

Final Modification Report No.19

‘Housekeeping’ and Credit Updates Modification

28^h March 2024

The Transporter has prepared this Final Modification Report No.19 in accordance with section A8 of the Code Modification Rules.

A Description of the nature and purpose of the modification

This Proposed Modification is being made to make a number of minor ‘housekeeping’ updates to the NI Network Gas Transmission Code, for example, the removal of references to using fax as a means of communication, updating credit committee rules to be gender neutral, and updating various company names and details. It also includes certain provisions updating the procedures for the provision of credit, including the possibility of the Transporter seeking a legal opinion on the provision of credit guarantees from different jurisdictions, where appropriate.

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 this modification, as maintaining the Code in up-to-date condition and improving credit protection for Shippers will facilitate the economic and efficient development of the network.

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

This proposal amends many sections of the NI Network Gas Transmission Code, please see the proposed text in section I.

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 has concluded as follows:

- Operation of the networks of the Designated Pipeline Operators: No impact
- Adjacent Transporters: No impact
- Relevant NI Agreements: No impact

E Third Party Representations

No responses were received to the consultation on the Initial Modification Report.

F Transporters Recommendation and relevant Justification Factors

The Transporter recommends that this Proposed Modification should be implemented, for the following reasons:

- The company name changes will ensure the correct legal entity is referenced.
- The Code already refers to the existing forms of notification in the context of commissioning new plant and the Market Readiness Certificate is included to ensure that it would also be a relevant notification which should be provided to the Transporter when a new power station is commencing commercial operations.
- The inclusion of the requirement for a legal opinion in relation to a credit guarantee from providers in jurisdictions outside of NI will provide better clarity and better protection for Shippers against mutual exposure to credit risk within the Transporter's process of scrutinising credit provisions.
- The updates to communication methods are reflective of modern practices.
- The updates to the Pro-forma documents are required to reflect modern practice and terminology, improve clarity on certain points and hence provide better protection for Shippers from exposure to mutual credit risk.
- Gender neutralisation of the roles of credit committee members and Experts will be more representative.
- More general updates including the correction of typographical errors will increase the accuracy and reading of the Code.

G Amendments to the legal text in the Initial Modification Report

The proposed definition of HSE NI has been removed from the final legal text as it was included erroneously in the Initial Modification Report and is not required at this time.

H The date proposed for implementation

The Transporter proposes that this modification should take effect on the date of its approval by the authority.

I Proposed Code Text

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 Amend section 1.1.1 to read as follows:

1.1.1 This Code is given contractual effect by way of a Framework Agreement dated 29th September 2017 ("**Framework Agreement**") ~~and in accordance with Appendix 7.~~

.....
 Amend section 1.5.2 to read as follows:

1.5.2 In this Code:

- (a) "**NI Network**" means the PTL Transportation System, the Belfast Gas System, the GNI (UK) System and the West Transmission System;
- (b) the "**PTL Transportation System**" means the PTL System and the capacity held by PTL in the GNI (UK) Upstream System;
- (c) the "**PTL System**" means the pipeline and associated facilities, owned and operated by PTL, connecting Twynholm in Scotland, to Ballylumford Internal Connection Point in Northern Ireland by an on-shore and sub-sea pipeline and to Stranraer in Scotland by an on-shore pipeline;
- (d) the "**GNI (UK) Upstream System**" means the pipeline and associated facilities operated by GNI (UK) Upstream connecting the national gas transmission system at Moffat to, inter alia, Twynholm in Scotland through which GNI (UK) transports gas for PTL pursuant to the GNI (UK) Transportation Agreement;
- (e) the "**GNI (UK) Transportation Agreement**" means the agreement dated 21 August 1996 made between GNI (UK) Upstream and PTL pursuant to which GNI (UK) Upstream transports gas for PTL through the GNI (UK) Upstream System as amended and restated from time to time;
- (f) the "**Belfast Gas System**" means the pipeline and associated facilities owned and operated by BGTL which connects the PTL System at Ballylumford Internal Connection Point in Northern Ireland to the GNI (UK) System at the Carrickfergus Internal Connection Point and to the ~~PNG-Phoenix~~ Distribution Network;
- (g) the "**GNI (UK) System**" means the pipeline and associated facilities owned and operated by GNI (UK) which connects the Belfast Gas System at the Carrickfergus Internal Connection Point to the West Transmission System at the Maydown Internal Connection Point and the Derryhale Internal Connection Point, the Firmus Distribution Network, the ~~PNG-Phoenix~~ Distribution Network, the ROI System Exit Point and the South North Interconnection Point;
- (h) the "**West Transmission System**" means the pipeline and associated facilities owned and operated by WTL which connects the GNI (UK) System at the Maydown Internal Connection Point and the Derryhale Internal Connection Point to the ~~SGN~~ ~~NGEvolve~~ Distribution Network.

.....
 Amend section 1.7.6 to read as follows:

1.7.6 In this Code:

- (a) **“Belfast DBEP”** is the notional point at which biomethane flows into the ~~PNG~~ Phoenix Distribution Network are accounted for;
- (b) **“Ten Towns DBEP”** is the notional point at which biomethane flows into the Firmus Distribution Network are accounted for;
- (c) **“West DBEP”** is the notional point at which biomethane flows into the ~~SGN~~ NGEvolve Distribution Network are accounted for.

.....
 Amend section 1.8.3 to read as follows:

1.8.3 In this Code the following are specific Exit Points and Offtake Points on the NI Network:

- (a) **“Stranraer Exit Point”** is the exit point located at Stranraer in Scotland at which gas can flow out of the PTL Transportation System into the Stranraer Distribution Network;
- (b) **“Belfast Exit Point”** is the DN Exit Point at Belfast and comprises the Lisburn Offtake Point and the BGTL Belfast Offtake Points;
- (c) **“Lisburn Offtake Point”** means a point at which gas can flow out of the GNI (UK) System into the ~~PNG~~ Phoenix Distribution Network;
- (d) **“BGTL Belfast Offtake Points”** are the individual offtake points at which gas can flow out of the Belfast Gas System and into the ~~PNG~~ Phoenix Distribution Network;
- (e) **“Ten Towns Exit Point”** is the DN Exit Point which comprises the Ten Towns Offtake Points;
- (f) **“Ten Towns Offtake Points”** are the individual offtake points at which gas can flow out of the GNI(UK) System into the Firmus Distribution Network;
- (g) **“West Exit Point”** is the DN Exit Point which comprises the West Offtake Points;
- (h) **“West Offtake Points”** are the individual offtake points at which gas can flow out of the WTL System into the ~~SGN~~ NGEvolve Distribution Network;
- (i) **“Ballylumford Exit Point”** is the Power Station Exit Point at Ballylumford;
- (j) **“Coolkeeragh Exit Point”** is the Power Station Exit Point at Coolkeeragh;
- (k) **“Kilroot Exit Point”** is the Power Station Exit Point at Kilroot;

- (l) **“ROI System Exit Point”** is the exit point located in the Republic of Ireland at which gas can flow out of the NI Network into the ROI System and comprises the Haynestown Offtake Point;
- (m) **“Haynestown Offtake Point”** is the individual offtake point within the ROI System Exit Point at which gas can flow out of the NI Network into the ROI System.

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Amend section 1.8.5 to read as follows:

1.8.5 For the purposes of this Code:

- (a) at BGTL Belfast Offtake Point the Relevant Transporter is BGTL and the Relevant DNO is Phoenix;
- (b) at Lisburn Offtake Point the Relevant Transporter is GNI (UK) and the Relevant DNO is Phoenix;
- (c) at Ten Towns Exit Point (including each of the Ten Towns Offtake Points) the Relevant Transporter is GNI (UK) and the Relevant DNO is Firmus;
- (d) at West Exit Point (including each of the West Offtake Points) the Relevant Transporter is WTL and the Relevant DNO is ~~SGN-NG~~Evolve;
- (e) at Ballylumford Exit Point the Relevant Transporter is PTL;
- (f) at Coolkeeragh Exit Point the Relevant Transporter is GNI (UK);
- (g) at Kilroot Exit Point the Relevant Transporter is BGTL;
- (h) at Stranraer Exit Point the Relevant Transporter is PTL;
- (i) at ROI System Exit Point the Relevant Transporter is GNI (UK).

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Amend section 3.11.5 to read as follows:

3.11.5 In respect of a new Exit Point which has completed commissioning, Ratchet Charges shall be determined in accordance with 3.11.6 with effect from the following date:

- (a) in the case of a new Power Station Exit Point, the date on which the Connected Facilities are, or are to be, treated as entering commercial operation pursuant to a notice of full commercial operation (“**FON**”) or notice of limited commercial operation (“**LON**”) or notice of interim commercial operation (“**ION**”) or market readiness certificate (“**MRC**”) by SONI as provided by the Registered Shipper(s) under section 13.10; and
- (b) in the case of a new Exit Point which is not a Power Station Exit Point, the date on which the Connected Facilities are, or are to be, treated as entering commercial operation pursuant to an equivalent notice of full or partial commercial operation as provided by the Registered Shipper(s) to the Transporter under section 13.10.

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 Amend section 6.10.1 to read as follows:

6.10.1 In this Code:

- (a) the “**Exit Nomination Quantity**” is the quantity nominated by a Shipper for offtake at an Exit Point in a particular Exit Nomination or Exit Renomination;
- (b) the “**Exit Nominated Quantity**” is the Confirmed Exit Nomination Quantity (determined in accordance with section 6.11.4) in each of a Shipper’s Exit Nominations or Exit Renominations prevailing at the end of the Gas Flow Day and may be either a DN Exit Nominated Quantity or a Power Station ~~DN~~ Exit Nominated Quantity;
- (c) the “**DN Exit Nominated Quantity**” is the Confirmed Exit Nomination Quantity (determined in accordance with section 6.11.4) in each of a Shipper’s Exit Nominations or Exit Renominations in respect of a given DN Exit Point;
- (d) the “**Power Station Exit Nominated Quantity**” is the Confirmed Exit Nomination Quantity (determined in accordance with section 6.11.4) in each of a Shipper’s Exit Nominations or Exit Renominations in respect of a given Power Station Exit Point.

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 Amend section 7.7 to read as follows:

7.7 Default DN Exit ~~Nominations~~ Allocations

7.7.1 In the event that Allocations Information is not received on time from a Relevant DNO for a Gas Flow Day:

- (a) firstly, the Transporter shall make reasonable endeavours to obtain the information or otherwise determine Final DN Exit Allocations based on the best information available to the Transporter in respect of the Gas Flow Day; and
- (b) secondly, the Transporter may, at its sole discretion, determine a “**Default DN Exit Allocation**” for each Shipper in respect of the DN Exit Point as shown below:

Default DN Exit Allocation =

$$\text{DN Exit Quantity} \times \frac{\text{Final Exit Nominated Quantity for the Shipper}}{(\sum \text{Final Exit Nominated Quantity for all Shippers})}$$

7.7.2 Where the Transporter determines a Default DN Exit Allocation for a Shipper under section 7.7.1 they shall be used in the determination of that Shipper’s:

- (a) Final Aggregate NI Exit Allocation; and/or
- (b) Final Adjusted T-DN Allocation;

in each case as the circumstances require and shall be binding upon a Shipper.

.....
Amend section 9.6.2 to read as follows:

- 9.6.2 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.

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Amend section 13.10.4 to read as follows:

- 13.10.4 The Shipper(s) holding a Registration at a new Power Station Exit Point shall notify the Transporter as soon as reasonably practicable of the Gas Flow Day on which the Connected Facilities are, or are to be, treated as entering commercial operation pursuant to a FON (or LON or ION or MRC as applicable) issued by SONI and the Transporter may take such other steps as it deems appropriate to verify the commencement of full or partial commercial operation.

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Amend section 14.5.3 to read as follows:

- 14.5.3 In the case of an Exit Point Adjustment Quantity being determined in accordance with section 14.5.2(a) after M+10, Final Exit Allocations and Final Adjusted T-DN Allocations shall be adjusted in accordance with the following:
- (a) Final Power Station Exit Allocations shall be adjusted by allocating the Exit Point Adjustment Quantity pro rata to the proportion in which gas was allocated to Shippers before the adjustment;
 - (b) in relation to Final DN Exit Allocations made under section 7.6.1 the Exit Point Adjustment Quantity shall be recovered in accordance with the distribution network code of the Relevant DNO and there shall be no adjustment to DN Exit Allocations under this Code and consequently no adjustment to PS Code Charges in relation to such Exit Point Adjustment Quantity;
 - (c) in relation to Final Adjusted T-DN Exit Allocations made under section 7.6.4, the Final Adjusted T-DN Exit Allocation shall be adjusted by allocating the Exit Point Adjustment Quantity pro rata to the proportion in which gas was allocated to Shippers before the adjustment; and
 - (d) in relation to any Default DN Exit Allocation made under section 7.7.1;
 - (i) where Allocations Information from the Relevant DNO is still unavailable, the Exit Allocation shall be adjusted by allocating the Exit Point Adjustment Quantity pro rata to the proportion in which gas was allocated to Shippers before the adjustment; and
 - (ii) where Allocations Information is available, DN Exit Allocations shall be determined by the application of section 7.6.1.

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 Amend section 18.5.4 to read as follows:

18.5.4 A Shipper or a Prospective Shipper may elect to place credit support in any one or more of the following ways:

- (a) subject to section 18.5.7, provision of security by way of "long term" Baa or higher investment grade rating as defined by Moody's, an Equivalent Rating from an Equivalent Agency, or, if the Securer does not hold a credit rating by way of an Equivalent Rating based on the Accounting Ratios specified in section 18.5.9;
- (b) subject to section 18.5.7, provision of security given by way of guarantee from a Government or other entity (which entity is empowered to give such guarantee) in each case holding at least a "long term" Baa investment grade as defined by Moody's, an Equivalent Rating from an Equivalent Agency, or, if the Securer does not hold a credit rating by way of an Equivalent Rating based on the Accounting Ratios specified in section 18.5.9, which guarantee must, in any event, be given substantially in the form of the guarantee set out in Appendix 5 and, if so requested by the Transporter, be supported by a Legal Opinion, or by way of the relevant Government or other entity, being a party to the relevant Accession Agreement with payment obligations in respect of the entire consideration and other liabilities there under and under the Code;
- (c) provision of security given by way of a cash deposit which shall be:
 - (i) paid into a designated bank account of the Transporter in the United Kingdom (which may include other Shipper's cash deposits);
 - (ii) held on trust by the Transporter for the benefit of the Shipper and the Transporter in accordance with the provisions of this section 18.5.4(c);
 - (iii) used by and revert in title to the Transporter in the event of Shipper default in accordance with section 18.9.2 to the extent of amounts accrued and due to the Transporter from the Shipper (whether or not invoiced);
 - (iv) repaid in full to the Shipper (to the extent not used by the Transporter pursuant to section 18.5.4 (c) (iii) above) in the event that:
 - (a) an alternative Provided Level of Credit Support is placed by the Shipper in accordance with the terms of this section 18.5 and the Transporter subsequently determines that the Required Level of Credit Support has been established; or
 - (b) the Shipper ceases to be a Party to this Code and there are no amounts due and payable by the Shipper which are unpaid and no Party to the Code remains under any obligation actual or contingent the observance or performance of which would give rise to an obligation on the Shipper to make a payment under the Code;

(v) the perpetuity period under the rule against perpetuities, if applicable to any trust arising pursuant to this section, shall be the period of 125 years from the date of such trust arising.

(d) provision of security given by way of a guarantee or irrevocable standby letter of credit issued by a UK branch of a financial institution with a long term credit rating of not less than A3 as defined by Moody's or an Equivalent Rating from an Equivalent Agency, issued in favour of the Transporter in the form set out in Appendix 5 parts I and II respectively or such other form as the Transporter may agree and, if so requested by the Transporter, security given by way of a guarantee shall be supported by a Legal Opinion;

where "**Equivalent Agency**" means Fitch, IBCA, or Standard and Poors and "**Equivalent Rating**" shall be construed accordingly.

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 Amend section 18.5.13 to read as follows:

18.5.13 The Transporter ~~or a Shipper~~ may, at any time, or shall upon receipt of a written request from a Shipper, call a Credit Committee meeting in accordance with section 18.10.2, to request that a Shipper or Prospective Shipper be disallowed from satisfying all or any part of its Required Level of Credit Support through the provision of all or any form of Unsecured Credit Support.

.....
 Amend section 18.10 to read as follows:

18.10 Credit Committee

18.10.1 Without limitation to any Party's rights and obligations to call meetings of the Credit Committee under other sections of this Code, the Transporter shall convene a Credit Committee meeting if any Shipper defaults in any of the following circumstances:

- (a) an TA Default;
- (b) an CC Default; and/or
- (c) if an LPC Default occurs in relation to that Shipper;

provided that in the event of an TA Default or an CC Default, at the sole discretion of the Transporter, the Transporter may first take any reasonable steps it sees fit to seek satisfactory resolution of the TATP Default or CC Default by the defaulting Shipper and defer convening a Credit Committee meeting by no more than 5 Business Days to allow for such resolution.

18.10.2 If the Transporter or a Shipper reasonably believes that a Shipper or Prospective Shipper should not be allowed to provide or to continue to provide any or all of its Provided Level of Credit Support by way of Unsecured Credit Support on the basis that allowing such support by such means would result in an unacceptable material increase in risk to the economic security of the Postalised System (an "**US Default**"), ~~it~~ the Transporter may, at any time, or shall upon receipt of a written request from a Shipper, call a Credit Committee meeting to propose that the Credit Committee give a Direction disallowing that Shipper or

Prospective Shipper from being able to provide all or any of its Provided Level of Credit Support by way of Unsecured Credit Support.

- 18.10.3 If the Transporter or a Shipper reasonably believes that failure by the Transporter to re-assess a Shipper's Required Level of Credit Support and/or Shipper's Provided Level of Credit Support would result in an unacceptable material increase in risk to the security of the Postalised System, ~~it the Transporter may,~~ at any time, or shall upon receipt of a written request from a Shipper, call a Credit Committee meeting to propose that the Credit Committee give a Direction requiring such re-assessment.
- 18.10.4 ~~A Shipper~~The Transporter and each Shipper shall use reasonable endeavours to ensure that the Credit Committee shall operate and shall conduct itself in accordance with the Terms of Reference.
- 18.10.5 The Transporter and each Shipper shall promptly and fully comply with all Directions of the Credit Committee (including but not limited to the execution of any documents and performance of any actions required for the enforcement of any security provided by the Shipper, if instructed in the relevant Direction) provided that, where such Directions require the approval of the Authority, such approval has been given expressly in writing.

.....
Amend section 24.2.1 to read as follows:

- 24.2.1 The Transporter may, acting as a Reasonable and Prudent Operator, by firstly consulting with and then notifying any Shipper that would be affected, suspend the giving of any communication by the Delphi System for so long as the Transporter shall prescribe. In this event any communication in relation to the Code shall be given: ~~by fax in accordance with section 24.5.~~
 - (a) by email to the addressee's email address specified in writing by the addressee;
 - (b) at the time such communication would normally be required by the Delphi System or by such other alternative acceptable timescales that the Transporter has prescribed;and such communications shall be deemed to have been delivered at the time of receipt by the sender of a delivery receipt.

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Amend section 24.5 to read as follows:

24.5 Notices

- 24.5.1 Any notice (other than a Delphi Communication) given or made by a Party under this Code shall be:
 - (a) in writing and in English and ~~shall~~may be delivered:
 - (i) by hand to the addressee; or
 - (ii) by first class prepaid letter to the address of the addressee; or
 - ~~(iii) by fax to the addressee's fax transmission number specified in writing by the addressee; or~~

(~~iviii~~) by email to the addressee's email address specified in writing by the addressee;

or to such other address or ~~number_email_address~~ as may be notified by a Party to the other from time to time in writing for this purpose;

- (b) deemed to have been given or made and delivered,
- (i) if by hand, ~~when at the time the notice is~~ left at the relevant address; or
 - (ii) if by letter, on the second ~~day Business Day~~ after posting;
 - (iii) if by ~~fax or~~ email transmission between the hours of 09:00 and 17:00 on Monday to ~~Thursday Friday and between the hours of 09:00 and 16:00 on Friday~~, at the time of receipt by the sender of ~~confirmation of transmission~~ delivery receipt and otherwise at 09:00 on the next Business Day after transmission;
- (c) marked clearly and conspicuously for the attention of the Transporter's General Manager, in the case of the Transporter, or the Shipper (as appropriate); and
- (d) for the avoidance of doubt, pursuant to the SSO Agreement the Transporter's General Manager is authorised to give and receive notices on behalf of the Transporter and notices given or made by or to the Transporter under this Code shall be given to or made by the Transporter's General Manager only.

~~24.5.2 — If a communication by fax is received in an incomplete or illegible form:~~

- ~~(a) — if the addressee so requests (by telephone or otherwise), the sender shall promptly retransmit the communication to the addressee; and~~
- ~~(b) — provided that the request for re-transmission was made within 24 hours after time of receipt (in accordance with section 24.5.1) of the first fax, the communication shall not be deemed to have been received until the time (whether or not between 09:00 and 17:00 hours) of receipt by the sender of confirmation of such retransmission.~~

24.5.32 The Parties shall agree procedures for giving operational communications.

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Amend section 25.4 to read as follows:

25.4 Expert Determination

25.4.1 The procedure for the appointment of an Expert shall be as follows:

- (a) the Transporter and a Shipper shall attempt to agree on the appointment of a single Expert to settle the Dispute;
- (b) if within -15 Business Days of the date of the Dispute Notice the Transporter and a Shipper have been unable to agree on the choice of an Expert, any Party may inform the President of the Institution of Gas Engineers and Managers (the "**President of the IGEM**") of the nature and complexity of the Dispute and request ~~him~~ them to appoint a single Expert for the determination of the Dispute within 30 Business Days

of the date of the Dispute Notice, and in doing so the President of the IGEM may take such independent advice as ~~he~~they thinks fit;

- (c) if the President of the IGEM does not exist at the time of such request, refuses to make such an appointment, or fails to do so within 30 Business Days of the Dispute Notice, the Transporter or the Shipper may then apply to the President of the Law Society of Northern Ireland who shall appoint an Expert within 15 Business Days of being requested to do so;
 - (d) upon the Expert being agreed upon or appointed in accordance with this section 25.4 the Transporter and a Shipper shall immediately notify the Expert of ~~his~~their appointment and shall request ~~him~~them to confirm within 5 Business Days whether or not ~~he is~~they are willing and able to accept the appointment and, if ~~he~~they accepts the appointment, to confirm ~~his~~their independence. If no Expert can be appointed pursuant to section 25.4, the Dispute shall be finally settled by the courts of Northern Ireland in accordance with section 25.5.
- 25.4.2 The Expert shall be a person suitably qualified by education, experience and/or training to determine the Dispute.
- 25.4.3 The Expert shall be entitled to:
- (a) seek such independent professional (including legal) and/or technical advice; and
 - (b) obtain secretarial assistance, as ~~he~~they may reasonably consider necessary.
- 25.4.4 The Expert and ~~his~~their assistants (if any) shall, as a prerequisite to the Expert's appointment, enter into a confidentiality undertaking with the Transporter and the Shipper in the same terms, *mutatis mutandis*, as required by section 23 (*Confidentiality*) and pursuant to which the Expert and ~~his~~their assistants (if any) shall keep the fact that the Expert Determination is taking place and its outcome confidential.
- 25.4.5 The Expert shall confirm to the Transporter and the Shipper before ~~his~~their appointment that ~~he~~they does not hold any interest or duty which would or potentially would conflict with the performance of ~~his~~their duties as an Expert.
- 25.4.6 If after ~~his~~their appointment the Expert becomes aware of any interest or duty which does so conflict or potentially conflicts, the Expert shall inform the Transporter and the Shipper forthwith of such conflict giving full details of it.
- 25.4.7 Any Party may within 5 Business Days of the disclosure of any such conflict object to the appointment or continued appointment of an Expert, in which case the Expert shall not be or shall cease to be appointed and a new Expert shall be selected and appointed in accordance with this section 25.4 (and the rejected Expert shall not be nominated for such selection).
- 25.4.8 The Transporter and the Shipper shall keep the fact that the Expert Determination is taking place and its outcome confidential provided that a Shipper may disclose the outcome to any of its customers to the extent that it demonstrates to the Transporter that it reasonably requires to do so provided further that any such Shipper shall ensure that any such customer complies with the obligations of section 23.1 to 23.5 as if that customer were a

Party and following any request by the Transporter, obtains from that customer an undertaking in favour of the Transporter to do so.

- 25.4.9 Any and all communications between the Transporter, the Shipper and the Expert shall be made or confirmed in writing and a copy of such communications shall be provided simultaneously to the Transporter and the Shipper. - No meeting between the Expert and the Transporter or the Shipper shall take place unless the Transporter and the Shipper have been given a reasonable opportunity to attend.
- 25.4.10 The terms of reference of the Expert shall include the following:
- (a) that the Expert shall, as soon as reasonably practicable after the confirmation of ~~their~~~~his~~ appointment, call the Transporter and the Shipper to a meeting (which shall, together with all other meetings, be held in Northern Ireland) at which ~~he~~~~they~~ shall clarify, and, if necessary, define the Dispute and give directions as to the future conduct of the Dispute;
 - (b) that the Expert may, from time to time give such directions as ~~he~~~~they~~ sees fit;
 - (c) that the Transporter and the Shipper shall be entitled to supply data and information and make submissions to the Expert and that the Expert shall make ~~his~~~~their~~ determination as soon as reasonably practicable and in any event within 30 Business Days of his appointment or such other time as agreed in writing by the Transporter and the Shipper;
 - (d) that the Expert shall give full written reasons for ~~his~~~~their~~ determination and shall furnish the Transporter and the Shipper with a draft of his proposed determination; and
 - (e) that the Transporter and the Shipper shall be entitled to make representations to the Expert within 7 Business Days after the receipt of the draft of the Expert's proposed determination.
- 25.4.11 If an Expert becomes unwilling or unable to act, or does not act, in the matter in respect of which ~~he~~~~is~~~~they~~ ~~are~~ appointed, then another Expert shall be appointed in accordance with the procedure set out in section 25.4.1.
- 25.4.12 If, within a reasonable period, but in any event not later than 90 Business Days after the acceptance of ~~their~~~~his~~ appointment, the Expert has not made ~~his~~~~their~~ determination, then, at the request of any of the Transporter or the Shipper, another Expert shall be appointed in accordance with section 25.4.1 and, on acceptance of such appointment, the appointment of the previous Expert shall cease unless (prior to the date when the new Expert accepts his appointment) the Expert has made ~~his~~~~their~~ determination, in which case such determination shall be binding and the instructions of the new Expert shall be withdrawn.
- 25.4.13 Subject to section 25.6, the costs and expenses of the Expert, any independent advisers to the Expert and any costs of ~~his~~~~or~~ their appointment (if ~~he~~~~is~~~~or~~ they are appointed by the President of the IGEM or the President of the Law Society of Northern Ireland) shall be borne equally by the Transporter and the Shipper, but each Party shall bear its own costs.

- 25.4.14 An Expert appointed under this section 25.4 shall act as an expert and not as an arbitrator and the provisions of the Arbitration Act 1996 and any amendments or supplements to or re-enactments of them shall not apply to their~~his~~ determination.
- 25.4.15 The Expert's final determination shall be final and binding on the Transporter and the Shipper except in the event of fraud or where such final determination is so clearly erroneous on its face that it would be unconscionable for it to stand, in which case another Expert may be appointed in accordance with the provisions of section 25.4.1.

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 Amend and add the following terms in Appendix 1 to read as follows:

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|---|--|
| “SGN NGEvolve” | means SGN Natural Gas Limited <u>Evolve Network Ltd</u> , a company incorporated in England and Wales with company number 08822715; |
| “SGN NGEvolve Distribution Network” | means the gas distribution network owned and operated by SGN <u>NGEvolve</u> ; |
| “Legal Opinion” | <u>means a legal opinion addressed to the Transporter from the legal advisers of the relevant Shipper and/or its guarantor, in a form satisfactory to the Transporter, which addresses <i>inter alia</i> capacity and authority, due execution, legal validity, pari passu ranking, consents, registrations or filings, documentary taxes, governing law and jurisdiction in respect of the provision of security given by way of guarantee;</u> |
| “MRC” | <u>has the meaning given to it in section 3.11.5;</u> |
| “National GridGas” | means National- Grid Gas <u>Transmission</u> plc, a company incorporated in England and Wales with company number <u>04031452-02006000</u> which is responsible for the transportation of gas in the NTS; |
| “Phoenix” | means Phoenix Natural Gas <u>Energy Group Limited</u> Ltd , a company incorporated in Northern Ireland with company number NI032809; |
| “PNG Phoenix Distribution Network” | means the gas distribution network owned and operated by Phoenix; |

Amend Appendix 2 to read as follows:

APPENDIX 2

SUMMARY TABLE OF NI NETWORK POINTS

This appendix 2 is provided for reference only. Should there be any discrepancy between this appendix 2 and the provisions of the Code, the Code provisions shall prevail.

Specific NI Network Point	Type of Point	Point Comprised in: (where applicable)	Relevant Transporter	Relevant DNO (where applicable)	Relevant Adjacent Transporter or equivalent (where applicable)
Moffat Interconnection Point	Interconnection Point	-	PTL	-	National Grid Gas
Moffat IP Entry Point	IP Entry Point	Moffat Interconnection Point and Moffat Entry Point	PTL	-	National Grid Gas
Moffat VRF IP Exit Point	VRF IP Exit Point	Moffat Interconnection Point	PTL	-	National Grid Gas
Moffat Non-IP Entry Point	Non-IP Entry Point	Moffat Entry Point	PTL	-	National Grid Gas
South North Interconnection Point	Interconnection Point	-	GNI (UK)	-	GNI
South North IP Entry Point	IP Entry Point	South North Interconnection Point	GNI (UK)	-	GNI
South North VRF IP Exit Point	VRF IP Exit Point	South North Interconnection Point	GNI (UK)	-	GNI
Ballylumford Exit Point	Power Station Exit Point	-	PTL	-	-
Coolkeeragh Exit Point	Power Station Exit Point	-	GNI (UK)	-	-
Kilroot Exit Point	Power Station Exit Point	-	BGTL	-	-
Belfast Exit Point	DN Exit Point	-	As per Offtake Points	As per Offtake Points	-
BGTL Belfast Offtake Points	Offtake Points	Belfast Exit Point	BGTL	Phoenix	-
Lisburn Offtake Point	Offtake Point	Belfast Exit Point	GNI (UK)	Phoenix	-
Belfast DBEP	Distribution Biomethane Entry Point	Notional point	BGTL	Phoenix	-
Ten Towns Exit Point	DN Exit Point	-	As per Offtake Points	As per Offtake Points	-

Ten Towns Offtake Points	Offtake Points	Ten Towns Exit Point	GNI (UK)	Firmus	-
Ten Towns DBEP	Distribution Biomethane Entry Point	Notional point	GNI (UK)	Firmus	-
West Exit Point	DN Exit Point	-	As per Offtake Points	As per Offtake Points	-
West Offtake Points	Offtake Points	West Exit Point	WTL	SGN <u>NGEvolve</u>	
West DBEP	Distribution Biomethane Entry Point	Notional point	WTL	SGN <u>NGEvolve</u>	-
Stranraer Exit Point	Stranraer Exit Point	-	PTL	*	-
ROI System Exit Point	Exit Point	-	GNI (UK)	-	-
Haynestown Offtake Point	Offtake Point	ROI System Exit Point	GNI (UK)	-	-

**SGN is the Stranraer Distribution Network Operator, but there is no Relevant DNO for Stranraer because the functions of a Relevant DNO are not applicable for Stranraer. Please see Code section 1.12 and section 27 for the details.*

.....
 Amend Appendix 4 to read as follows:

APPENDIX 4

EXIT POINT INFORMATION

Pressures, Offtake Rates and Maintenance Days at specific Exit Points

	Minimum Pressure (section 13.3)	Maximum Offtake Rate (section 13.2)	Ramp Rate (section 13.2)	Maximum Maintenance Days (section 15)	End User
Ballylumford Exit Point	12 bar	3,580,000 kWh/hour	87,000 kWh/min for up to 39 minutes 182,000 kWh/min for up to 2 minutes 3,540,000 kWh/min for up to 10 seconds**	15*	EP Ballylumford Limited
Coolkeeragh Exit Point	12 bar	782,000 kWh/hour	30,000 kWh/min	5 plus any additional days specified in an Ancillary Agreement	ESB
Kilroot Exit Point	12 bar	1,925,000 kWh/hour	91,200 kWh/min for up to 20 minutes 182,400 kWh/min for up to 10 minutes 263,158 kWh/min for up to 4.6 minutes	15*	EPNIE
Stranraer Exit Point	12 bar	150,000 kWh/hour	8,440 kWh/min	5 plus any additional days specified in an Ancillary Agreement	SGN
Belfast Exit Point	12 bar	2,992,000 kWh/hour	33,760 kWh/min	5 plus any additional days specified in an	Phoenix suppliers

				Ancillary Agreement	
Ten Towns Exit Point	12 bar	2,283,000 kWh/hour	30,000 kWh/min	5 plus any additional days specified in an Ancillary Agreement	Firmus suppliers
West Exit Point	12 bar	913,000 kWh/hour	30,000 kWh/min ^{***}	15	SGN NGE Evolve suppliers
ROI System Exit Point	12 bar	314,300 kWh/hour	30,000 kWh/min	Addressed in the Use of System Agreement	GNI

* To be 20 Maintenance Days in any Gas Year in which PTL or GNI (UK) install compression on their respective systems.

** This equates to a spinning reserve of 21,000 therms at Ballylumford Power Station.

~~*** Indicative Figure pending completion of the West Transmission System.~~

.....
Amend Appendix 5 to read as follows:

APPENDIX 5

PROFORMA DOCUMENTS

Part I - Form of Guarantee

(section 18.5.4(b))

THIS GUARANTEE is made by deed the [] day of [] 20[] by [] a company registered in [~~England and Wales~~] [~~Northern Ireland~~] [~~Republic of Ireland~~] [Scotland insert jurisdiction] with company number [] and having its registered office at [] [and whose principal place of business is at []] (the “**Guarantor**”) in favour of:

- (i) Premier Transmission Limited a company incorporated and registered in Northern Ireland with company number (~~Number N.I.NI026421~~) having its registered office at First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH;
- (ii) West Transmission Limited, a company incorporated and registered in Northern Ireland with company number NI073229, having its registered office at First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH;
- (iii) Belfast Gas Transmission Limited, a company incorporated and registered in Northern Ireland with company number NI026420 having its registered office at First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH; and
- (iv) GNI (UK) Limited, a company incorporated and registered in England and Wales with company number 02827969 having its registered office at C/O Tmf Group, 13th Floor One Angel Court London EC2R 7HJ 5th Floor 6 St. Andrew Street, London, EC4A 3AE;

acting together pursuant to the terms of a SSO Agreement dated 29th September 2017 and SOA dated 29th September 2017 and referred to together in this Guarantee as “**the Transporter**”.

WHEREASBACKGROUND

- (A) [] a company {registered in [~~England and Wales~~] [~~Northern Ireland~~] [~~Republic of Ireland~~] [Scotland insert jurisdiction]} with company number [] and having its registered office at [] [and whose principal place of business is at []] (the “**Shipper**”) [is] [is about to become] a party to the Code (defined below) by way of [an Accession Agreement dated []] [OR][on or about the date of this Guarantee] (“**Accession Agreement**”) and] a Framework Agreement dated 29th September 2017 (“**Framework Agreement**”). All references in this Guarantee to the Code include [the Accession Agreement and] the Framework Agreement.
- (B) This Guarantee is made pursuant to the Code, for the purposes of providing security for indebtedness of the Shipper in respect of its payment obligations under the Code.

- (C) The Guarantor has capacity to enter into this Guarantee and has taken all steps necessary to ensure that this Guarantee is valid and binding upon it in accordance with the terms hereof.

~~INOW THIS DEED WITNESSETH and the Guarantor hereby agrees~~ **IT IS AGREED** as follows:

1. In this Guarantee:

“**Code**” means the NI Network Gas Transmission Code prepared by the Transporter in accordance with the Licences.

“**Due Date**” has the meaning given to it in the Code;

“**Demanded Sum**” means a Demanded Overdue Sum or a Demanded Security Default Sum;

“**Demanded Overdue Sum**” means the sum specified in a written demand from the Transporter pursuant to clause 2 of this Guarantee representing the amount unpaid by the Shipper under an invoice issued in accordance with the Code by the Due Date;

“**Demanded Security Default Sum**” means the full amount of this Guarantee where the Shipper has failed to procure the provision of security replacing this Guarantee to the Transporter by the time and in the manner contemplated in sections 18.9.1 and/or 18.9.2 and/or 18.7.2 of the Code (and so that the expression “the full amount of this Guarantee” shall mean the amount stated in Clause 5, less the amounts previously paid by the Guarantor to the Transporter pursuant to this Guarantee);

“**Licences**” has the meaning given to it in the Code;

“**Payment Default**” means any failure by the Shipper to pay an amount properly due under an invoice issued in accordance with the Code by the Due Date;

“**PS Transmission Amounts**” has the meaning given to it in the Code; and

“**Security Default**” means a failure such as is referred to in the definition of Demanded Security Default Sum in this Clause 1.

2. Subject to clause 3, below, ~~in consideration of the payment of £1 payable on demand by the Transporter to the Guarantor~~ if and whenever there is a Payment Default the Guarantor shall, as primary obligor and not merely as surety, within [14] days of receipt of a written demand from the Transporter pay ~~the Demanded Overdue Sum(s)~~ [% of the Demanded Overdue Sum(s)] into the following bank account(s):- **[Note: This will be the PoT Account in respect of overdue PS Transmission Amounts (or in the case of the Stranraer Shipper, the Transporter’s Account) and the NI Postalised Network Disbursement Account in respect of Outstanding PS Code Charges.]** .
3. Notwithstanding the provisions of clause 2, if the written demand referred to in that clause is accompanied by a certificate signed by or on behalf of the Transporter stating that the Demanded Overdue Sum exceeds any PS Transmission Amounts and/or Outstanding Code Charges (as defined in the Code) which are overdue for payment by the Shipper at the time of such written demand, the Guarantor will make payment of the excess to such other account(s) as may be specified by the Transporter in such written demand.
4. ~~in consideration of the payment of £1 payable on demand by the Transporter to the Guarantor,~~ ~~if~~ If there is a Security Default, the Guarantor shall within [14] days of receipt of a written demand from the Transporter pay the Demanded Security Default Sum to such bank account of the Transporter as is specified in such written demand.

5. The Guarantor's aggregate liability to the Transporter hereunder in respect of Demanded Overdue Sums and Demanded Security Default Sums shall not be greater than [*£.*] together with a further sum for all reasonable costs and expenses of enforcement.
6. Amounts payable by the Guarantor under this Guarantee shall be paid in the currency in which the Demanded Sum is payable in full free of any restriction, reservation or condition and, except to the extent required by law, without deduction or withholding in respect of tax or on account of any amount due or becoming due to the Guarantor whether by way of set-off, counterclaim or otherwise provided that if any such payment is subject to any such deduction or withholding, the Guarantor shall forthwith pay to the Transporter such further amounts as may be necessary to ensure that the Transporter receives an amount equal to that which would have been received had no deduction or withholding been made.
7. This Guarantee is a continuing guarantee and shall remain in effect until [*Date.*] or until terminated by or with the consent of the Transporter [*or until the Shipper has arranged the release of the Guarantor in accordance with the provisions of the Code (which shall apply to this Guarantee as though incorporated herein)*] whichever occurs first but without prejudice to any rights then accrued under this Guarantee. No demand made by the Transporter under this Guarantee shall prejudice or restrict the right of the Transporter to make further demands.
8. The obligations of the Guarantor under this Guarantee are in addition to and not in substitution for any other security which the Transporter may now or in the future hold in relation to the payment obligations of the Shipper under the Code ("**Liabilities**") or any of them and may be enforced without the Transporter first having recourse to any such security and without the Transporter first taking steps or proceedings against the Shipper.
9. Neither the obligations of the Guarantor under this Guarantee nor the rights, powers and remedies conferred upon the Transporter by this Guarantee or by law shall be discharged, impaired or otherwise affected, in whole or in part, by:-
 - (a) the winding-up, dissolution, administration or reorganisation of the Shipper or any change in its status, functions, control or ownership;
 - (b) any of the Liabilities or any of the obligations of the Shipper under the Code or any security in respect of the Liabilities being or becoming illegal, invalid or unenforceable in any respect;
 - (c) time or other indulgence being granted or agreed to be granted by the Transporter or any other person to, or any composition or other arrangement made with or accepted from (i) the Shipper in respect of the Liabilities or any of them or (ii) any person in respect of any such security;
 - (d) any amendment to, or any variation, waiver or release of any of the Code, the Liabilities or any such security;
 - (e) any failure to enforce, realise or fully to realise the value of, or any release, discharge, exchange of substitution or any such security;
 - (f) any failure (whether intentional or not) to take, or fully to take, or perfect any security now or hereafter agreed to be taken in relation to the Liabilities or any of them;
 - (g) the release of any other person under the terms of any composition or arrangement with any creditor thereof; or

- (h) any other act, event or omission (whether or not known to the Guarantor or the Transporter) which, but for this Clause 9, would or might operate to discharge, impair or otherwise affect any of the obligations of the Guarantor under this Guarantee or any of the rights, powers or remedies conferred upon the Transporter by law to the intent that the Guarantor's obligations under this Guarantee shall remain in full force and this Guarantee shall be construed accordingly as if there were no such act, event or omission.
10. Where any settlement or discharge (whether in respect of the obligations of the Shipper or otherwise) is made in whole or in part, or any arrangement is made on the faith of any payment, security or other disposition which is avoided or has to be repaid on bankruptcy, liquidation or otherwise without limitation, the liability of the Guarantor under this Guarantee shall continue and the Transporter shall be entitled to recover the value or amount of such obligations subsequently as if such settlement or discharge or arrangement had not occurred. The Transporter shall be entitled to concede or compromise any claim that any payment, security or other disposition is liable to avoidance or repayment.
11. Until all amounts which may be or become payable under the Code or this Guarantee have been irrevocably paid in full:-
- (a) the Guarantor shall not as a result of this Guarantee or any payment or performance under this Guarantee be subrogated to any right or security of the Transporter or, in competition with the Transporter, claim or prove against the Shipper or any other person or demand or accept repayment of any monies or claim any right of contribution, set-off or indemnity and any sums received by the Guarantor or the amount of any set-off exercised by the Guarantor in breach of this provision shall be held by the Guarantor in trust for and shall be promptly paid to the Transporter; and
- (b) the Guarantor shall not hold any security from the Shipper in respect of this Guarantee and any such security which is held in breach of this provision shall be held by the Guarantor in trust for and shall promptly be transferred to the Transporter.
12. The Guarantor represents and warrants to the Transporter as follows:-
- (a) it has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of, this Guarantee and the transactions contemplated hereby and no limit on its powers will be exceeded;
- (b) this Guarantee constitutes its legal, valid and binding obligation enforceable against it;
- (c) the entry into and performance by it of, and the transactions contemplated by, this Guarantee do not and will not:-
- (i) conflict with any existing law or regulation or judicial or official order; or
- (ii) conflict with its constitutional documents; or
- (iii) conflict with any document which is binding upon it or any of its assets;
- (d) all authorisations, consents and approvals required to be obtained by it in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, this Guarantee have been obtained or effected (as appropriate) and are in full force and effect; and

- (e) it has not entered into this Guarantee in reliance upon, nor has it been induced to enter into this Guarantee by any representation, warranty or undertaking made by or on behalf of the Transporter (whether express or implied) which is not set out in this Guarantee.

- 13. Any notice to or demand on the Guarantor under this Guarantee may be delivered or sent by first class recorded delivery post or facsimile transmission to the Guarantor at its address appearing in this Guarantee or at such other address as it may have notified to the Transporter at the address for the Transporter stated in this Guarantee (or such other address as is notified by it to the Guarantor from time to time).

- 14. The Transporter shall be entitled by notice in writing to the Guarantor to assign the benefit of this Guarantee at any time to any person to whom it assigns or transfers its rights under the Code without the consent of the Guarantor being required and any such assignment shall not release the Guarantor from liability under this Guarantee. The Guarantor is not entitled to assign its rights or otherwise transfer all or any part of its rights or obligations under this Guarantee.

- 15. The invalidity, illegality or unenforceability in whole or in part of any of the provisions of this Guarantee shall not affect the validity, legality and enforceability of the remaining part or provisions of this Guarantee.

- 16. This Guarantee shall be governed by and construed in accordance with the laws of Northern Ireland and the Guarantor hereby submits to the exclusive jurisdiction of the courts of Northern Ireland *[and appoints/insert name and address of person/company registered/resident in Northern Ireland as its agent for service of notices and other communications under or relating to this Guarantee].*

- 17. [The Guarantor shall be [jointly and severally liable] together with [insert name of other guarantor(s) of the Shipper] to pay [each and every Demanded Sum] [severally liable to pay to the Transporter such percentage as is specified in clause 2 or 3 of this Guarantee of each and every Demanded Sum].]

THIS GUARANTEE has been executed and delivered as a deed and is intended to take effect as a deed by the parties on the date written at the beginning of the Deed. ~~IN WITNESS whereof the Guarantor has caused this Guarantee to be executed as its deed the day and year first before written.~~

¹Executed as a deed by [insert name of Guarantor] acting by [insert name of director], director
in the presence of: Director

Witness Signature

Witness Name

Witness Address
.....

Witness Position

¹ If guarantor is incorporated outside United Kingdom, foreign counsel providing legal opinion to confirm appropriate execution formalities.

OR

Executed as a deed by [insert name of Guarantor] acting by
[insert name of director], a director and
[insert name of director/company secretary], Director
a director/company secretary

.....
Director/Company Secretary

OR

Executed as a deed by affixing the common seal of
[insert name of Guarantor] in the presence of:

.....
Director

.....
Director / Company Secretary

~~The Common Seal of [.] was hereunto affixed in the presence of:~~

~~[.] Director~~

~~[.] Director/Company Secretary~~

~~[Alternative if consideration included in clause 2:]~~

IN WITNESS whereof, this Guarantee has been executed for and on behalf of *[Guarantor]* the day and year first before written

Signature

Name

Position

In the presence of

Signature

Name

Position

Part II - Form of Letter of Credit
(section 18.5.4(d))

To:

- (i) Premier Transmission Limited, a company incorporated and registered in Northern Ireland with company number NI026421 having its registered office at First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH;
- (ii) West Transmission Limited, a company incorporated and registered in Northern Ireland with company number NI073229 having its registered office at First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH;
- (iii) Belfast Gas Transmission Limited, a company incorporated and registered in Northern Ireland with company number NI026420 having its registered office at First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH; and
- (iv) GNI (UK) Limited, a company incorporated and registered in England and Wales with company number 02827969 having its registered office at C/O Tmf Group, 13th Floor One Angel Court London EC2R 7HJ 5th Floor, 6 St. Andrew Street, London, EC4A 3AE,

acting together pursuant to the terms of a SSO Agreement dated 29th September 2017 and System Operator Agreement dated 29th September 2017 and referred to together in this letter as “the Transporter”.

Date: 20[.]

- 1 We, by this letter, establish in your favour our irrevocable standby letter of credit No [.] (“**this letter of credit**”) for the account of [.] a company registered in [insert jurisdiction] with company number [] and having its registered office at [] [and whose principal place of business is at []] (the “**Shipper**”) available for drawing in one or more amounts. This letter of credit is issued in connection with the Shipper’s payment obligations under the NI Network Gas Transmission Code (the “**Code**”) to which the Transporter and the Shipper are *[about to become]* parties to by way of [an Accession Agreement dated [] [OR] [on or about the date of this letter] (“**Accession Agreement**”) and] a Framework Agreement dated 29th September 2017 (“**Framework Agreement**”), (together the “**Documents**” which term shall include any document, as from time to time modified, which is by virtue of such Code[,] [Accession Agreement] [or] Framework Agreement] made binding on the Shipper).
- 2 We understand that amendments or other variations or extensions may from time to time be made to the terms of the Documents and our obligations under this letter of credit, as set out below, will apply notwithstanding any such amendments or other variations or extensions provided that our maximum aggregate liability to you under this letter of credit shall not exceed [£.] (the “Cap”) and that we shall not be required to pay claims made by you which: (i) would, as a result of all payments made by us under this letter of credit, exceed the Cap; and (ii) which are received by us after the expiry date of this letter of credit (as same is set out in paragraph 5 of this letter of credit).
- 3 Subject to paragraph 4 below, we shall make all payments under this letter of credit into the following bank account(s):- ***[Note: This will be the PoT Account in respect of overdue PS***

Transmission Amounts (or in the case of the Stranraer Shipper, the Transporter's Account) and the NI Postalised Network Disbursement Account in respect of Outstanding PS Code Charges. on your first written demand for payment when such demand is presented to us at [.] accompanied by your certificate that the Shipper:

- (a) has failed to meet its payment obligations under the Documents; or
- (b) has failed to procure the provision of replacement security to you by the time and in the manner contemplated in sections 18.9.1 and/or 18.9.2 and/or 18.7.2 of the Code.

The amount of your demand under this letter of credit shall not, where your demand is accompanied by a certificate in the form described in (a) above, be greater than the total amount of sums then due and payable by the Shipper pursuant to the Documents.

- 4 Notwithstanding the provisions of paragraph 3, if the written demand referred to in that paragraph is accompanied by a certificate signed by you or on your behalf stating that the amount demanded exceeds the PS Transmission Amounts and/or Outstanding PS Code Charges (as each such term is defined in the Code) which are overdue for payment by the Shipper at the time of such written demand, we will make payment of the excess under this letter of credit to such other account(s) as may be specified by you in such written demand.
- 5 This letter of credit will expire on [.] and the demand(s) and certificates(s) referred to in paragraph 3 and 4 of this letter of credit must be presented by you to us on or before that date. We undertake that all demands made in accordance with this letter of credit will be met with due honour.
- 6 This letter of credit is a transaction separate and independent from any other on which it may be based.
- 7 This letter of credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 revision) International Chamber of Commerce Publication No.600 insofar as the same are applicable (but so that Article 32 thereof shall be deemed excluded and the second sentence of Article 36 thereof shall be deemed excluded for this purpose with effect that, if this letter of credit expires during any interruption of business referred to in the first sentence of such Article, we shall remain liable to make payment under this letter of credit in respect of any demand no later than 15 Business Days (as defined in the Code) after we have notified you that our business has ceased to be so interrupted), and, to the extent not inconsistent therewith, shall be governed by and construed in accordance with the laws of Northern Ireland and in the event of any dispute relating thereto we hereby agree to submit to the exclusive jurisdiction of the Courts of Northern Ireland.
- 8 Amounts payable by us under this letter of credit shall be paid free of any restriction, reservation or condition and, except to the extent required by law, without deduction or withholding in respect of tax or on account of any amount due or becoming due to us, whether by way of set-off, counterclaim or otherwise, provided that if any such payment is subject to any such deduction or withholding, we shall forthwith pay to you such further amounts as may be necessary to ensure that you receive an amount equal to that which would have been received had no deduction or withholding been made.

Signed [.] as a duly authorised signatory for and on behalf of []

.....
 Amend Appendix 6 to read as follows:

APPENDIX 6

CREDIT COMMITTEE

Terms of Reference

1. Purpose of the Committee

1.1 The Credit Committee is appointed, on behalf of the Transporter and Shippers to manage the credit risk associated with the following defaults by a Shipper (including, for the avoidance of doubt, DNOs and the Stranraer Shipper);

(~~Aa~~) an LPC Default;

(~~Bb~~) an TA Default, and/or an CC Default;

(~~Cc~~) a Termination Default;

(~~Dd~~) an Administration Default;

(~~Ee~~) a US Default

1.2 Each of the defaults referred to in paragraph 1.1 shall be a **“Default”** for the purposes of these Terms of Reference (**“Terms”**) and the relevant Shipper shall be the **“Defaulting Shipper”**.

1.3 The Credit Committee shall from time to time, when called upon in accordance with these Terms, instruct the Transporter and the Defaulting Shipper as to the steps to be taken as a consequence of or in relation to the Default in accordance with the Terms.

2. Interpretation

2.1 The following terms, when used in these Terms, except where expressly stated to the contrary or unless the context otherwise requires, shall have the corresponding meaning set out below:

“Absent Member” has the meaning given to it in paragraph 7.4;

“Adjourned Meeting Notice” has the meaning given to it in paragraph 4.3;

“Administration Default” has the meaning given to it in the Code;

“Authority” has the meaning given to it in the Code;

“Business Days” has the meaning given to it in the Code;

“Business Hours”	means any time between the hours of 09:00 and 17:00 on a Business Day;
“Chairman”	has the meaning given to it in paragraph 4.1;
“Code”	means the NI Network Gas Transmission Code governing the terms on which Shippers which are party to or bound by that code may convey gas through the NI Network;
“Code Charges Default” or “CC Default”	has the meaning given to it in the Code;
“Credit Committee”	means the committee formed pursuant to these Terms;
“Default”	has the meaning given to it in paragraph 1.2;
“Defaulting Shipper”	has the meaning given to it in paragraph 1.2;
“Direction”	means a direction of the Credit Committee, in respect of a Default, that is issued to the Transporter and/or to a Shipper in relation to the relevant Default and which direction is given in accordance with paragraph 6 of these Terms;
“DNO”	has the meaning given to in the Code;
“Transporter’s General Manager”	has the meaning given to it in the Code;
“Level of Provided Credit Default” or “LPC Default”	has the meaning given to it in the Code;
“Licence”	has the meaning given to it in the Code;
“Licences”	has the meaning given to it in the Code;
“Meeting Notice”	means a notice of a Credit Committee meeting containing all information listed in paragraph 3.3 of these Terms (if available);
“Members”	means all members of the Credit Committee, being: (a) the Transporter; (b) all Shippers from time to time; and (c) the Authority and “Member” shall be construed accordingly;
“Modification Rules”	has the meaning given to it in the Code;
“NI Network”	has the meaning given to it in the Code;
“NI Postalised Network Disbursement Bank Account”	has the meaning given to it in the Code;

“Nominee”	has the meaning given to it in paragraph 7.4;
“Non-Voting Members”	has the meaning given to it in paragraph 5.1;
“PoT Account”	has the meaning given to it in the Code;
“PSA”	has the meaning given to that term in each of the Licences;
“PS Transmission Amounts”	has the meaning given to it in the Code;
“Shipper”	has the meaning given to it in the Code;
“Stranraer Shipper”	has the meaning given to it in the Code;
“Termination Default”	has the meaning given to it in the Code;
“Termination Notice”	has the meaning given to it in the Code;
“Terms”	has the meaning given to it in paragraph 1.2;
“Transmission Amounts Default” or “TA Default”	has the meaning given to it in the Code;
“Transporter”	has the meaning given to it in the Code;
“Unsecured Credit Support”	has the meaning given to it in the Code;
“US Default”	has the meaning given to it in the Code;
“Voting Members”	has the meaning given to it in paragraph 5.1;

2.2 Except as expressly provided in these Terms or where the context otherwise requires, all other terms that are defined in the Code to which these Terms are attached, where used in these Terms, shall have the same meaning as is ascribed to them in the Code.

3. Convening the Committee

3.1 Meetings of the Credit Committee shall be convened by the Transporter’s General Manager:

(Aa) ~~shall be convened by the Transporter’s General Manager~~ on the occurrence of any Default; and

(Bb) upon receipt of a written request from any ~~may be requisitioned by any~~ Shipper if ~~it such Shipper~~ is permitted to ~~do so in accordance with~~ submit such request pursuant to the provisions of the Code,

on the giving of 3 Business Days' notice (a "**Meeting Notice**") to all of the Members in accordance with the provisions of this paragraph. For the avoidance of doubt, a Meeting Notice ~~may~~shall be provided by email.

3.2 A meeting of the Credit Committee may be called on shorter notice than required under paragraph 3.1 of these Terms if all Members entitled to vote on the particular matter or matters to be considered unanimously agree or where the Transporter's General Manager considers it necessary.

3.3 A Meeting Notice shall include:

- (~~A~~A) details of the time and place of the meeting;
- (~~B~~B) any information required to be submitted under 4.4 (~~A~~A);
- (~~C~~C) if a party other than the Transporter's General Manager is calling or requisitioning the meeting, the name(s) of the Member(s);
- (~~D~~D) if issued in respect of a Default, the Defaulting Shipper's identity and full details of the Default;
- (~~E~~E) if requisitioned under paragraph 3.1(~~B~~B) the reason(s) for such a requisition, including full details of the matters to be discussed at the meeting, and the Directions sought by the requisitioners; and
- (~~F~~F) the name of the proposed chair~~man~~.

3.4 Each Meeting Notice shall be served ~~by the Member calling the meeting~~ on each ~~other~~ Member by ~~post to their respective addresses or by fax or email and post to a Member who supplies a fax number or email address~~ to the email address specified by each Member or to such other ~~address and/or fax number or~~ email address as may be, from time to time, notified by a Member to each other Member as its ~~address and/or fax number or~~ email address for the receipt of notices.

3.5 The Credit Committee shall convene at the time and date appointed in the Meeting Notice, such time to be within normal Business Hours and, subject to paragraph 3.2, no less than 3 Business Days and no more than 10 Business Days after the issue of such Meeting Notice. Meetings may take place at the offices of the Authority, the offices of the Transporter, virtually and/or ~~by teleconferenees~~ as a hybrid meeting with certain Members attending in person and others attending virtually, as determined in each case by the Transporter's General Manager.

4. **Chair~~man~~, Quorum and Adjournment**

4.1 The chair~~man~~ of a meeting of the Credit Committee shall be the Transporter's General Manager or the appointed representative of the Transporter's General Manager (the "**Chairman**").

4.2 The quorum for a meeting of the Credit Committee shall be at least two Shippers entitled to vote in accordance with paragraph 5.3 (as subject to paragraph 5.2) on the matters in respect of which the meeting is called unless either:

(~~ia~~) only one Shipper is eligible to vote on such matters, in which case the quorum shall be that Shipper; or

(~~ib~~) no Shipper is eligible to vote on such matters, in which case the Chair~~man~~ shall constitute a quorum.

4.3 If, within 30 minutes of the time appointed for the convening of a Credit Committee meeting, a quorum is not present, the Chair~~man~~ may adjourn the meeting to any time in Business Hours not less than two Business Days, and not more than ten Business Days, after the day on which the meeting was convened. Notice of an adjourned meeting (an “**Adjourned Meeting Notice**”) shall be sent to all Members by the Chair~~man~~ on the day of such adjournment. Such Adjourned Meeting Notice shall contain the same details as required to be included in a Meeting Notice in accordance with paragraph 3 of these Terms. If at such adjourned meeting there is no quorum as provided for under paragraph 4.2, one Shipper entitled to vote at that adjourned meeting shall comprise a quorum or, if no Shipper is entitled to vote at that adjourned meeting, the Chair~~man~~ shall constitute a quorum.

4.4 Subject to paragraph 4.7, before the meeting, the Chair~~man~~ shall be responsible for:

(~~Aa~~) procuring in a timely manner any information required for the proper discussion of issues to be considered at the meeting, including the submission of requests for information from the Transporter and Defaulting Shipper prior to the meeting; and

(~~Bb~~) reviewing the PS Invoices required to calculate the voting rights of each member in accordance with paragraph 8.1.

4.5 At the meeting, the Chair~~man~~ shall be responsible for:

(~~Aa~~) chairing that meeting of the Credit Committee;

(~~Bb~~) directing a discussion of:

(~~1i~~) the nature of the Default or Defaults, if any, under consideration, with, where appropriate, the aid of any information (including any draft Directions) provided by the Transporter prior to the meeting;

(~~2ii~~) appropriate steps to be taken by the Transporter to remedy the Default, with reference to the Licences and the Code; and

(~~3iii~~) appropriate sanctions, if any, to be applied by the Transporter to the Defaulting Shipper.

4.6 After the meeting, the Chair~~man~~ shall be responsible for:

(~~Aa~~) producing minutes of the meeting; and

(~~Bb~~) distributing written copies of those minutes and any Directions to all Members in accordance with paragraphs 7.9 and 8.4.

5. Composition and Entitlement to Vote

5.1 On each matter considered by a Credit Committee meeting, Members of the Credit Committee shall be divided into Members entitled to vote (“**Voting Members**”) and Members not entitled to vote (“**Non-Voting Members**”). For the avoidance of doubt, if a Member is not entitled to vote on a particular matter due to paragraph 5.2 they may, subject always to paragraph 5.2, vote on other matters under consideration at the same meeting.

5.2 The following Members shall be Non-Voting Members in respect of a particular matter under consideration at a Meeting:

(Aa) the Authority;

(Bb) the Transporter;

(Cc) the Shipper in respect of which the Default under consideration arose

(Dd) in respect of an TA Default, the Stranraer Shipper.

5.3 Subject to paragraphs 5.2(Cc) and (Dd), each Shipper shall be a Voting Member in respect of a matter under consideration at a Meeting.

5.4 If no Member at the relevant quorate meeting is entitled to vote the Chair~~man~~ shall have a vote. In no other circumstances shall the Chair~~man~~, in that capacity, be entitled to vote at meetings.

6. Credit Committee Powers

6.1 Subject to paragraphs 6.2 and 6.3, the Credit Committee shall have the power to make any of the following directions (each a “**Direction**”) in accordance with these Terms and the terms of the Code:

(Aa) where a Termination Default or an Administration Default has occurred, require the Transporter to issue a Termination Notice to the Defaulting Shipper;

(Bb) where a Termination Default or an Administration Default has occurred, require the Transporter not to issue a Termination Notice to a Defaulting Shipper;

(Cc) where a breach of section 21.3.1 of the Code has occurred, to determine whether that breach of the Code is capable of remedy;

(Dd) where any Default has occurred, require the Transporter to enforce a specified sum of the security it holds in relation to its Defaulting Shipper in favour of the PoT Account in the case of an TA Default, or the NI Postalised Network Disbursement Bank Account in respect of an CC Default;

(Ee) where any Default has occurred, require the Transporter to settle a claim for non-payment against its Defaulting Shipper on such terms as the Credit Committee determines;

- (Ff) where an LPC Default has occurred, require the Transporter to waive the requirement for a Defaulting Shipper to provide the Provided Level of Credit Support which would otherwise be required of that Defaulting Shipper, for a specified period;
- (Gg) in the event of an TA Default or an CC Default, require the Transporter to agree a payment plan on such terms as the Credit Committee directs with a Defaulting Shipper which specifies dates on which future payments will be made;
- (Hh) where any Default has occurred, require the Transporter to engage the services of recognised legal and/or financial professionals in relation to that resolution of the circumstances giving rise to a Default;
- (Ii) where the Voting Members of the Credit Committee reasonably believe further pursuit of a non-payment is likely to be economically detrimental to Shippers, they may vote to direct the Transporter that no further action need be taken in respect of that non-payment;
- (Jj) in the event of a US Default, subject to the Authority's consent, a Direction as to whether a Shipper should be barred from meeting all or any part of its Provided Level of Credit Support through the provision of any or all forms of Unsecured Credit Support;
- (Kk) where any Default has occurred, require the Transporter to disallow the Defaulting Shipper from:
 - (1i) acquiring IP Capacity and/or Exit Capacity by a transfer;
 - (2ii) reserving additional IP Capacity and/or Exit Capacity;
 - (3iii) submitting an IP Nomination and/or Exit Nomination;
 - (4iv) applying for any Exit Point Registration, IP Registration and/or Trading Point Registration;
- (Ll) where a request for a Direction from the Credit Committee has been made under section 18.10.3 of the Code, require the Transporter to re-assess a Shipper's Required Level of Credit Support and/or a Shipper's Provided Level of Credit Support;

provided that, the Credit Committee shall not be permitted to make any Direction which may delay or frustrate the application of the procedures for the recovery of Debt Payments from Shippers in accordance with any relevant Licences.

- 6.2 Any Direction given under the powers conferred at paragraph 6.1(Bb), paragraph 6.1(Ff), paragraph 6.1 (Jj) or paragraph 6.1(Aa) (but in relation to 6.1(Aa), only where in relation to a Termination Default, such Termination Default relates to a breach of section 21.3.1 of the Code) shall not be capable of exercise unless and until the Authority has given its consent.
- 6.3 Where the Credit Committee makes a Direction under paragraph 6.1(Dd) in respect of:

- (Aa) an TA Default, it may only direct the Transporter to enforce security up to the value calculated in accordance with section 18.3.6 of the Code; and
- (Bb) an CC Default, it may only direct the Transporter to enforce security up to the value calculated in accordance with section 18.3.7 of the Code.

7. Attendance and Proceedings at Meetings

- 7.1 Each Member may be represented by up to three persons at a Credit Committee meeting.
- 7.2 On receipt of a Meeting Notice and until the issue of a Direction, all Members shall meet as frequently as is reasonably necessary to carry out their duties.
- 7.3 A person shall be treated as present in person at a meeting notwithstanding that ~~he is~~ they are not physically present at the place where the meeting is held if ~~he is~~ they are in continuous communication with the meeting by conference telephone or other communication equipment permitting each person physically present at or so in communication with the meeting to hear and be heard by each other person.
- 7.4 If any Member fails or is unable to attend a meeting (an “Absent Member”) ~~they~~ may in writing appoint a nominee (a “Nominee”) to speak and/or vote for ~~them~~. A Nominee may be any other Member of the Credit Committee who consents to act as a Nominee on the Absent Member’s behalf. Any Member, present at a meeting of the Credit Committee, and acting as Nominee only counts once toward the quorum (on its own behalf) and may not vote on behalf of the Absent Member on any matter in respect of which the Nominee or the Absent Member is a Non-Voting Member.
- 7.5 Members shall keep confidential all information which comes into their possession in carrying out their duties under these Terms and shall not communicate any Credit Committee or personal view regarding any matter discussed at a Credit Committee meeting to any person who is not a Member except with the consent of the Credit Committee, where its respective licence or the Code requires, where the Authority requires, or as required by law.
- 7.6 Any Voting Member may require that a Defaulting Shipper be excluded from any part of the relevant meeting of the Credit Committee.
- 7.7 Members shall use all reasonable endeavours to make Directions promptly and to the best of their ability and shall conduct themselves honestly and diligently whilst carrying out their duties under these Terms and shall act without undue discrimination against any Shipper.
- 7.8 The proceedings of the Credit Committee shall be conducted in private.
- 7.9 The Chair~~man~~ shall keep a minute of the meeting of the Credit Committee and shall circulate such minute to all Members present within 3 Business Days of the relevant Meeting except such minute shall not be circulated to, or otherwise provided to the Defaulting Shipper. The Chair~~man~~ shall send a copy of such minute to the Authority, and any Member who disputes the accuracy of such minute shall make such amendments or additions it sees fit and send those amendments or additions to the Authority within 3 Business Days of receipt of the minute from the Chair~~man~~.

7.10 A person shall not represent a Member if:

- (Aa) the Authority has given notice to the person that circumstances exist which in the opinion of the Authority would make it difficult for such person to act in the best interests of the Credit Committee or render such representation detrimental to the fair operation of the Credit Committee;
- (Bb) ~~they~~~~he~~ becomes bankrupt or compounds with ~~their~~~~his~~ creditors;
- (Cc) ~~he~~~~they~~, or any body of which ~~he is~~~~they are~~, or ~~has~~~~have~~ been, a director, partner or controller be the subject of any complaint or investigation of misconduct or of malpractice in connection with ~~his~~~~their~~ or its business affairs and the Authority decides that it is undesirable that ~~he~~~~they~~ represent a Member; or
- (Dd) ~~he is~~~~they are~~ dismissed or requested to resign from any office of employment or from any fiduciary office or position of trust, whether or not remunerated, and the Authority resolves that it is undesirable that ~~he~~~~they~~ represent a Member.

8. Directions and Voting

- 8.1 At a meeting a Voting Member shall hold one vote per £1 worth of PS Transmission Amounts invoiced to it during the six Months immediately prior to the Month in which the meeting is convened.
- 8.2 Directions may be passed by the written consent of all Members who would, if present at a meeting of the Credit Committee called to decide such a matter, be Voting Members and shall be in the form submitted to all Members by the convening Member prior to a meeting, and, if passed, will obviate the need for such meeting.
- 8.3 Directions shall be passed by the Credit Committee:
 - (Aa) at a quorate meeting by a simple majority of the votes cast by Members present and entitled to vote (abstentions not forming part of the count for these purposes); or
 - (Bb) by the Chair~~man~~ on receipt of the written consent of all Members entitled to vote to any draft Directions submitted to all Members in writing prior to the meeting.
- 8.4 Written copies of all Directions passed at a meeting shall be sent to all Members no later than three Business Days after the meeting is concluded by the Chair~~man~~.

9. Fees and Expenses

- 9.1 Members of the Credit Committee shall be responsible for their own costs and expenses incurred in fulfilling their duties.

10. Modification

- 10.1 For the avoidance of doubt, these Terms of Reference may be modified in accordance with the Modification Rules.