

Initial Modification Report No.1

Introduction of a Capacity Conversion Service

14th November 2017

Please find below Initial Modification Report No.1 to the NI Network Gas Transmission Code raised by the Transporter as required under Sections 2 and 3 of the Code Modification Rules.

A Description of the nature and purpose of the modification

This proposal is being made to incorporate new rules for a Capacity Conversion Service, as required by Article 21 of the revised CAM Regulation 2017/459.

The intention is to address the situation where a Shipper already holds unbundled capacity on one side of an IP, but has to purchase bundled capacity in order to gain access to capacity on the other side of an Interconnection Point. Please see section G for further details and section H for the proposed legal text.

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. This change will introduce new rules to allow capacity conversion and avoid double charging, which will enhance the economic and efficient operation of the NI Network. It will also deliver compliance with Regulation 2017/459.

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

The proposed text is to be inserted at section 2.10, immediately after the material concerning IP Capacity Auctions, and the remainder of section 2 is to be renumbered accordingly. It also includes a number of minor adjustments to other earlier parts of section 2. Please see section H for the details.

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, though the Transporter notes that National Grid is also proposing an equivalent service in GB

Relevant NI Agreements: No impact

E The date proposed for implementation

1st January 2018

F How to Respond

Please send responses no later than 12th December 2017 to:

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85 Ormeau Road
Belfast
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G Capacity Conversion

Introduction

At the start of 2017, an amendment to the CAM Regulation 2017/459 ('the Regulation') was implemented which requires TSOs to provide a capacity conversion service with effect from the start of January 2018. The EU was concerned to address the situation where a Shipper who holds unbundled capacity on one side of an IP has to buy bundled capacity in order to obtain capacity on the other side of the IP. Without such a service, a Shipper in this situation would essentially be required to pay twice for capacity on the side where it already holds the unbundled capacity.

The Regulation specifies that the conversion service should be provided in conjunction with the Annual, Quarterly and Rolling Monthly Auctions.

The Transporter developed some simple rules to enable compliance with the requirements of the Regulation and to implement a practical service for NI Shippers. It is not anticipated that there will be significant demand for this service in Northern Ireland, and consequently it is proposed that the process will be a manual one, with communications being made by email and manual adjustment of capacity holdings on Delphi to enact the conversion.

The conversion will be given effect by reducing a Shipper's unbundled capacity holding for the relevant period, and simply not invoicing the Shipper for the capacity which is converted. The Shipper retains the bundled capacity that it was allocated in the auction and must still pay for that bundle.

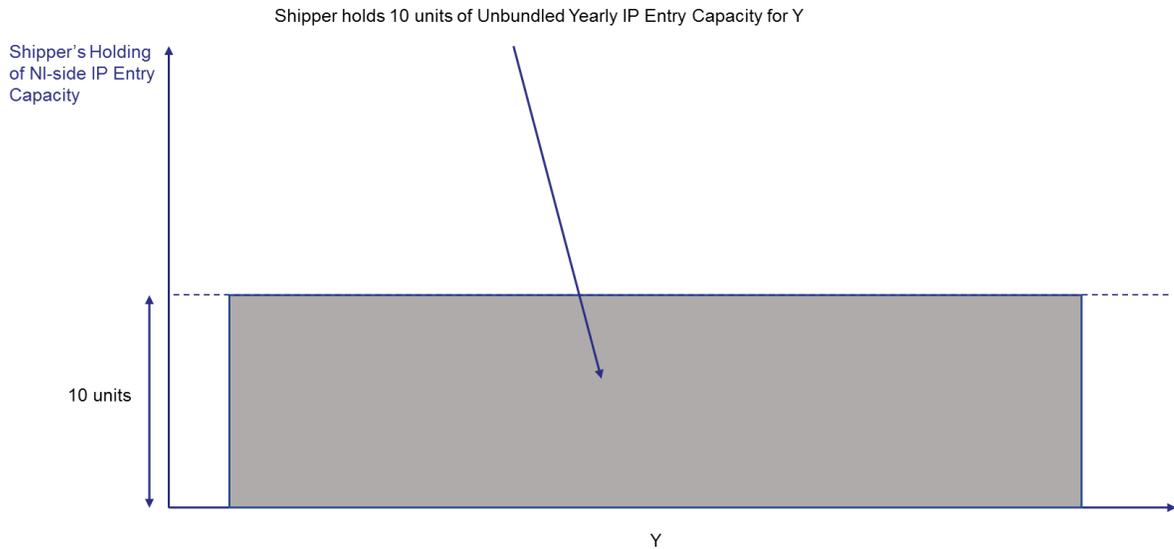
It should be noted that the rules have no impact on the Shipper's capacity holding on the other side of the IP. The rules in this proposed modification are for dealing with unbundled capacity on the NI-side only.

The Transporter intends to provide a standard proforma for Shippers to make a Capacity Conversion Request, which will set out all the information that is required.

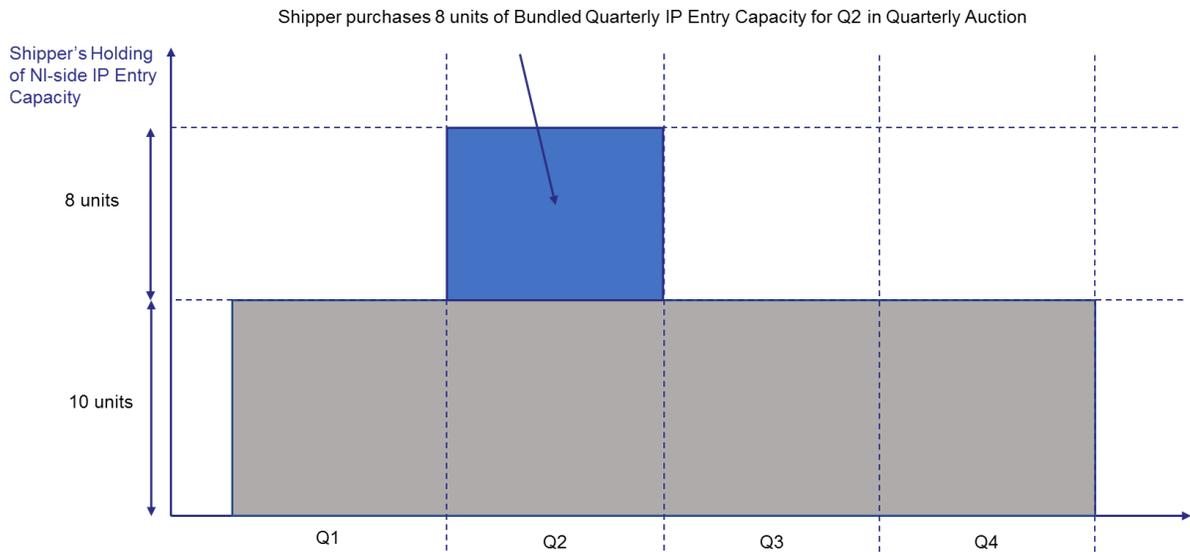
Below we set out a simple example, followed by some Business Rules to set out the process steps. The full legal text follows in section H.

Example of Capacity Conversion

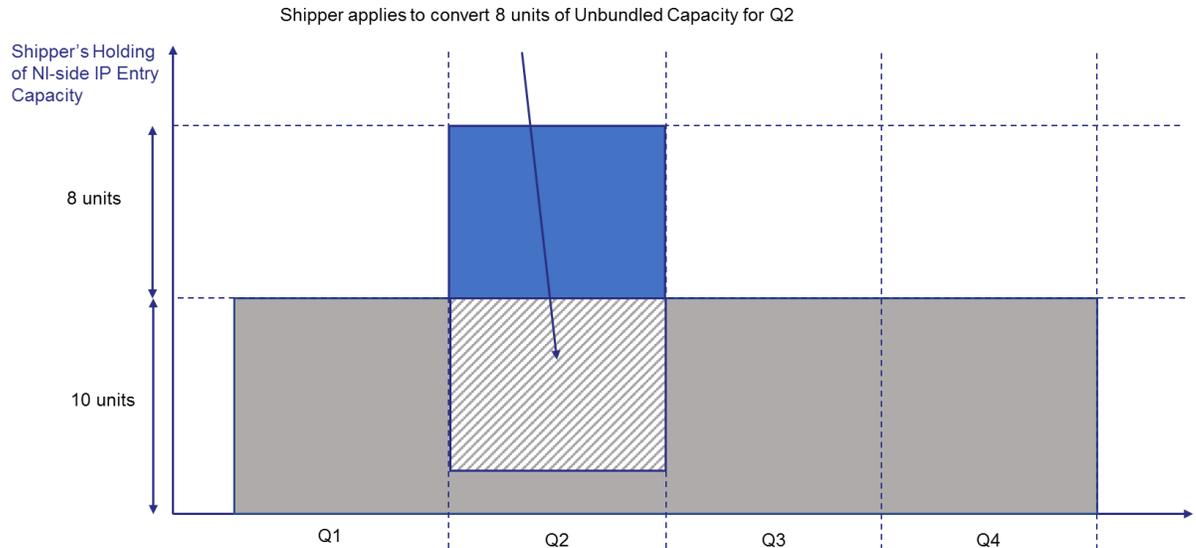
1. The Shipper already holds annual IP Entry Capacity, which is unbundled, on the NI-side of the IP:



2. The Shipper participates in the Quarterly auction and buys Bundled IP Entry Capacity for Q2 only, so that it can obtain capacity on the other side of the IP (because there is no unbundled capacity available for sale on the other side).

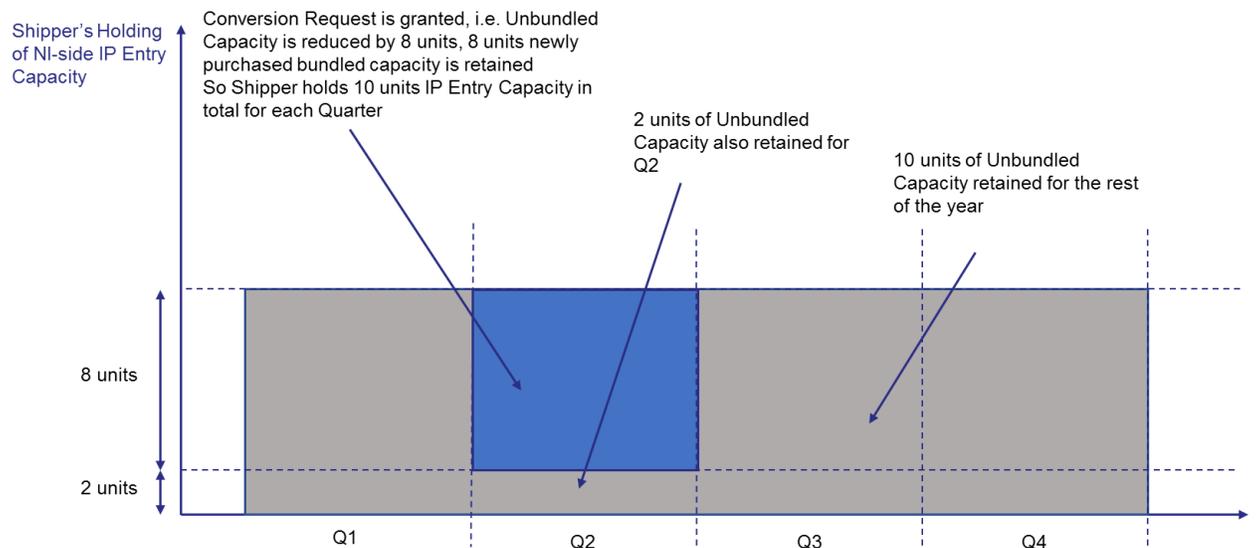


- The Shipper wishes to convert the Unbundled IP Entry Capacity it holds on the NI-side already for Q2 into Bundled IP Entry Capacity, otherwise it will have to pay under the NI regime for 18 units of IP Entry Capacity in total.



- The conversion results in the reduction of the Shippers' holding of Unbundled IP Entry Capacity. Therefore, for Q2 the Shipper must pay for the 8 units of Bundled IP Capacity that it was allocated in the Auction (at the relevant quarterly price, including any premium it may have bid), plus the two units of retained Unbundled IP Entry Capacity for Q2 at the annual capacity price.

However, it does not have to pay for the 8 units of Unbundled IP Entry Capacity that were effectively 'converted' into Bundled IP Entry Capacity.



5. After Q2, the conversion has no further effect. Unless the Shipper requests a further separate conversion (i.e. buys Bundled IP Entry Capacity in another auction and requests a conversion for a further period during the year), it will be invoiced for 10 units of Unbundled IP Entry Capacity at the annual capacity price for the remainder of the year.

The legal text refers to the Shipper providing information in its Conversion Request about the reference number or identifier of the relevant capacity holdings. This refers to the PRISMA reference for the bundled capacity and the Delphi reference number for the unbundled capacity contracts, which Shippers will be able to see on their systems.

When the Transporter provides the Conversion Confirmation Notice, it will provide the information about the Delphi reference numbers for all the contractual components of any remaining unbundled capacity that a Shipper may hold.

Below we provide some 'plain English' business rules, before the full legal text in section H.

Business Rules

1. A Shipper may request to convert Firm Unbundled IP Capacity at an IP following any Annual Yearly Auction, Annual Quarterly Auction and Annual Monthly Auction, in which it has been allocated a quantity of Firm Bundled IP Capacity at the relevant IP.
2. Since, at Interconnection Points in Northern Ireland there is no Firm IP Capacity available in the reverse flow direction, conversion is only available for IP Entry Capacity (i.e. IP Capacity in the Forward Flow Direction).
3. Conversion is only possible in periods of whole months and a Shipper may only request the conversion of the same amount of capacity for each day in a month.
4. A Shipper's conversion request must be submitted by email to the Transporter, using the pro-forma provided by the Transporter.
5. A conversion request must be received by the Transporter no later than 17:00, three Business Days after the close of the relevant Auction ("Conversion Request Deadline"). Late requests will be rejected and the Shipper will be informed of such rejection by the Transporter via email.
6. Shippers should complete the conversion request pro-forma which will require at least the following information:
 - (a) the identity of the Shipper;
 - (b) PRISMA reference number(s) for the Bundled IP Entry Capacity;
 - (c) the IP and Flow Direction;
 - (d) the amount of Unbundled IP Entry Capacity which is the subject of the request;
 - (e) the IP Capacity Period for which conversion is requested;
 - (f) Contact Details for the Shipper
 - (g) Delphi Reference number for the Unbundled IP Entry Capacity.
7. A Shipper may withdraw a request at any time until the Conversion Request Deadline.

8. The Transporter will validate the request to confirm:
 - (a) that all the information has been provided;
 - (b) that the Shipper holds sufficient Firm Unbundled Available IP Entry Capacity at the relevant IP for the relevant IP Capacity Period;
 - (c) that the amount requested for conversion is less than or equal to the amount of Bundled IP Entry Capacity allocated to the Shipper at the IP in the relevant Auction;
 - (d) that the IP Capacity Period for which conversion is requested is less than or equal to the IP Capacity Period of the Bundled IP Entry Capacity that was allocated to the Shipper in the relevant Auction;
 - (e) that the IP Capacity Period requested for conversion is in whole months;
 - (f) that the amount of capacity requested to be converted in respect of a month is the same for each day of that month.
9. Where a request does not meet these conditions, the Transporter will inform the Shipper after the Conversion Request Deadline, and a Shipper may, if it wishes, amend and resubmit the request by 17:00 on the Business Day following receipt of such notification. Otherwise the request will be rejected.
10. The Transporter will inform the Shipper of the outcome by no later than 3 Business Days after receiving a valid request by sending a confirmation notice via email.
11. The Conversion Confirmation Notice will include:
 - (a) PRISMA reference number(s) for the Bundled IP Entry Capacity;
 - (b) the Interconnection Point;
 - (c) the amount of Unbundled IP Entry Capacity converted;
 - (d) the IP Capacity Period for the conversion;
 - (e) reference number for the Unbundled IP Entry Capacity and any other relevant information about the remaining Unbundled IP Entry Capacity.
12. Following a conversion:
 - (a) the amount of the Shipper's Registered Unbundled IP Entry Capacity at the relevant IP will be reduced by the quantity converted for the relevant IP Capacity Period and consequently the Shipper shall not be invoiced for the Unbundled IP Entry Capacity which was converted;
 - (b) the Unbundled IP Entry Capacity which is released by the process of conversion will thereafter be treated by the Transporter as Unsold Technical IP Entry Capacity.
 - (c) there shall be no adjustment of the amount of Bundled IP Entry Capacity allocated to the Shipper in the relevant Auction and consequently the Shipper shall remain liable to pay for the Bundled IP Entry Capacity (including for any Premium bid in the Auction) in accordance with the remainder of the Code;

H Proposed Legal Text

Insert the following text immediately after section 2.9: Uniform Price Auctions

2.10 Conversion of Unbundled IP Entry Capacity to Bundled IP Entry Capacity

2.10.1 A Shipper which:

- (a) has been allocated Bundled IP Entry Capacity in respect of an IP Capacity Period at an Interconnection Point in an Auction; and
- (b) is registered as holding Unbundled IP Entry Capacity at that Interconnection Point during the same IP Capacity Period;

shall be entitled to request the Conversion of an amount of its Unbundled IP Entry Capacity in accordance with this section 2.10.

2.10.2 For the purposes of this section 2.10:

- (a) **“Conversion”** means a reduction in the amount of Unbundled IP Entry Capacity held by a Shipper at an IP, in accordance with this section 2.10, and **“Convert”** and **“Converted”** shall be construed accordingly;
- (b) **“Conversion Request”** means a request for Conversion submitted by a Shipper to the Transporter in accordance with this section 2.10;
- (c) **“Conversion Request Deadline”** means 17:00, on the third Business Day following the close of a relevant Auction as described in section 2.10.3;
- (d) **“Conversion Confirmation Notice”** means a notice provided by the Transporter to the Shipper following receipt of a valid Conversion Request in accordance with/as set out in section 2.10.11;
- (e) **“Conversion Month”** means a Month for which Conversion is requested.

2.10.3 Following any:

- (a) Annual Yearly Auction;
- (b) Annual Quarterly Auction; and/or
- (c) Rolling Monthly Auction;

in which a Shipper has been allocated Bundled IP Entry Capacity, the Shipper may submit a Conversion Request in respect of all or part of its holding of Unbundled IP Entry Capacity to the Transporter.

- 2.10.4 A Conversion Request may only be submitted in respect of whole Months and shall specify:
- (a) the identity of the Shipper;
 - (b) the IP, Flow Direction and the IP Capacity Period for which Conversion is requested;
 - (c) the amount of Unbundled IP Entry Capacity which is requested to be Converted;
 - (d) reference numbers or other identifiers as specified by the Transporter for the Unbundled IP Entry Capacity and the Bundled IP Entry Capacity; and
 - (e) any other information which may be notified as being required by the Transporter from time to time.
- 2.10.5 A Conversion Request shall be submitted to the Transporter by the Conversion Request Deadline. Late Conversion Requests shall be rejected by the Transporter and the Transporter shall inform the Shipper accordingly.
- 2.10.6 A Shipper may withdraw a Conversion Request at any time up until the Conversion Request Deadline.
- 2.10.7 Following the Conversion Request Deadline, the Transporter shall review all Conversion Requests submitted and determine their validity in accordance with section 2.10.8.
- 2.10.8 A Conversion Request shall be valid if, for each Conversion Month:
- (a) it contains the information set out in section 2.10.4;
 - (b) the Shipper holds Firm Unbundled Available IP Entry Capacity at the relevant IP for the relevant IP Capacity Period of an amount equal to or greater than the amount requested for Conversion;
 - (c) the amount of Unbundled IP Entry Capacity requested for Conversion is less than or equal to the amount of Bundled IP Entry Capacity allocated to the Shipper at the IP in the relevant Auction;
 - (d) the IP Capacity Period for which Conversion is requested is less than or equal to the IP Capacity Period of the Bundled IP Entry Capacity allocated to the Shipper at the IP in the relevant Auction; and
 - (e) the amount of Unbundled IP Entry Capacity requested for Conversion is the same for each Day in the Conversion Month.
- 2.10.9 Where the Transporter determines that a Conversion Request is invalid, it shall inform the Shipper as soon as reasonably possible and invite the Shipper to resubmit the Conversion Request. Thereafter;

- (a) the Shipper may amend and resubmit the Conversion Request by no later than 17:00 on the following Business Day;
 - (b) where a resubmitted Conversion Request is not received by the time stated in 2.10.9(a) or is still invalid under section 2.10.8, for whatever reason, it shall be rejected by the Transporter.
- 2.10.10 Within 3 Business Days of receipt of a valid Conversion Request, the Transporter shall notify the Shipper of the outcome by issuing a Conversion Confirmation Notice to the Shipper.
- 2.10.11 A Conversion Confirmation Notice shall contain at least the following information:
 - (a) the IP and Flow Direction;
 - (b) the IP Capacity Period;
 - (c) the amount of Unbundled IP Entry Capacity Converted for each Conversion Month;
 - (d) reference numbers or other identifiers for the Bundled IP Entry Capacity and for any remaining Unbundled IP Entry Capacity which the Shipper is registered as holding; and
 - (e) any other information the Transporter determines, in its sole discretion, is required.
- 2.10.12 Where the Transporter has issued a Conversion Confirmation Notice:
 - (a) the amount of Unbundled IP Entry Capacity that the Shipper is registered as holding shall be reduced, in respect of each Conversion Month, by the amount which has been Converted;
 - (b) the Unbundled IP Entry Capacity released by the Conversion shall thereafter be treated as Unsold Technical IP Entry Capacity by the Transporter.
- 2.10.13 For the avoidance of doubt, following a Conversion:
 - (a) a Shipper shall not be invoiced for the Unbundled IP Entry Capacity which has been Converted;
 - (b) there shall be no change to the amount of Bundled IP Entry Capacity a Shipper is registered as holding;
 - (c) a Shipper shall retain its obligations to pay for the Bundled IP Entry Capacity it is registered as holding in accordance with the remainder of this Code.

OTHER LEGAL TEXT CHANGES

Amend Contents Page section 2 as shown below:

- 2. INTERCONNECTION POINT CAPACITY
 - 2.1 Introduction
 - 2.2 Flow Direction
 - 2.3 IP Capacity – General
 - 2.4 Auctions – General
 - 2.5 The Auctions to be held
 - 2.6 Use of a Capacity Platform
 - 2.7 IP Capacity Quantities
 - 2.8 Ascending Clock Auctions
 - 2.9 Uniform Price Auctions
 - 2.10 Conversion of Unbundled IP Entry Capacity to Bundled IP Entry Capacity
 - ~~2.1140~~ Voluntary Bundling
 - ~~2.1244~~ Secondary Transfer of IP Capacity
 - ~~2.1342~~ IP Entry Capacity Overruns
 - ~~2.1443~~ Relationships
 - ~~2.1544~~ Registering Bundled IP Entry Capacity
 - ~~2.1645~~ Congestion Management Procedures Introduction
 - ~~2.1746~~ Surrender of IP Capacity
 - ~~2.1847~~ Long Term Use-it-or-Lose-it
 - ~~2.1948~~ Buyback of IP Entry Capacity
 - ~~2.2049~~ Firm Day Ahead Use-it-or-Lose-it

Amend section 1.12.1(d) to read as shown below:

1.12 Stranraer Exit Point

- 1.12.1 Stranraer Exit Point is located in Scotland and the arrangements for distribution of gas in the Stranraer Distribution Network are governed under the GB Uniform Network Code. Under the GB Uniform Network Code a party (the “**Stranraer Shipper**”) is appointed to ship gas from Moffat Interconnection Point to the Stranraer Exit Point pursuant to the terms of this Code. Accordingly:
 - (a) the Stranraer Shipper is a Party to this Code and, for the avoidance of doubt, is classified as a Shipper under this Code;
 - (b) the arrangements for Demand Forecast Information in relation to Stranraer Distribution Network are governed under the GB Uniform Network Code and not under this Code;
 - (c) there is no Relevant DNO for Stranraer Exit Point pursuant to this Code;
 - (d) section 2.~~1342~~ (in respect of Overrun Charges) does not apply in respect of the Stranraer Shipper;
 - (e) for the avoidance of doubt, section 3.11.1 (in respect of Ratchet Charges) applies to the Stranraer Shipper;

- (f) the applicable transmission charges payable by the Stranraer Shipper are determined pursuant to condition 3.1.8 of the PTL Licence and payments from/to the Stranraer Shipper are not included in the PoT Account, in accordance with section 17.1.6(c)(i) and;
- (g) the Stranraer Shipper is required to pay PS Code Charges in accordance with section 17.1.6(c)(ii).

.....
Amend section 2.3.4 to read as follows:

2.3.4 In this Code, an “**IP Capacity Transaction**” refers to:

- (a) the allocation of IP Capacity to a Shipper in an Auction;
- (b) the Conversion of IP Entry Capacity in accordance with section 2.10.
- ~~(c)~~ voluntary bundling of IP Capacity in accordance with section 2.1140;
- ~~(d)~~ the transfer of IP Capacity in accordance with section 2.4112;
- ~~(e)~~ the accepted Surrender of IP Entry Capacity in accordance with section 2.1746;
- ~~(f)~~ the Withdrawal of IP Entry Capacity in accordance with section 2.4718; or
- ~~(g)~~ the purchase of IP Entry Capacity by the Transporter in accordance with section 2.4819.

.....
Amend section 2.3.13 to read as follows:

2.3.13 Section 2.1413 sets out general provisions relating to the relationships between the Transporter, an Adjacent Transporter and a Shipper in respect of an Interconnected System and the Adjacent Transporter’s Rulebook.

.....
Amend sections 2.3.18 and 2.3.19 to read as follows:

2.3.18 A Shipper’s “**Available IP Capacity**” is the IP Capacity that the Shipper holds at an IP in respect of a Gas Flow Day after taking into account any Capacity Conversion in accordance with section 2.10 and any IP Capacity Transfers in accordance with section 2.1244.

2.3.19 A Shipper’s “**Available IP Entry Capacity**” is the IP Entry Capacity that the Shipper holds at an IP in respect of a Gas Flow Day after taking into account any:

- (a) Conversion of IP Entry Capacity in accordance with section 2.10;
- ~~(b)~~ transfers of IP Entry Capacity in accordance with section 2.1244;
- ~~(c)~~ Surrenders of IP Entry Capacity in accordance with section 2.1746;

(de) Withdrawals of IP Entry Capacity in accordance with section 2.1847; or

(ed) purchases of IP Entry Capacity by the Transporter in accordance with section 2.1948.

.....
Amend section 2.6.3 (b) to read as shown below:

2.6.3 The Transporter, the Adjacent Transporters and Shippers have agreed that the following activities (“CPO Activities”) will be performed by the Capacity Platform Operator:

(a) the running of Auctions in respect of IP Capacity including the publication of Auction Information, the receipt and validation of Bids, the evaluation and acceptance of Bids and the provision and publication of the results of an Auction, as provided for in this section 2;

(b) the receipt and acceptance or rejection of IP Capacity Transfers as provided for in section 2.1244 and the provision of a facility enabling Shippers to post and accept offers to make such IP Capacity Transfers; and

(c) equivalent activities in respect of capacity in an Interconnected System;

and such activities are not within the scope of the Delphi System.

.....
Correct the erroneous cross reference in section 6.12.2 to read as follows:

6.12.2 Whilst it is the intention that the Transporter shall accommodate a profiled rate of offtake where circumstances permit (whether nominated in accordance with ~~6.12.1~~ or otherwise), the Transporter shall have no obligation to deliver a quantity of gas other than at a Uniform Offtake Rate.

.....
Amend section 21.7.2(b) to read as shown below:

21.7.2 Where section 21.7.1 applies in respect of IP Capacity or the Transporter is otherwise directed by the Authority to release a quantity of IP Entry Capacity for a certain IP Capacity Period, then:

(a) it shall add the amount of such IP Entry Capacity to the Unsold Technical IP Capacity at the IP in the next available Auctions for the relevant IP Capacity Period; and

(b) for the avoidance of doubt, such IP Entry Capacity will be allocated in accordance with section 2.1645.8 as Unsold Technical IP Entry Capacity.

Renumbering of the subsequent sections in section 2

Renumber the remainder of section 2 as follows:

2.1140 Voluntary Bundling

2.1140.1 A Shipper may submit a request to the Transporter for its Unbundled IP Entry Capacity to be Bundled with its Equivalent Interconnected System Capacity in accordance with this section 2.1140.

2.1140.2 The Shipper must simultaneously submit a request to the Relevant Adjacent Transporter for its' Equivalent Interconnected System Capacity to be Bundled with its' IP Entry Capacity under the Adjacent Transporter's Rulebook, and for these purposes:

- (a) the Shipper need only submit one request, which may be submitted to either the Transporter or the Relevant Adjacent Transporter;
- (b) where the Shipper submits its' request to the Transporter, the Transporter agrees to act as an agent of the Shipper to send the request to the Relevant Adjacent Transporter;
- (c) where the Shipper submits its' request to the Relevant Adjacent Transporter, the Transporter agrees to receive the request from the Relevant Adjacent Transporter as agent for the Shipper;

subject to and in accordance with the further provisions of this section 2.1144.

2.1140.3 Where the Shipper submits its' request to the Transporter, the request shall specify:

- (a) the identity of the Shipper;
- (b) the IP, Flow Direction and IP Capacity Duration of the IP Entry Capacity;
- (c) the amount of IP Entry Capacity to be Bundled;
- (d) the first Day of the IP Capacity Period for which the IP Entry Capacity is to be Bundled.

2.1140.4 The Shipper's request should be submitted to the Transporter not less than two months before the first Day of the IP Capacity Period specified in the request.

2.1140.5 If the requirements of sections 2.1140.6(a) and 2.1140.6(b) are met the Transporter will, (pursuant to section 2.1140.2(b)) within 10 Business Days of receiving the request, notify the Relevant Adjacent Transporter of the request and provide to it the information contained in the request.

2.1140.6 The Transporter will accept the request and the IP Entry Capacity shall be registered as Bundled, if:

- (a) the request complies with the requirements in section 2.1140.3;
- (b) the Shipper holds Unbundled Available IP Entry Capacity for the IP Capacity Period for which the request is made in an amount not less than the amount specified in the request;

(c) the Relevant Adjacent Transporter has confirmed to the Transporter not less than one month before the first Day of the IP Capacity Period that it accepts the request.

2.1140.7 If the requirements of section 2.1140.6 are not satisfied the Transporter will reject the request.

2.1140.8 The Transporter will notify the Shipper whether its request is accepted or rejected not less than 5 Business Days before the first Day of the IP Capacity Period.

2.1140.9 If an Adjacent Transporter notifies the Transporter that it has received a request (an “**Adjacent Bundling Request**”) from a Shipper to Bundle Interconnected System Capacity with IP Entry Capacity, and provides details of the Shipper, Flow Direction of the IP Entry Capacity and the requested amount, first Day of the IP Capacity Period and period of such bundling, then section 2.1140.10 applies.

2.1140.10 If the requirements in section 2.1140.11 are satisfied, the Transporter will:

- (a) (pursuant to section 2.1140.2(c)) treat the Adjacent Bundling Request as a request by the Shipper under section 2.1140.1 to register the Shipper’s equivalent Unbundled Available IP Entry Capacity as Bundled;
- (b) accept such request;
- (c) not less than 10 Business Days after receiving an Adjacent Transporter’s notification, confirm to the Adjacent Transporter that the Transporter accepts the Shipper’s request.

2.1140.11 The requirements are that:

- (a) the Party making the request is a Shipper;
- (b) the Transporter receives the notification from the Relevant Adjacent Transporter not less than one month before the first Day of the IP Capacity Period;
- (c) the Shipper holds Available IP Entry Capacity which is equivalent in terms of quantity, Flow Direction, IP Capacity Period, Class and IP Capacity Duration to the Interconnected System Capacity notified by the Relevant Adjacent Transporter.

2.1140.12 If the requirements in section 2.1140.11 are not satisfied the Transporter will notify the Adjacent Transporter that the Shipper’s request is rejected.

2.1140.13 For the purposes of this section 2.1140, each Shipper unconditionally and irrevocably:

- (a) authorises the Transporter to act as its’ agent to send a request to the Relevant Adjacent Transporter as provided in sections 2.1140.2(b) and 2.1140.5;
- (b) confirms that it has appointed the Relevant Adjacent Transporter as its’ agent to send to the Transporter, and authorises the Transporter to act on, any request notified by the Relevant Adjacent Transporter as provided in sections 2.1140.2(c) and 2.1140.9.

2.1244 Secondary Transfer of IP Capacity

- 2.1244.1 A Transferor Shipper may arrange to transfer all or part of its' Available IP Capacity at an IP to a Transferee Shipper, subject to and in accordance with this section 2.1244.
- 2.1244.2 For the purposes of this Code, an “**IP Capacity Transfer**” is a transfer of IP Capacity in accordance with section 2.1244.1.
- 2.1244.3 An IP Capacity Transfer may only be made:
- (a) for any Gas Flow Day or consecutive Gas Flow Days within the IP Capacity Period of the Shipper's Available IP Capacity;
 - (b) to a Transferee Shipper with an IP Registration in respect of the relevant IP.
- 2.1244.4 In respect of an IP Capacity Transfer or proposed IP Capacity Transfer:
- (a) the “**Transferred IP Capacity**” is the IP Capacity which is (or is to be) transferred;
 - (b) the “**IP Capacity Transfer Period**” is the Gas Flow Day or Days for which the IP Capacity is (or is to be) transferred;
 - (c) the “**Transfer IP**” is the IP at which the IP Capacity is to be transferred.
- 2.1244.5 The Transporter shall reject an IP Capacity Transfer where:
- (a) the Transferred IP Capacity exceeds the Shipper's Available IP Capacity on any Gas Flow Day in the IP Capacity Transfer Period;
 - (b) in the case of an IP Capacity Transfer of Bundled IP Capacity, the Shipper is registered as holding an amount of Bundled IP Capacity which is less than the Transferred IP Capacity for each Gas Flow Day in the IP Capacity Transfer Period;
 - (c) in the case of an IP Capacity Transfer of Unbundled IP Capacity, the Shipper is registered as holding an amount of Unbundled IP Capacity which is less than the Transferred IP Capacity for each Gas Flow Day in the IP Capacity Transfer Period.
- 2.1244.6 IP Capacity may not be transferred from one IP to another.
- 2.1244.7 The Capacity Platform shall be used for the notification of proposed IP Capacity Transfers, subject to and in accordance with the CPO Rules and Processes.
- 2.1244.8 Where a Transferor Shipper proposes to make an IP Capacity Transfer, each of the Transferor Shipper and the Transferee Shipper must notify the proposed IP Capacity Transfer (using the Capacity Platform) specifying:
- (a) the identity of the Transferor Shipper and the Transferee Shipper;
 - (b) that the notification is for the Transporter and, in the case of Bundled IP Capacity, the identity of the Adjacent Transporter;

- (c) IP, including confirmation of Flow Direction;
- (d) the amount of the Transferred IP Capacity;
- (e) whether the Transferred IP Capacity is IP Entry Capacity or Interruptible VRF IP Exit Capacity;
- (f) in the case of IP Entry Capacity, whether the capacity is Bundled or Unbundled;
- (g) the IP Capacity Transfer Period;
- (h) any other information required by the CPO Rules and Processes.

2.1244.9 A notification under section 2.1244.8 of an IP Capacity Transfer of Bundled IP Capacity shall also operate as a notification to the Relevant Adjacent Transporter to transfer the Equivalent Interconnected System Capacity.

2.1244.10 Where both the Transferor Shipper and the Transferee Shipper have confirmed the proposed IP Capacity Transfer on the Capacity Platform, the Capacity Platform Operator will issue a “**Transfer Proposal**” to the Transporter and, in the case of Bundled IP Capacity, the Relevant Adjacent Transporter.

2.1244.11 The Transporter shall notify the Capacity Platform Operator as to whether a Transfer Proposal is accepted or rejected within 60 minutes of receiving the Transfer Proposal.

2.1244.12 The Transporter shall accept a Transfer Proposal if:

- (a) the Transferor Shipper has sufficient Available IP Capacity, including sufficient Bundled IP Capacity or Unbundled IP Capacity as applicable;
- (b) the Transferee Shipper is different to the Transferor Shipper;
- (c) the Transfer Proposal is received by the Transporter by 03:00 on the day of the IP Capacity Transfer.

2.1244.13 A Transfer Proposal may be rejected by the Transporter:

- (a) in the case of Bundled IP Capacity, if the Transfer Proposal is not accepted by the Relevant Adjacent Transporter;
- (b) if any requirement of the CPO Rules and Processes is not satisfied in relation to the IP Capacity Transfer;
- (c) where for any reason the Capacity Platform is unavailable.

2.1244.14 Where a Transfer Proposal for Unbundled IP Capacity is accepted by the Transporter:

- (a) the Transferor Shipper’s Available IP Capacity shall be reduced by the amount of the Transferred IP Capacity for the IP Capacity Transfer Period;

- (b) the Transferee Shipper's Available IP Capacity shall be increased by the amount of the Transferred IP Capacity for the IP Capacity Transfer Period; and
- (c) the Transferor Shipper shall remain liable to pay the Transporter PS Transmission Amounts associated with its Registered IP Capacity.

2.1244.15 Where a Transfer Proposal for Bundled IP Capacity is accepted by the Transporter:

- (a) where the Shipper is the Transferor, reduce the amount of Bundled IP Capacity that the Shipper is registered as holding (and the Transferor's Available IP Capacity) by the amount of the Transferred IP Capacity for the IP Capacity Transfer Period;
- (b) where the Shipper is the Transferee, increase the amount of Bundled IP Capacity that the Shipper is registered as holding (and the Transferor's Available IP Capacity) by the amount of the Transferred IP Capacity for the IP Capacity Transfer Period; and
- (c) the Transferor Shipper shall remain liable to pay the Transporter PS Transmission Amounts associated with its Registered IP Capacity.

2.1342 IP Entry Capacity Overruns

2.1342.1 Where a Shipper is allocated a quantity of gas in excess of its Available IP Entry Capacity in respect of a Gas Flow Day, it shall be liable to pay "**Overrun Charges**" in accordance with this section 2.1342.

2.1342.2 The amount by which the total of a Shipper's Final IP Entry Allocations at an IP exceeds the Available IP Entry Capacity held by the Shipper at the IP in respect of a Gas Flow Day will be the "**Overrun Quantity**".

2.1342.3 Where applicable, Overrun Charges will be calculated as follows:

$$\text{Overrun Charge} = 8 \times P_{\text{daily}} \times \text{Overrun Quantity}$$

where P_{daily} is the relevant NI Reserve Price for Daily IP Entry Capacity on the Day.

2.1342.4 If as a result of any failure or unavailability of the systems and processes of the Capacity Platform Operator in connection with the CPO Activities in section 2.6.3(a) in relation to any Gas Flow Day, either:

- (a) Within Day Auctions for the Gas Flow Day are not held, or Shippers are unable to participate in such Within Day Auctions, for any 6 or more consecutive Bid Windows; or
- (b) the Within Day Auction with the last Bid Window on the Gas Flow Day is not held, or Shippers are unable to participate in such Within Day Auction;

then Shippers shall not be liable to pay Overrun Charges in respect of such Gas Flow Day.

2.1413 Relationships

- 2.1413.1 Except as expressly provided in this Code, neither the Transporter nor the Adjacent Transporter, in relation to an Interconnection Point, acts as an agent for the other in any relationship with Shippers.
- 2.1413.2 Nothing in this Code purports to or has effect to confer any rights or obligations on a Shipper, or any rights or obligations as between the Transporter and a Shipper, in respect of an Interconnected System.
- 2.1413.3 Nothing in any Adjacent Transporter's Rulebook creates any rights or obligations as between the Transporter and any Shipper or otherwise binds the Transporter.
- 2.1413.4 Where a provision ("**Relevant Provision**") of this Code refers to or operates by reference to the Adjacent Transporter's Rulebook in relation to an Interconnection Point:
- (a) the Parties confirm that they consider that the provisions of the Adjacent Transporter's Rulebook are compatible with the Relevant Provision;
 - (b) if (and for so long as) there is any incompatibility between the provisions of the Adjacent Transporter's Rulebook and the Relevant Provision, to the extent which such incompatibility affects the implementation of the Relevant Provision:
 - (i) the Transporter shall be entitled to implement the Relevant Provision in any way which (in its reasonable discretion) it determines to be practicable and appropriate in the circumstances (and the Code shall take effect in accordance with such determination);
 - (ii) the Transporter will to the extent practicable consult with Shippers, and will in any event notify Shippers, as to how it implements such provision;
 - (iii) for the avoidance of doubt, any Party may propose a modification to this Code, in accordance with the Modification Rules, which would remove such incompatibility.
- 2.1413.5 Where any provision of this Code refers to or operates by reference to the Adjacent Transporter's Rulebook or any act or circumstance relating to a Shipper or the Adjacent Transporter in relation to an Interconnected System:
- (a) the information provided by or other determination of the Adjacent Transporter shall be taken to be correct and definitive as to the operation, effect or interpretation of the Adjacent Transporter's Rulebook or such act or circumstance;
 - (b) nothing shall require the Transporter to question or validate such information or determination;
 - (c) accordingly no Shipper may question or dispute the application of any provision of this Code on the basis of any question or dispute in relation to the Adjacent Transporter's Rulebook or such act or circumstance.

2.1544 Registering Bundled IP Entry Capacity

2.1544.1 The Transporter shall register a Shipper's IP Entry Capacity as Bundled:

- (a) when it is allocated to a Shipper as a result of a Bundled Auction;
- (b) when it has been voluntarily bundled in accordance with section 2.1140;
- (c) when it has been transferred to the Shipper as Bundled IP Entry Capacity in accordance with section 2.1244;

unless or until section 2.1544.2 applies.

2.1544.2 Where (other than in connection with an IP Capacity Transfer) the Adjacent Transporter notifies the Transporter that under any provision of the Adjacent Transporter's Rulebook a Shipper will cease or has ceased (for any Gas Flow Day or consecutive Days) to hold any amount of Equivalent Interconnected System Capacity which the Adjacent Transporter records as bundled with IP Entry Capacity, the Transporter will:

- (a) compare what is notified by the Adjacent Transporter with its register of IP Entry Capacity; and
- (b) reduce the amount of the IP Entry Capacity registered as Bundled for the relevant Day(s) where and by the amount by which such reduction appears to the Transporter to be appropriate; and
- (c) unless there is a corresponding reduction in the Shipper's Available IP Entry Capacity, increase the amount of the Shipper's Unbundled IP Entry Capacity by the same amount.

2.1544.3 Where a Shipper ceases to hold Bundled IP Entry Capacity as a result of termination in accordance with section 21, retirement from the Code in accordance with section 22.9 or under any other section of this Code, the Transporter may notify the Adjacent Transporter (if it has agreed with the Adjacent Transporter to do so) and provide the following information:

- (a) the identity of the Shipper;
- (b) the amount of Bundled IP Entry Capacity which the Shipper has ceased to hold;
- (c) the Day(s) for which the Shipper has ceased to hold the IP Entry Capacity.

2.1645 Congestion Management Procedures Introduction

2.1645.1 In this Code:

- (a) the "**CMP Sections**" means sections 2.1645, 2.1746, 2.1847 and 2.1948;

- (b) the “**Activation Test**” means the test set out in the OS Scheme and CMP Methodology Statement for the determination of contractual congestion;
- (c) the “**CMP Activation Date**” means the date at which the Activation Test is passed; and
- (d) the “**OS Effective Date**” means a date specified by the Transporter which shall be 6 months after the CMP Activation Date or sooner where feasible;

and the CMP Sections of this Code provide for the application of Congestion Management Procedures.

2.1645.2 The CMP Sections shall come into effect:

- (a) on the CMP Activation Date; or
- (b) they may come into force together or separately before the CMP Activation Date where the Transporter otherwise determines that the procedures in any or all of those sections are required, in accordance with the OS Scheme and CMP Methodology Statement in which case the Transporter shall specify the date of commencement of such section(s) individually by publishing the relevant effective date(s) of the section(s) on its Website.

2.1645.3 The CMP Sections shall not apply before the date determined under section 2.1645.2.

2.1645.4 Shippers shall not be able to submit Surrender Offers in accordance with section 2.1746, or Buyback Offers in accordance with section 2.1948 before the OS Effective Date.

2.1645.5 In respect of sections 2.1746 and 2.1948, the Transporter shall inform Shippers in writing of the means by which it proposes to administer sections 2.1746 and 2.1948 at the CMP Activation Date, or such date published in accordance with section 2.1645.2(b), and may amend or update this information from time to time, by informing the Shippers in writing.

2.1645.6 In accordance with section 2.7.3(b), the Transporter will make Additional IP Entry Capacity available to Shippers as part of the Allocable IP Entry Capacity. For the purposes of this Code, “**Additional IP Entry Capacity**” comprises any of:

- (a) IP Entry Capacity made available from time to time as a result of Surrender Offers in accordance with section 2.1746;
- (b) IP Entry Capacity made available from time to time as a result of the application of the LTUIOLI Procedures in accordance with section 2.1847; and
- (c) Oversubscription Capacity made available from time to time as a result of the implementation of the OS Scheme and CMP Methodology Statement.

2.1645.7 In accordance with section 2.1948 and the OS Scheme and CMP Methodology Statement, the Transporter may purchase IP Entry Capacity from a Shipper where necessary.

Order of Allocation of IP Entry Capacity

2.1645.8 The Transporter shall allocate IP Entry Capacity to Shippers pursuant to an Auction utilising the Allocable IP Entry Capacity available pursuant to this Code as follows:

- (a) firstly, Unsold Technical IP Entry Capacity;
- (b) secondly, IP Entry Capacity made available as a result of Surrender Offers;
- (c) thirdly, IP Entry Capacity made available as a result of the application of LTUIOLI Procedures; and
- (d) fourthly, Oversubscription Capacity.

2.1746 Surrender of IP Entry Capacity

2.1746.1 A Shipper may offer IP Entry Capacity for Surrender in an Auction in accordance with this section 2.1746.

2.1746.2 For the purposes of this Code:

- (a) **“Surrender”** means the surrender of IP Entry Capacity for reallocation by Auction in accordance with this section 2.1746;
- (b) a **“Surrender Offer”** is an offer to Surrender IP Entry Capacity in respect of a relevant Auction;
- (c) a reference to the Auction in respect of which a Surrender Offer is made is to the Auction which relates to the IP Entry Capacity subject to the Surrender Offer, or (where the IP Capacity Period is a Gas Year) the next Annual Yearly Auction for which the Auction Information Time is not less than 5 Business Days after the Surrender Offer is received;
- (d) **“Surrender Deadline”** means 17:00 hours on the 5th Business Day before the Auction Information Time for the Auction in respect of which a Surrender Offer is made;
- (e) the **“Surrender Quantity”** is the quantity of IP Entry Capacity offered for Surrender in a Surrender Offer; and
- (f) the **“Aggregate Surrender Quantity”** in relation to a Surrender Offer is the sum of the Surrender Quantity and the Surrender Quantities under all (if any) Surrender Offers previously submitted by the Shipper in respect of the same Auction.

2.1746.3 A Shipper may only offer to Surrender IP Entry Capacity in respect of the following:

- (a) Annual Yearly Auctions;
- (b) Annual Quarterly Auctions; and
- (c) Monthly IP Entry Capacity Auctions.

2.1746.4 Subject to section 2.17.3, a Shipper may submit up to 10 Surrender Offers in respect of an Auction, each of which shall be a separate Surrender Offer independent of each other Surrender Offer.

2.1746.5 A Shipper may withdraw a Surrender Offer at any time up to, but not after, the Surrender Deadline and references in sections 2.1746.11 to 2.1746.16 to a Surrender Offer are to the Surrender Offer prevailing at the Surrender Deadline.

2.1746.6 A Surrender Offer shall specify:

- (a) the identity of the Shipper;
- (b) the IP and the IP Capacity Period for which the IP Entry Capacity is offered for Surrender;
- (c) the Surrender Quantity;
- (d) if requested by the Transporter, whether the IP Entry Capacity is Bundled or Unbundled; and
- (e) any other information required by the CPO Rules and Processes.

2.1746.7 A Surrender Offer will only be valid if the following requirements are satisfied:

- (a) the Surrender Offer complies with the requirements of section 2.1746.6;
 - (b) the Surrender Offer is submitted by no later than the Surrender Deadline;
 - (c) the IP Entry Capacity offered for Surrender is for an eligible IP Capacity Duration and an IP Capacity Period which will be subject to an Auction;
 - (d) the Shipper holds an amount of Available IP Entry Capacity which is not less than the Aggregate Surrender Quantity (but without regard to whether the Available IP Entry Capacity is Bundled or Unbundled);
 - (e) if the Surrender Offer is made in respect of Bundled IP Entry Capacity, a surrender offer in respect of Equivalent Interconnected System Capacity is submitted to, and not rejected by, the Adjacent Transporter in accordance with the Adjacent Transporter's Rulebook; and
 - (f) any requirements of the CPO Rules and Processes are complied with,
- (a **“Valid Surrender Offer”**).

2.1746.8 Where a Surrender Offer is not valid in accordance with section 2.1746.7 it will be rejected by the Transporter and have no further effect.

2.1746.9 A Valid Surrender Offer operates as an offer to Surrender the Surrender Quantity at the Clearing Price determined in accordance with section 2.8.38, capable of acceptance (in whole or in part)

in accordance with section 2.1746.12 and may not be modified or (except as provided for in section 2.1746.4) withdrawn.

2.1746.10 A Valid Surrender Offer will remain valid and available for acceptance until the Transporter determines the re-allocation of Surrender Offers following the next relevant Auction. Where a Shipper's Available IP Entry Capacity is reduced after the Surrender Deadline (as a result of an IP Capacity Transfer or any other reason) the Surrender Offer will be rejected.

Effect of a Surrender Offer: Acceptance, and Allocation

2.1746.11 The Surrender Quantity in relation to a Valid Surrender Offer will be included in the Allocable IP Entry Capacity for the Auction in accordance with section 2.7.3.

2.1746.12 A Valid Surrender Offer is accepted where, following the Auction, the Surrender Quantity or part thereof is allocated towards the Auction Allocated Quantity in accordance with section 2.1746.13 and section 2.1645.8, and if, or to the extent, not so accepted the Valid Surrender Offer shall lapse and be of no effect.

2.1746.13 For the purposes of section 2.1746.12, where the aggregate quantity to be allocated in respect of Surrender Offers is less than the aggregate of the Surrender Quantities under all Valid Surrender Offers, Surrender Quantities shall be allocated in the order in which the Surrender Offers were submitted, and the amount so allocated shall be the "**Effective Surrender Quantity**" in respect of each Surrender Offer.

2.1746.14 For the purposes of section 2.1746.12, where the aggregate quantity to be allocated in respect of Surrender Offers is greater than the aggregate of the Surrender Quantities under all Valid Surrender Offers then all the Surrender Quantities shall be allocated and the Effective Surrender Quantity for each Surrender Offer shall be the Surrender Quantity.

2.1746.15 Subject to section 2.1746.16, where a Surrender Offer is accepted:

- (a) the Shipper's Registered IP Entry Capacity shall be reduced by the amount of the Effective Surrender Quantity determined under section 2.1746.13 or section 2.1746.14; and
- (b) the Shipper which submitted such Surrender Offer shall have no further rights or obligations in respect of the Effective Surrender Quantity for the IP Capacity Period for which the Surrender Offer was accepted.

2.1746.16 Where, in accordance with section 2.4.4 there are both Bundled and Unbundled Auctions:

- (a) a Surrender Offer may be allocated in more than one Auction; and
- (b) the allocation of Surrender Offers pursuant to sections 2.1746.12, 2.1746.13 and 2.1746.14 shall be performed first in relation to the Bundled Auction and then in relation to the Unbundled Auction.

2.1746.17 Where a Valid Surrender Offer is not accepted in accordance with section 2.1746.12, the Shipper which submitted the Surrender Offer shall retain all rights and obligations associated with the IP Entry Capacity that was the subject of the Surrender Offer including, for the

avoidance doubt, the liability to pay for all PS Transmission Amounts in respect of such IP Entry Capacity.

2.1847 Long Term Use-it-or-Lose-it

2.1847.1 For the purposes of this section 2.1847, a “**LTUIOLI Shipper**” is a Shipper holding IP Entry Capacity with an IP Capacity Duration of more than 1 year as determined in accordance with the OS Scheme and CMP Methodology Statement.

2.1847.2 For the purposes of monitoring a LTUIOLI Shipper’s utilisation of IP Entry Capacity, the Transporter shall produce two usage reports each Gas Year for the following periods:

(a) 1st October to 31st March; and

(b) 1st April to 30th September;

such reports to be produced and submitted to the Authority by 30th April and 31st October respectively (the “**Usage Reports**”).

2.1847.3 In respect of each LTUIOLI Shipper, the Usage Reports shall identify any Underutilisation in accordance with the OS Scheme and CMP Methodology Statement.

2.1847.4 In the event that:

(a) there is an unfulfilled demand for IP Entry Capacity; and

(b) Underutilisation has been identified in respect of a LTUIOLI Shipper,

the Transporter shall request that LTUIOLI Shipper to provide justification for its utilisation, and give 3 months’ notice of the intention to withdraw IP Entry Capacity (an “**Indicative Withdrawal Notice**”).

2.1847.5 A Shipper receiving an Indicative Withdrawal Notice under section 2.1847.4 shall respond within 1 month of receipt of the Indicative Withdrawal Notice providing information (“**Written Submission**”) to justify its utilisation.

2.1847.6 Following receipt of a Written Submission, where the Transporter is satisfied that the Shipper’s Underutilisation is justified, it shall inform the Shipper within 10 Business Days of receipt of such Written Submission and no IP Entry Capacity shall be withdrawn from that Shipper.

2.1847.7 Where a Shipper does not provide a Written Submission within 1 month in accordance with section 2.18.5, or where the Transporter is not satisfied that the Shipper’s Underutilisation is justified, it shall, in accordance with the OS Scheme and CMP Methodology Statement:

(a) determine the amount of IP Entry Capacity which should be withdrawn (the “**LTUIOLI Capacity**”);

- (b) determine the relevant IP Capacity Period for which the LTUIOLI Capacity should be withdrawn;
- (c) inform the Shipper within 10 Business Days of its intention to withdraw such- LTUIOLI Capacity (an “**Intended Withdrawal Notice**”);
- (d) specify the amount of LTUIOLI Capacity and the relevant IP Capacity Period in the Intended Withdrawal Notice; and
- (e) inform the Authority.

2.1847.8 If the Shipper does not agree with the decision of the Transporter to withdraw IP Entry Capacity, the Shipper may, by no later than 2 weeks following receipt of the Intended Withdrawal Notice, refer the matter (by submission in writing) to the Authority for review.

2.1847.9 If no referral is made to the Authority in accordance with section 2.1847.8, the Intended Withdrawal Notice shall become effective on the expiry of the 3 month notice period given under section 2.1847.4 and section 2.1847.11 shall apply.

2.1947.10 If a referral is made to the Authority in accordance with section 2.1847.8, the determination of the Authority as to whether the Underutilisation is properly justified shall be final and binding and:

- (a) the Intended Withdrawal Notice shall not become effective until the determination of the Authority has been reached; and
- (b) where the Authority determines that the Underutilisation is:
 - (i) not properly justified, the Intended Withdrawal Notice shall become effective on the date of such determination by the Authority and section 2.1847.11 shall apply; or
 - (ii) properly justified, no IP Entry Capacity shall be withdrawn, and the Transporter shall inform the Shipper (in writing) accordingly.

2.1847.11 Where an Intended Withdrawal Notice becomes effective in accordance with sections 2.1847.9 and 2.1847.10(b)(i), the amount of LTUIOLI Capacity shall be offered as Allocable IP Entry Capacity in the first possible Annual Yearly Auction or Annual Quarterly Auction in accordance with the OS Scheme and CMP Methodology Statement.

2.1847.12 The Shipper shall retain its rights and obligations (including the obligation to pay PS Transmission Amounts) in respect of such LTUIOLI Capacity until such time as it is allocated in part or in whole pursuant to section 2.1645.8(c), and to the extent (both in amount and IP Capacity Duration) that the IP Entry Capacity is not allocated pursuant to section 2.1645.8(c).

2.1847.13 Where LTUIOLI Capacity is allocated pursuant to section 2.1645.8(c), the Transporter shall reduce the Available IP Entry Capacity and Registered IP Entry Capacity of the Shipper by the amount of LTUIOLI Capacity allocated for the relevant IP Capacity Period (a “**Withdrawal**”).

2.1948 Buyback of IP Entry Capacity

- 2.1948.1 Where the Transporter has allocated Oversubscription Capacity in respect of a Gas Flow Day, the Transporter may purchase IP Entry Capacity from Shippers in respect of that Gas Flow Day where it becomes necessary in accordance with the OS Scheme and CMP Methodology Statement.
- 2.1948.2 The Transporter may (but shall not be required to) enter into an “**Advance Buyback Agreement**” with a Shipper, whereby a Shipper gives the Transporter the right but not the obligation, within a defined period of time, to purchase IP Entry Capacity at a price calculated in accordance with the Advance Buyback Agreement if it becomes necessary for the Transporter to purchase IP Entry Capacity from a Shipper on any Gas Flow Day.
- 2.1948.3 In respect of any Gas Flow Day, where the Transporter determines that it may be appropriate to purchase IP Entry Capacity, it shall first assess whether the integrity of the NI Network may be maintained in a more cost efficient manner by other operational or commercial means.
- 2.1948.4 In respect of any Gas Flow Day, where the Transporter deems it necessary to buy back IP Entry Capacity, it shall publish a “**Buyback Invitation**” specifying:
- (a) the IP at which it wishes to purchase IP Entry Capacity;
 - (b) the required IP Capacity Period;
 - (c) the quantity of IP Entry Capacity it wishes to purchase; and
 - (d) the time within which it requires Buyback Offers to be submitted.
- 2.1948.5 A Shipper may submit a “**Buyback Offer**” specifying:
- (a) the identity of the Shipper;
 - (b) the IP;
 - (c) the IP Capacity Period offered;
 - (d) the amount of IP Entry Capacity offered;
 - (e) the unit price in p/kWh (the “**Buyback Offer Price**”) at which the Shipper wishes to offer the IP Entry Capacity; and
 - (f) any other information as may be required by the Transporter (or if applicable the CPO Rules and Processes).
- 2.1948.6 A Buyback Offer must be submitted in accordance with the timelines specified in the Buyback Invitation.
- 2.1948.7 A Buyback Offer submitted in accordance with section 2.1948.5 and section 2.1948.6 shall be considered a “**Valid Buyback Offer**”.

- 2.1948.8 A Buyback Offer not submitted in accordance with section 2.1948.5 and section 2.1948.6 shall be rejected and the Transporter shall notify the Shipper of such rejection.
- 2.1948.9 In accordance with the OS Scheme and CMP Methodology Statement, in respect of a Gas Flow Day, the Transporter shall:
- (a) decide whether to accept Valid Buyback Offers and/or purchase IP Entry Capacity pursuant to an Advance Buyback Agreement; and
 - (b) accept Valid Buyback Offers and, where applicable, Advance Buyback Offers which best address the operational needs of the NI Network, in order of least cost, and to an amount which it considers appropriate to maintain system integrity.
- 2.1948.10 The Transporter may accept a Valid Buyback Offer or an Advance Buyback Offer in whole or in part with respect to:
- (a) the amount of IP Entry Capacity, which may be less than the amount specified by the Shipper in its Buyback Offer or Advance Buyback Offer; and/or
 - (b) the IP Capacity Period which may be less than the IP Capacity Period specified by the Shipper in its Buyback Offer or Advance Buyback Offer.
- 2.1948.11 Where the Transporter accepts a Buyback Offer or an Advance Buyback Offer (in whole or in part), it shall inform the Shipper of such acceptance by issuing a “**Buyback Notification**” which shall specify at least the following:
- (a) the Buyback Offer or Advance Buyback Offer reference number (where applicable);
 - (b) the identity of the Shipper;
 - (c) the IP;
 - (d) the IP Capacity Period for which the IP Entry Capacity is to be purchased;
 - (e) the quantity of IP Entry Capacity purchased; and
 - (f) the unit price (in p/kWh) which shall be payable to the Shipper for the IP Entry Capacity, which shall be equal to the Buyback Offer Price specified by the Shipper in its Buyback Offer or as set out in the Advance Buyback Agreement.
- 2.1948.12 The aggregate amount of IP Entry Capacity which the Transporter accepts to purchase pursuant to the Buyback Notifications in respect of a given Gas Flow Day may not be equal to the amount requested in a Buyback Invitation.
- 2.1948.13 Where the Transporter issues a Buyback Notification, it shall reduce the amount of Available IP Entry Capacity of the Shipper by the amount specified in the Buyback Notification.

2.1948.14 Notwithstanding any purchase of IP Entry Capacity in accordance with section 2.1948.9(b), a Shipper shall remain liable for the payment of all PS Transmission Amounts in respect of its' Registered IP Entry Capacity regardless of the issuance of the Buyback Notification and section 2.1948.15 shall apply.

2.1948.15 Where a Shipper has received a Buyback Notification, the Shipper shall receive a Buyback Payment calculated as follows:

(a) the quantity of IP Entry Capacity being purchased as specified in the Buyback Notification; multiplied by

(b) the unit price specified in the Buyback Notification.

2.1948.16 In the event that the Transporter is unable to secure a sufficient amount of IP Entry Capacity in accordance with section 2.48-19 to maintain system integrity, section 10 (*System Constraints, Exceptional Events and Emergencies*) may apply.

2.4920 Firm Day Ahead Use-it-or-Lose-it

2.4920.1 Once the Activation Test has been passed, the Transporter shall include in each Usage Report an assessment of whether or not the FDA UIOLI Criteria set out in the OS Scheme and CMP Methodology Statement have been met.

2.4920.2 Where the FDA UIOLI Criteria are met the Transporter shall implement the FDA UIOLI Rules including by modification of the Delphi System and this Code as appropriate.

Changes to Appendix 2

Add the following new definitions to Appendix 2:

“Conversion” has the meaning given to it in section 2.10.2(a);

“Conversion Request” has the meaning given to it in section 2.10.2(b);

“Conversion Request Deadline” has the meaning given to it in section 2.10.2(c);

“Conversion Confirmation Notice” has the meaning given to it in section 2.10.2(d);

“Conversion Month” has the meaning given to it in section 2.10.2(e);

.....
Amend the following existing definitions in Appendix 2 to read as shown below:

“Activation Test”	has the meaning given to it in section 2. 1645 .1(b);
“Additional IP Entry Capacity”	has the meaning given to it in section 2. 1645 .6;
“Adjacent Bundling Request”	has the meaning given to it in section 2. 1140 .9
“Advance Buyback Agreement”	has the meaning given to it in section 2. 1948 .2;
“Aggregate Surrender Quantity”	has the meaning given to it in section 2. 1746 .2(f);
“Buyback Invitation”	has the meaning given to it in section 2. 1948 ;
“Buyback Notification”	has the meaning given to it in section 2. 1948 .11 and “Buyback Notifications” shall be construed accordingly;
“Buyback Offer”	has the meaning given to it in section 2. 1948 .5 and “Buyback Offers” shall be construed accordingly;
“Buyback Offer Price”	has the meaning given to it in section 2. 1948 .5(e);
“CMP Activation Date”	has the meaning given to it in Section 2. 1645 .1(c);
“CMP Sections”	has the meaning given to it in Section 2. 1645 .1(a);
“Effective Surrender Quantity”	has the meaning given to it in section 2. 1746 .13;
“Indicative Withdrawal Notice”	has the meaning given to it in section 2. 1847 .4;
“Intended Withdrawal Notice”	has the meaning given to it in section 2. 1847 .7(c);
“IP Capacity Transfer”	has the meaning given to it in section 2. 1244 .2 and “IP Capacity Transfers” shall be construed accordingly;
“IP Capacity Transfer Period”	has the meaning given to it in section 2. 1244 .4(b);
“LTUIOLI Capacity”	has the meaning given to it in section 2. 1847 .7(a);
“LTUIOLI Shipper”	has the meaning given to it in section 2. 1847 .1;
“OS Effective Date”	has the meaning given to it in Section 2. 1645 .1(d);

“ Overrun Charges ”	has the meaning given to it in section 2. 1342 .1;
“ Overrun Quantity ”	has the meaning given to it in section 2. 1342 .2;
“ Relevant Provision ”	has the meaning given to it in section 2. 1413 .4;
“ Surrender ”	has the meaning given to it in section 2. 1746 .2(a) and “ Surrenders ” shall be construed accordingly;
“ Surrender Deadline ”	has the meaning given to it in section 2. 1746 .2(d);
“ Surrender Offer ”	has the meaning given to it in section 2. 1746 .2(b) and “ Surrender Offers ” shall be construed accordingly;
“ Surrender Quantity ”	has the meaning given to it in section 2. 1746 .2(e) and “ Surrender Quantities ” shall be construed accordingly;
“ Transfer IP ”	has the meaning given to it in section 2. 1244 .4(c);
“ Transfer Proposal ”	has the meaning given to it in section 2. 1244 .10;
“ Transferee Shipper ”	means a Shipper to whom Available IP Capacity at an IP is transferred to or proposed to be transferred to in accordance with section 2. 1244 or to whom Available Exit Capacity at an Exit Point is transferred to or proposed to be transferred to in accordance with section 3.9 as appropriate;
“ Transferred IP Capacity ”	has the meaning given to it in section 2. 1244 .4(a);
“ Transferor Shipper ”	means a Shipper which transfers or wishes to transfer its Available IP Capacity at an IP in accordance with section 2. 1244 or its Available Exit Capacity at an Exit Point in accordance with section 3.9, as appropriate;
“ Usage Reports ”	has the meaning given to it in section 2. 1847 .2 and “ Usage Report ” shall be construed accordingly;
“ Valid Buyback Offer ”	has the meaning given to it in section 2. 1948 .7 and “ Valid Buyback Offers ” shall be construed accordingly;
“ Valid Surrender Offer ”	has the meaning given to it in section 2. 1746 .7 and “ Valid Surrender Offers ” shall be construed accordingly;
“ Withdrawal ”	has the meaning given to it in section 2. 1847 .13 and “ Withdrawals ” shall be construed accordingly;
“ Written Submission ”	has the meaning given to it in section 2. 1847 .5;