the NI Network is at such a pressure or of such a quality as to constitute, when supplied to premises, a danger to life or property;
 - (iv) where the Transporter's ability to maintain safe pressures within the NI Network is affected or threatened by an interruption or disruption to the NI Network, an insufficiency of deliveries of gas to the NI Network, or by any actual or potential failure of or damage to any part of the NI Network; or
 - (v) in any other circumstances reasonably believed by the Transporter to constitute an Emergency (which, for the avoidance of doubt, includes circumstances upstream of an Interconnection Point or Entry Point); and
 - (c) shall exist:
 - (i) where the Transporter declares an Emergency in co-operation with the Northern Ireland Network Emergency Co-ordinator;

- (ii) where a reduction in the quantity of gas available for offtake in respect of downstream consumers whose loads are less than 733,000 kWh/annum is applied in accordance with section 10.4.7 and [section 10.5.1](#).

10.8.4 An Emergency shall continue until such time as the Transporter determines that the circumstances referred to in this section 10.8 no longer apply, that no further Emergency Steps are required, and that normal operation of the NI Network and implementation of this Code may be resumed.

10.9 Emergency Steps

10.9.1 The Transporter may take or require that a Shipper takes such steps ("**Emergency Steps**") as the Transporter deems, as a Reasonable and Prudent Operator, to be necessary:

- (a) to avert and/or reduce the probability of, or probable scale of, an Emergency;
- (b) to overcome or contain an Emergency and/or to avert or reduce the hazard presented by it;
- (c) to restore gas supply and normal operation of the NI Network including making available additional gas at an Interconnection Point or Entry Point; and/or
- (d) taking into account any steps that the Northern Ireland Network Emergency Co-ordinator may request the Transporter to take.

10.9.2 Where an Emergency has been declared, any requests which the Transporter makes of Shippers as regards Emergency Steps shall be treated as being made on behalf of the Northern Ireland Network Emergency Co-ordinator.

10.9.3 In view of the importance of the co-ordination of Emergency Steps, a Shipper shall only take Emergency Steps pursuant to a request made by the Transporter.

10.9.4 During an Emergency each Shipper shall:

- (a) co-operate with the Transporter, to the extent within the Shipper's power (and without thereby rendering the Shipper unable to comply with any requirement to take Emergency Steps itself), so as to enable the Transporter to take Emergency Steps and in so doing comply with the Transporter's instructions and requests as soon as reasonably practicable; and
- (b) to the extent within its power, comply with the Transporter's instructions and requests to take Emergency Steps as soon as reasonably practicable.

10.9.5 The Transporter and each Shipper acknowledges that in an Emergency their interests shall be subordinated to the need to take Emergency Steps.

10.9.6 Subject to section 17.1.4, no Emergency Step taken by the Transporter, or at the request of the Transporter, by any Shipper, shall be a breach of any provision of this Code, and in particular the Transporter shall not be in breach of its obligation to accept gas tendered for delivery to the NI Network at an Interconnection Point or Entry Point or to make gas

available for offtake at an Exit Point to the extent that it is as a result of any such Emergency Step so taken.

10.9.7 The Transporter may on notice to Shippers amend or cancel any Emergency Step.

10.10 Emergency Contacts

10.10.1 Each Shipper shall provide to the Transporter:

(a) a single telephone number and facsimile number, and an email address, at which the Transporter may contact, 24 hours a Day and on each Day of a Gas Year, in an Emergency for any purpose pursuant to this section 10:

(i) a representative of the Shipper; and

(ii) a representative of any End User at an Exit Point (other than a DN Exit Point) in respect of which a Shipper has an Exit Point Registration; and

(b) the name(s), title(s) and addresses of such representatives.

10.10.2 The details required under section 10.10.1 shall be provided by a Prospective Shipper before becoming a Shipper and where a Shipper submits an application for an Exit Point Registration in respect of an Exit Point and shall at all times be maintained up to date. A Shipper shall notify the Transporter of any change in such details promptly and, where possible, in advance of such change.

10.10.3 Each representative referred to in section 10.10.1(a)(i) and (ii) above shall be a person having appropriate authority and responsibilities within a Shipper's or an End User's organisation (as appropriate) to act as the primary contact for the Transporter in the event of an Emergency.

10.10.4 If a Shipper does not provide such details, or cannot be contacted when required at the contact point referred to in section 10.10.1, the Transporter may, having taken any steps to contact the relevant Shipper or End User as would a Reasonable and Prudent Operator and without prejudice to the generality of this section 10, discontinue the offtake by such Shipper of Gas. In such circumstances, the Transporter shall not be liable for and the Shipper shall indemnify the Transporter in respect of, any costs incurred in connection with such discontinued offtake of gas.

10.11 The Transporter to inform Shippers of Emergency

10.11.1 Where an Emergency arises, the Transporter shall, as quickly as is reasonably practical, inform the Shippers which have an Registration in respect of an affected Exit Point Entry Point or Interconnection Point of the commencement and, so far as practicable, the nature, extent and expected duration of the Emergency. The Transporter shall, so far as practicable, thereafter keep such Shippers informed of any material changes and developments in respect of the Emergency and shall inform such Shippers as soon as reasonably practicable when the Transporter considers the Emergency is no longer continuing.

10.12 Entry Control in an Emergency

- 10.12.1 In an Emergency the Transporter may take steps to increase or decrease the delivery and/or rate of flow of gas to an Interconnection Point or Entry Point by issuing appropriate instructions to the Shippers including in accordance with section 10.6 who in turn shall nominate to their Counterparty Shippers (or otherwise renominate in the case of the Stranraer Shipper) as necessary and/or as requested by the Transporter to the extent practical but at all times using their reasonable endeavours.

10.13 Exit Control in an Emergency

- 10.13.1 Where Emergency Steps include the reduction or discontinuance of the offtake of gas at an Exit Point, the Transporter shall first seek voluntary reductions by Shippers and, if the Transporter cannot achieve the requisite reduction voluntarily, it shall endeavour to reduce offtake from the NI Network, in so far as is practicable, in the following order (the “**Priority Order**”), to the extent that gas made available for offtake at the Exit Point is supplied to:

- (a) power generation consumers;
- (b) consumers whose loads are greater than or equal to 1,465,416,000 kWh/annum other than power generation consumers;
- (c) consumers whose loads are greater than or equal to 733,000 kWh/annum but less than 1,465,416,000 kWh/annum;
- (d) consumers whose loads are less than 733,000 kWh/annum.

- 10.13.2 The Transporter shall endeavour, in so far as it is practicable, to treat each Exit Point equally within each category of consumer in accordance with section 10.13.1.

- 10.13.3 In so reducing offtake, the Transporter shall give due consideration, upon notice from a Shipper and, where practicable, so as to enable End Users to discontinue offtake in such a manner as to preserve so far as possible essential services, or to allow the End User to change to alternative fuels (where practicable).

- 10.13.4 Where, pursuant to the Emergency, the Transporter instructs a Shipper to give any notification or communication to an End User or supplier, the Shipper shall comply with that instruction.

- 10.13.5 Without prejudice to the Transporter's ability to take any Emergency Steps, the Transporter may take steps physically to isolate any Exit Point where a Shipper does not comply with any instruction given under this section 10.

- 10.13.6 The order in which, following an Emergency, offtake of gas at Exit Points is restored shall, so far as is practicable, be the reverse of the Priority Order.

10.14 Consequences of Emergency

- 10.14.1 The Transporter shall take steps to restore gas transportation and normal operation of the NI Network as soon as reasonably practicable after an Emergency.

10.14.2 Notwithstanding sections 8.4 and 8.5 respectively, the Transporter shall not impose any Scheduling Charge in respect of any Shipper which complies with any Emergency Step (taking into account any amendment or cancellation of an Emergency Step made pursuant to section 10.9.7) with which it is required to comply in respect of the duration of the Emergency.

10.14.3 If a Shipper's compliance with any Emergency Step shall give rise to:

- (a) a Positive Imbalance the Transporter shall, notwithstanding section 8.3.2, pay to the Shipper; or
- (b) a Negative Imbalance the Transporter shall, notwithstanding section 8.3.3, charge the Shipper,

the value of the amount of the Shipper's Imbalance at the Daily Gas Price, whether or not the Imbalance Tolerance Quantity has been exceeded.

10.14.4 If:

- (a) a Shipper's compliance with any Emergency Step shall give rise to a Positive Imbalance; and
- (b) the Shipper claims that the amount payable to it in accordance with section 10.14.3(a) in respect of Balancing Gas is less than the price which it has paid in respect of the relevant gas (a "**Shortfall in Price**") and requests that such Shortfall in Price be verified,

the Transporter shall promptly appoint from a nationally recognised firm of Chartered Accountants, an independent chartered accountant to verify the extent to which there was a Shortfall in Price and the Shortfall in Price was suitably evidenced and to notify the Transporter of its findings (a "**Verifying Accountant**").

10.14.5 The relevant Shipper shall provide the Verifying Accountant with such access to its books and records as the Verifying Accountant may reasonably require for the purposes of making such verification after the Verifying Accountant has provided the Shipper with any reasonable confidentiality undertaking which the Shipper may have required.

10.14.6 The costs and expenses of the Verifying Accountant shall be paid by the Transporter from the NI Postalised Network Disbursement Bank Account.

10.14.7 If the Verifying Accountant determines that the Shortfall in Price is:

- (a) more than £2,000, the Transporter shall pay to the relevant Shipper the Shortfall in Price from the NI Postalised Network Disbursement Bank Account (as though it were monies paid by the Transporter to purchase Balancing Gas in accordance with section ~~9.4.1(b)(ii)~~9.5.1(b)(ii)); or
- (b) less than £2,000, the relevant Shipper shall:
 - (i) receive no payment in respect of the Shortfall in Price; and

- (ii) pay to the NI Postalised Network Disbursement Bank Account an amount equal to the costs and expenses of the Verifying Accountant.

10.14.8 The Transporter and the Shippers 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 abilities subsequently to perform their respective obligations pursuant to this Code and acknowledge that any such impairment resulting from such diversion of resources may be regarded as Force Majeure for the purposes of section 20 (*Force Majeure*).

10.14.9 A Shipper agrees and acknowledges that all gas used or lost in connection with an Emergency, shall be treated as Shrinkage Gas.

10.15 Audit following an Emergency

10.15.1 In the event of an Emergency, 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.

10.15.2 A copy of such expert's report shall be provided to the Authority and the Shippers with Exit Point Registrations and Registrations in respect of any Exit Point, Entry Point or Interconnection Point in relation to which the Emergency occurred with, in the case of such Shippers, any parts of the report that the Transporter determines, in consultation with the Authority, is confidential withheld.

10.15.3 The cost of such audit and effecting such remedial measures shall be treated as an Eligible Pass-Through Cost in accordance with the PTL Licence, the WTL Licence and the BGTL Licence or an Unforeseen Operating Expenditure in accordance with the GNI (UK) Licence as the context requires.

10.16 Emergency procedures

10.16.1 A Shipper shall co-operate with the Transporter in relation to the testing of the Transporter's emergency procedures provided that this shall not extend to a Shipper taking Emergency Steps.

10.17 ROI System

10.17.1 The Transporter may agree with the Adjacent Transporter at the South North Interconnection Point the Emergency procedures to be taken with respect to the ROI System and or the NI Network in the event of an Emergency affecting the NI Network or an emergency affecting the ROI System (as the case may be). The Transporter shall not be in breach of this Code or any obligation pursuant to this Code to the extent the Transporter takes action as may be required pursuant to any such Emergency Procedures agreed with such Adjacent Transporter.

**APPENDIX 1
DEFINITIONS AND INTERPRETATIONS**

Amend or add the following terms in Appendix 1 as shown below:

“Aggregate Throughput”	has the meaning given to it in section 9.7.1(a) <u>9.8.1(a)</u> ;
“Balancing Gas”	has the meaning given to it in section 9.1.1(b) <u>9.1.1(c)</u> ;
“Balancing Gas Costs”	has the meaning given to it in section 9.7.1(d) <u>9.8.1(d)</u> ;
“Disbursement Amount”	has the meaning given to it in section 9.7.2 <u>9.8.2</u> and “Disbursement Amounts” shall be construed accordingly;
“Disbursement Ratio”	has the meaning given to it in section 9.7.1(e) <u>9.8.1(c)</u> ;
“DN Exit Point Nominations”	has the meaning given to it in section 40.1.2(i) <u>10.1.2(j)</u> ;
“Entry Point Switching Agreement” or “EPSA”	has the meaning given to it in section 9.4.1(a);
“EPSA Charges”	has the meaning given to it in section 9.4.1(b);
“EPSA Declaration”	has the meaning given to it in section 10.2.5;
“EPSA Provider”	has the meaning given to it in section 9.4.1(c);
“EPS Quantity”	has the meaning given to it in section 9.4.1(d);
“Exceptional Event”	has the meaning given to it in section 40.1.2(f) <u>10.1.2(g)</u> ;
“Excess Entry Nominations Day”	has the meaning given to it in section 10.1.2(f);
“Excess <u>Exit</u> Nominations Day”	has the meaning given to it in section 10.1.2(e);
“Flow Order”	has the meaning given to it in section 40.1.2(g) <u>10.1.2(h)</u> ;
“Locational (Moffat) <u>Primary</u> Balancing Gas Buy Contract”	has the meaning given to it in section 9.2.4(b) <u>9.2.4(a)</u> ;
“Locational (Moffat) Balancing Gas Buy Contract for a non-Shipper”	has the meaning given to it in section 9.2.4(c);
“Locational (South North) Balancing Gas Buy Contract for a non-Shipper”	has the meaning given to it in section 9.2.4(e);

“Non-locational Balancing Gas Sell Contract”

has the meaning given to it in section ~~9.2.4(f)~~9.2.4(b);

“Own Use Gas”

has the meaning given to it in section 9.1.1(a);

“Power Station Nominations”

has the meaning given to it in section ~~10.1.2(h)~~ 10.1.2(i);

“Revised DN Exit Point Nominations”

has the meaning given to it in section ~~10.1.2(k)~~ 10.1.2(l);

“Revised Power Station Nominations”

has the meaning given to it in section ~~10.1.2(j)~~10.1.2(k);

“Shrinkage Gas”

has the meaning given to it in section ~~9.1.1(a)~~9.1.1(b);

“Total System Aggregate Throughput”

has the meaning given to it in section ~~9.7.1(b)~~9.8.1(b);

Trading Point Primary Balancing Gas Buy Contract (with physical delivery via the Moffat IP Entry Point)

has the meaning given to it in section 9.2.4(c);

Trading Point Secondary Balancing Gas Buy Contract (with physical delivery via the South North IP Entry Point)

has the meaning given to it in section 9.2.4(d);