

UNIFORM NETWORK CODE – GENERAL TERMS

SECTION A - DISPUTE RESOLUTION

1 GENERAL

1.1 Introduction

1.1.1 This Section A provides for the resolution of certain disputes between the Parties.

1.1.2 For the purposes of this Section A:

- (a) a "**dispute**" is any dispute or difference arising between the Parties under or in connection with the Code, the Framework Agreement, any Ancillary Agreement [or any Supplemental Agreement];
- (b) in respect of any dispute "**parties**" means the Transporter(s) and/or the User(s) party to such dispute, and "**party**" shall be construed accordingly.

1.2 Expert determination

1.2.1 For the purposes of the Code "**Expert Determination**" means the determination of an expert pursuant to paragraph 2.

1.2.2 Where the Code or any Ancillary Agreement provides or the parties have agreed that a dispute is to be referred to or resolved by Expert Determination:

- (a) paragraph 2 shall apply; and
- (b) subject to paragraph 1.4, no party shall commence proceedings in any court in respect of or otherwise in connection with such dispute.

1.3 Mediation

The parties may agree to refer any dispute (including such a dispute as is referred to in paragraph 1.2) to mediation in accordance with paragraph 3.

1.4 Interlocutory relief

Nothing in this Section A shall prevent any party from seeking interim or interlocutory relief in any court.

1.5 Communications

1.5.1 Except where otherwise provided in this Section A, any notice, submission, statement or other communication relating to any dispute to be given pursuant to this Section A by or to any party, an expert, a mediator, the disputes secretary or a User shall be in writing.

1.5.2 No such notice, submission, statement or communication shall be given as a UK Link Communication.

1.5.3 Where two or more Users are parties to a dispute any such notice, submission, statement

or communication to be given by them may be given by them jointly (and any reference to the party or parties by whom and to whom it is to be given shall be construed accordingly).

- 1.5.4 For the purposes of any limit under this Section A on the length of any submission or statement or any attachments thereto a "**page**" is a single-sided A4 sheet which may contain single spaced type in a normal font size.

1.6 Disputes secretary

- 1.6.1 The Transporters shall designate a person as secretary ("**disputes secretary**") for the administrative purposes provided in this Section A, and may from time to time change the person designated as disputes secretary.
- 1.6.2 The Transporters shall keep each User informed of the identity of the disputes secretary for the time being.
- 1.6.3 The disputes secretary shall not represent any Transporter in any dispute under this Section A.

1.7 DNO Users

In this Section A references to Users include DNO Users.

2 EXPERT DETERMINATION

2.1 Introduction

- 2.1.1 A dispute which is to be referred to or resolved by Expert Determination shall be determined by an individual appointed as expert in accordance with this paragraph 2.
- 2.1.2 In this paragraph 2 a "**listed expert**" is an individual whose name is for the time being on the list of experts maintained under paragraph 2.10.
- 2.1.3 No person shall be nominated as a proposed expert under paragraph 2.2.2 or 2.2.3 or as a listed expert under paragraph 2.10 unless that person has the requisite qualifications to resolve a dispute referable under the Code to Expert Determination by virtue of his education, experience and training.

2.2 Initial notice and selection of expert¹

- 2.2.1 Any party to a dispute which is to be resolved by or referred to Expert Determination may give notice of the dispute in accordance with paragraph 2.2.2.
- 2.2.2 The notice shall be given to each other party and shall:
- (a) provide brief details of the issues to be resolved; and
 - (b) nominate four persons as proposed experts (who may but need not be listed experts).

¹ The provisions in paragraphs 2.2.6 et seq need to be repeated (and adapted) to recognise Transporter/Transporter(s) disputes.

- 2.2.3 Within 5 Business Days after any notice under paragraph 2.2.1 was given, each party (other than the party giving such notice) shall by notice to each other party nominate four persons as proposed experts (who may but need not be listed experts).
- 2.2.4 The parties shall endeavour within 10 Business Days after the notice under paragraph 2.2.1 was given to agree upon the selection of an expert, and may meet for this purpose.
- 2.2.5 If within 10 Business Days after the notice under paragraph 2.2.1 was given the parties shall not have agreed upon the selection of an expert, each shall within a further 5 Business Days give to the others a notice ("**preference notice**") specifying the names of seven listed experts in order of preference and assigning to each a number ("**preference number**") from 7 (the most preferred) to 1 (the least preferred), and paragraphs 2.2.6 to 2.2.9 shall apply.
- 2.2.6 Where only one User is a party, or all Users who are parties have submitted a preference notice jointly (in accordance with paragraph 1.5.3), the listed expert whose name appears in both preference notices, or if more than one appears the preferred listed expert (in accordance with paragraph 2.2.8(a)), shall be selected.
- 2.2.7 Where more than one User is party and they do not submit a preference notice jointly:
- (a) if the name of a listed expert appears in all of the preference notices (including the Transporter's) he shall be selected, and if there is more than one the preferred listed expert shall be selected;
 - (b) otherwise a list of listed experts shall be established from such Users' preference notices, comprising the seven listed experts with the greatest aggregate preference numbers, in order of aggregate preference number, and such list shall be treated for the purpose of paragraph 2.2.6 as a preference notice submitted jointly by all such Users (each such listed expert being treated as having a preference number from 7 to 1 assigned to him).
- 2.2.8 For the purposes of paragraphs 2.2.6 and 2.2.7.
- (a) "**preferred listed expert**" means the listed expert with the greatest aggregate preference number;
 - (b) a listed expert's "**aggregate preference number**" is the aggregate of:
 - (i) for the purposes of paragraph 2.2.6, the preference numbers assigned to him under each preference notice (including a deemed joint preference notice under paragraph 2.2.7(b));
 - (ii) for the purposes of paragraph 2.2.7(a), the sum of (1) the preference numbers assigned to him under Users' preference notices divided by the number of Users' preference notices, and (2) the preference number assigned to him under the Transporter's preference notice;
 - (iii) for the purposes of paragraph 2.2.7(b), the preference numbers assigned to him under each User's preference notice;
 - (c) where two or more experts have the same aggregate preference number they shall be ranked in the order in which their names appear in the list of experts maintained under paragraph 2.10.

2.2.9 At the request of any party, all parties shall submit a copy of their preference notices to the disputes secretary who shall ascertain and inform the parties of the selected expert in accordance with paragraphs 2.2.6 and 2.2.7.

2.3 Appointment of the Expert

2.3.1 Upon the selection under paragraph 2.2 or 2.3.3 of an expert, the parties shall forthwith notify the expert selected of his selection and request him to confirm within 5 Business Days whether or not he is willing and able to accept the appointment.

2.3.2 The notification to the expert shall include the following:

- (a) the names of the parties and a summary of the dispute;
- (b) a request that the expert provide the confirmation required under paragraph 2.6;
- (c) a request for confirmation of the expert's scale of fees;
- (d) a statement that the expert's fees and expenses will be paid as provided in paragraph 2.8;
- (e) a statement that the information disclosed in the notification is confidential and that it should not be disclosed, copied or revealed whether the appointment is accepted or not;
- (f) a copy of this paragraph 2; and
- (g) a request for confirmation that the expert is able and willing to act in accordance with the procedure set out herein.

2.3.3 If the selected expert is unwilling or unable to accept the appointment, or shall not have confirmed his willingness and ability to accept such appointment within the period required under paragraph 2.3.1, or the amount of his remuneration or terms of his appointment are not agreed within the period required under paragraph 2.3.4, the parties shall endeavour to agree upon the selection of another expert within 3 Business Days, failing which another expert shall be selected in accordance with paragraphs 2.2.5 to 2.2.9.

2.3.4 The parties shall use their best endeavours to ensure that the terms of the contract of appointment of the expert are agreed with him within 10 Business Days following his confirmation of ability and willingness to act, and agree that if the parties are unable to agree with the expert the amount of his remuneration or any other terms of his appointment then:

- (a) if one or more of the parties is willing to agree what the expert proposes, such amount or terms shall be determined by the President for the time being of the Law Society whose decision shall be final and binding on the parties to the dispute and whose costs of such reference shall be borne by the parties to the dispute equally;
- (b) if none of the parties is willing to agree what the expert proposes, or the expert is not willing to agree what is determined pursuant to paragraph (a), another expert shall be selected in accordance with paragraph 2.3.3.

- 2.3.5 The expert shall be an independent contractor and the relationship of the parties and the expert shall in no event be construed to be that of principal and agent or master and servant.
- 2.3.6 The expert shall not act as an arbitrator (and accordingly the provisions of the Arbitration Acts 1950-1979 shall not apply) nor as mediator.

2.4 Timetable and Procedure

- 2.4.1 No later than 5 Business Days following his appointment, the expert shall by giving reasonable notice to each party convene a meeting with the parties at which he shall raise any matters upon which he requires clarification and discuss with the parties any additional procedural requirements he or they may have.
- 2.4.2 The parties shall, not later than 10 Business Days after the appointment of the expert, submit to the expert and to each other party written submissions of not more than 10 pages in length together with all supporting documentation, information and data which they wish to submit in respect of the dispute; and the parties may also submit a statement of facts which they have agreed between themselves to the expert.
- 2.4.3 Each party may, not later than 20 Business Days after the appointment of the expert, submit to the expert and each other party written submissions of not more than 10 pages in length, together with any additional supporting documentation, information and data, in reply to the submissions made under paragraph 2.4.2.
- 2.4.4 The expert shall disregard any documentation, information, data or submissions supplied or made (other than pursuant to paragraph 2.4.9) by any party later than 20 Business Days after his appointment unless the same are provided in response to a request from the expert.
- 2.4.5 If the expert shall wish to obtain independent professional and/or technical advice in connection with the dispute:
- (a) he shall first provide the parties with details of the name, organisation and estimated fees of the professional or technical adviser; and
 - (b) he may engage such adviser with the consent of the parties (which consent shall not be unreasonably withheld) for the purposes of obtaining such professional and/ or technical advice as he may reasonably require.
- 2.4.6 The expert may at his discretion and at any time request information from any of the parties orally but shall only do so in the presence of the other parties.
- 2.4.7 At any time after the period referred to in paragraph 2.4.3 expires, with the written consent of the parties, the expert may (but shall not be required to) convene a hearing upon giving the parties reasonable notice.
- 2.4.8 The expert shall provide a draft of his determination, which shall be a report in writing giving reasons for the determination, to the parties not later than 35 Business Days following his appointment.
- 2.4.9 Each party may, within 10 Business Days following delivery of the draft determination, submit to the expert any documentation, information, data, submissions or comments

not exceeding 5 pages in length on or in respect of the draft determination.

- 2.4.10 The expert shall submit his final determination, which shall be a report in writing giving reasons for his determination of the dispute, to the parties not later than 50 Business Days following his appointment.
- 2.4.11 If the expert fails to submit the final determination by the time required under paragraph 2.4.10, at the request of any party another expert may be appointed in accordance with the provisions of this paragraph 2 and the appointment of the previous expert shall cease unless before the appointment of the new expert, the previous expert shall have submitted his final determination hereunder, in which case the new expert shall be forthwith informed that his services will not be required.

2.5 Effect of determination

- 2.5.1 The expert's final determination shall (unless given after the appointment of another expert under paragraph 2.4.11) be final and binding on the parties except in the event of fraud or where it 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 this paragraph 2.
- 2.5.2 Except as provided in paragraph 2.5.1, no party shall commence proceedings in respect of or refer to any court any finding by the expert, whether made at any time after his appointment or in his determination, as to the dispute or the construction of or otherwise in respect of the Code, a Framework Agreement or any Ancillary Agreement.

2.6 Conflict of interests

- 2.6.1 The expert shall confirm to the parties before his appointment that he does not hold any interest or duty which would or potentially would conflict with the performance of his duties under his contract with the parties.
- 2.6.2 If after his appointment the expert becomes aware of any interest or duty which conflicts or potentially conflicts with the performance of his duties under his contract with the parties, the expert shall inform the parties forthwith of such conflict giving full details thereof.
- 2.6.3 Any party may within 5 Business Days of the disclosure of any such conflict or potential 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 paragraph 2 (and the rejected expert shall not be nominated for such selection).

2.7 Confidentiality

- 2.7.1 The parties and the expert shall keep the fact that the Expert Determination is taking place and its outcome confidential.
- 2.7.2 All documentation, information, data, submissions and comments disclosed or delivered whether in writing or otherwise by any party to the expert or to any other party either in connection with or in consequence of the appointment of the expert shall be regarded and treated as confidential; and the expert and the parties shall not disclose any or all of the documentation, information, data, submissions and comments including the contents

and copies thereof in any form except in connection with any proceedings in any court which a party is not prohibited under this Section A from commencing.

2.8 Costs

2.8.1 Each party shall bear its own costs including without limitation costs of providing documentation, information, data, submissions or comments under this paragraph 2 and all costs and expenses of all witnesses and other persons retained by it.

2.8.2 The expert shall provide the parties with a breakdown of:

- (a) his fees; and
- (b) his reasonable expenses, including the fees of and reasonable expenses incurred by any technical or professional advisers.

2.8.3 The expert's fees and expenses under paragraph 2.8.2 shall be payable by the parties in equal amounts, unless the expert (having regard to the conduct of the parties with respect to the dispute in question) shall direct in his final determination that such costs and expenses should be borne by one or some only of the parties, in which case the parties shall pay such fees and expenses in accordance with such direction.

2.8.4 If the terms of the expert's appointment provide for the payment of his fees and expenses before the delivery of the final determination, the parties shall pay such fees and expenses in equal amounts, and shall make adjustment payments inter se following any such direction as is referred to in paragraph 2.8.3.

2.9 Miscellaneous

The expert shall not be held liable for any act or omission unless it shall be shown that the expert has acted fraudulently or in bad faith.

2.10 List of Experts²

2.10.1 The disputes secretary shall maintain a list of experts comprising (except in the case of any casual vacancy) 12 persons available to act as experts in accordance with paragraph 2.10.2 and listed in alphabetical order by surname.

2.10.2 The listed experts shall be such persons as the Uniform Network Code Committee (identifying 6 such persons being treated as nominated by the Transporters and 6 by Users) shall by panel majority nominate.

2.10.3 In default of such nomination by the Uniform Network Code Committee, the list shall comprise:

- (a) 6 persons nominated by the Transporters; and
- (b) 6 persons nominated by Users (not being persons appointed by the Transporters under paragraph (a)) in accordance with paragraph 2.10.4.

2.10.4 Where Users are to nominate a person or persons under this paragraph 2.10:

² Transporter/Transporter disputes still to be considered.

- (a) the disputes secretary shall invite each User to nominate (by notice in writing to the disputes secretary) up to three persons;
 - (b) the persons placed on the list shall be the six persons (or for the purposes of paragraph 2.10.6(c) the person) whose name(s) appear most frequently in all Users' nominations;
 - (c) the disputes secretary shall determine and inform Users of reasonable procedures and time periods for the implementation of this paragraph 2.10.4.
- 2.10.5 No person shall be nominated as expert under this paragraph 2.10 unless he has first confirmed in writing to the disputes secretary that he accepts his nomination.
- 2.10.6 If any listed expert indicates that he no longer wishes to be included in the list he shall be removed from the list and replaced by a person nominated:
- (a) by panel majority of the Uniform Network Code Committee at either of its next following meetings; or
 - (b) where he was nominated or treated as nominated by the Transporters, by the Transporters; or
 - (c) where he was nominated or treated as nominated by Users, by the application of paragraph 2.10.4 (but so as to refer to 1 and not 6 persons).
- 2.10.7 At intervals of approximately 5 years the Uniform Network Code Committee shall review the list of experts, and unless it shall by panel majority decide otherwise the list shall be cancelled and a new list established in accordance this paragraph 2.10 (but so that any of the former listed experts may be renominated).

3 MEDIATION

3.1 Introduction

- 3.1.1 A dispute which is to be referred to mediation shall be referred to a single mediator who shall explore the interests of the parties to the dispute and encourage the parties to resolve the dispute in light of such interests.

3.2 Appointment of mediator

- 3.2.1 Within 5 Business Days after agreeing to refer a dispute to mediation the parties shall meet and use their best endeavours to agree upon a person to act as mediator, unless they have agreed upon a mediator when agreeing so to refer the dispute.
- 3.2.2 Where the parties agree upon a mediator they shall request such person to accept appointment as mediator, and shall use all reasonable endeavours to agree (between themselves and with the mediator) upon the terms of his appointment.
- 3.2.3 A person shall be treated as appointed as a mediator for the purposes of this paragraph 3 when he has confirmed his acceptance to act as mediator in accordance herewith.

3.3 Procedure and timetable

- 3.3.1 Within 5 Business Days following his appointment, the mediator shall require each party to provide him with a written summary of the dispute, which written summary shall not exceed 5 pages.
- 3.3.2 The mediator may in his discretion:
- (a) request any party to provide him with copies of any documentation or information which he believes will assist to explain any such summary; and
 - (b) provide any such written summary and/or any information or copy documentation received under paragraph (a) to the other party(ies) to the dispute.
- 3.3.3 Within 10 Business Days following his appointment, the mediator shall contact the parties and shall arrange to meet them.
- 3.3.4 Each party shall attend the meeting with the mediator with a maximum of three representatives, one of whom shall be a person with decision making authority in relation to the subject matter of the dispute and one of whom may be the legal adviser of that party.
- 3.3.5 No additional persons shall attend without the prior written consent of the mediator.
- 3.3.6 The mediator may convene more than one meeting with the parties but shall not convene any meetings later than 40 Business Days following his appointment, unless the parties agree otherwise.
- 3.3.7 The mediator may at his discretion meet each party on his own whether during a meeting attended by the other parties or otherwise, but he shall not disclose to any other party matters disclosed to him in such circumstances without the consent of the disclosing party.
- 3.3.8 At any meeting attended by the parties, the mediator may require each party to make a brief presentation of its case and he may also require the other parties to reply to another party's presentation.
- 3.3.9 The mediator shall not act as an arbitrator (and accordingly the provisions of the Arbitration Acts shall not apply).

3.4 Result of mediation

- 3.4.1 The mediator shall encourage the parties to resolve the dispute by agreement and may also discuss informally with any party his own views as to the merits of the dispute.
- 3.4.2 If the dispute remains unresolved 45 Business Days after the mediator's appointment the mediator shall, if so requested by any party, advise the parties of his views and may, at his discretion, also inform them of what he considers to be a fair settlement of the dispute.
- 3.4.3 No party shall be bound to adopt the views or advice expressed or provided by the mediator.
- 3.4.4 If the dispute is resolved or the parties accept the views and advice of the mediator

under paragraph 3.4.2, the parties shall use their best endeavours, within 5 Business Days after such resolution or acceptance, to enter into a settlement agreement which shall:

- (a) set out the terms accepted by the parties or on which the dispute was resolved; and
- (b) contain provisions of confidentiality similar to those set out in paragraph 3.5.

3.4.5 Such settlement agreement shall be made pursuant to English law and courts in England shall be given exclusive jurisdiction over any dispute arising from the settlement agreement.

3.4.6 A settlement agreement shall not be an Ancillary Agreement.

3.5 Confidentiality

3.5.1 The mediator and the parties, their representatives and advisers and any person connected in any way with the mediation shall keep confidential the fact that the mediation is taking place, and its outcome, and all documents, submissions, statements, information and data including anything revealed orally or otherwise during the mediation and any settlement agreement except as may be necessary for implementation or enforcement of the settlement agreement.

3.5.2 All documents and information prepared by a party for and disclosed in the mediation, and all discussions which take place with a party during the course of the mediation, shall be afforded the same protection from discovery as "**Without Prejudice**" negotiations in proceedings in court; provided that this shall not preclude any document, which may have been disclosed during the mediation but was not prepared solely for use in the mediation, from being discoverable in any proceedings.

3.6 Costs

3.6.1 The parties shall unless they agree otherwise bear their own costs and expenses of whatsoever nature of the mediation.

3.6.2 The parties shall bear the fees and expenses of the mediator and all administrative costs arising from the mediation equally.

3.7 Further proceedings

3.7.1 The mediator shall not act in any subsequent legal or similar proceedings in respect of the dispute in which he acted as mediator.

3.7.2 The mediator shall not be held liable for any act or omission unless it shall be shown that he has acted fraudulently or in bad faith.

UNIFORM NETWORK CODE – GENERAL TERMS

SECTION B - GENERAL

1 UNIFORM NETWORK CODE

1.1 Uniform Network Code

1.1.1 The Uniform Network Code comprises:

- (a) the Introduction,
- (b) the Transportation Principal Document,
- (c) the Offtake Arrangements Document,
- (d) the Modification Rules,
- (e) the Transition Document, and
- (f) these General Terms

(each for the purposes of this paragraph 1 a "**part**" of the Uniform Network Code).

1.1.2 References to the Transportation Principal Document, the Offtake Arrangements Document and the Modification Rules are to such parts of the Uniform Network Code as and to the extent from time to time modified or given effect by the Transition Document.

1.2 Code

1.2.1 A reference to the "**Code**" is a reference to:

- (a) this Uniform Network Code as, and to the extent, incorporated into the network code of a Transporter; and
- (b) subject to any contrary provision in the Transporter's network code, such additional terms as are contained in the Transporter's network code

each as from time to time modified in accordance with the Modification Rules or any Transporter's Licence; and references to the Code include such Code as given contractual effect by a Framework Agreement, and references to a part of the Code shall be construed accordingly.

1.2.2 References to a Transporter's Code or a particular Transporter's Code shall be construed in accordance with paragraph 1.2.1.

1.2.3 It is acknowledged that (with the consent of the Authority under Special Standard Condition []) Transco has a single network code in its capacity as Transco NTS and DN Operator.

1.3 Framework Agreement

1.3.1 For the purposes of the Code:

- (a) "**Shippers Framework Agreement**" is the agreement pursuant to which the network code of a Transporter is made binding between the Transporter and each Shipper User; and
- (b) "**Transporters Framework Agreement**" is the agreement pursuant to which Transco's network code is made binding between the Transporters;
- (c) "**Framework Agreement**" means a Shippers Framework Agreement or the Transporters Framework Agreement.

2 PARTIES

2.1 Transporters

2.1.1 For the purposes of the Code:

- (a) "**Transco NTS**" means Transco in its capacity as the owner and operator of the NTS and licensee under the Transporter's Licence authorising the conveyance of gas through the NTS;
- (b) "**DN Operator**" or "**DNO**" means a person (including Transco) which is, and in its capacity as, the owner or operator of one or more LDZ(s) and licensee under a Transporter's Licence authorising the conveyance of gas through such LDZ(s);
- (c) "**Transporter**" means Transco NTS or a DN Operator;
- (d) "**Transco**" means Transco plc.

2.1.2 For the purposes of the Code:

- (a) a reference to 'the Transporters' is to the Transporters collectively;
- (b) unless the context otherwise requires, and except as expressly otherwise provided, Transco NTS and Transco in its capacity as DN Operator shall be considered to be separate Transporters.

2.1.3 For the purposes of the Transportation Principal Document a reference to 'the Transporter' in the context of a System or a System Point is a reference to the Transporter which is the owner or operator of that System or the System on which that System Point is located.

2.2 Users

2.2.1 For the purposes of the Code:

- (a) "**Shipper User**" means a person other than a Transporter (but subject to TPD Section V7) who is for the time being bound by the Code pursuant to a Shippers' Framework Agreement;
- (b) "**DNO User**" means a DN Operator (as operator of an LDZ) in the capacity of

user (in accordance with the Transportation Principal Document) of another System (not being an LDZ in the same network

(c) **"User"** means a Shipper User or (subject as otherwise provided) a DNO User.

2.2.2 References in the Code to a Transporter in that capacity do not include a Transporter in the capacity of DNO User.

2.2.3 For the purposes of the Transportation Principal Document, a reference to 'the DNO User' or the 'relevant DNO User' is:

(a) in the context of an LDZ, to the DNO User who is the owner or operator of that LDZ;

(b) in the context of an Inter-System Offtake, to the DNO User who is the owner or operator of downstream System at that Inter-System Offtake.

2.3 Parties

2.3.1 For the purposes of the Code **"Party"** means a Transporter or a User.

2.3.2 References to a Party:

(a) in the Code other than the Offtake Arrangements Document, are to any Party;

(b) in the Offtake Arrangements Document, are to a Transporter.

2.3.3 References to a Party:

(a) in the context of a Transporter's Code, are to:

(i) the Transporter or any User who is party to the relevant Shippers Framework Agreement; or (as the case may be)

(ii) the Transporters as parties to the Transporters Framework Agreement

(b) in the context of any Ancillary Agreement, are to the Transporter or a Shipper User who is party to that agreement;

(c) in the context of any Supplemental Agreement, are to a Transporter who is party to that agreement.

2.4 Effect of Code

2.4.1 Nothing in the Code or a Framework Agreement or any Ancillary Agreement creates contractual rights or liabilities:

(a) between Shipper Users inter se;

(b) between DNO Users inter se;

(c) between any Shipper User and any DNO User

except where the Code expressly provides otherwise or disapplies this paragraph 1.5.1

or as may be provided for in an Ancillary Agreement.

2.4.2 Paragraph 2.4.1 shall not apply in respect of paragraphs 11 and 14 (except for paragraph 14.1 and 14.3).

2.4.3 Nothing in the Transportation Principal Document or any Ancillary Agreement creates contractual rights or liabilities between Transporters inter se (other than rights and liabilities between a Transporter and another Transporter in its capacity as DNO User).

2.4.4 Nothing in the Offtake Arrangements Document or any Supplemental Agreement creates contractual rights or liabilities:

(a) between any Transporter and any User; or

(b) between Users inter se;

and save as expressly provided in relation to DNO Users, the rights and liabilities of the Parties under the Transportation Principal Document shall not be affected by or construed with reference to any provision of the Offtake Arrangements Document.

2.4.5 A System Operation Manager Service Agreement (SOMSA) (as referred to in OAD Sections [E and M]) is not a part of nor incorporated by reference into the Code, and (subject to the express provisions of the SOMSA) nothing in the Code shall affect a SOMSA in any way.

3 Not Used

4 Not Used

5 Not Used

6 Not Used

7 Not Used

8 Not Used

9 FORCE MAJEURE

9.1 Meaning of Force Majeure

9.1.1 For the purposes of the Code, subject to paragraph 9.1.2, "**Force Majeure**" means any event or circumstance, or any combination of events and/or circumstances, the occurrence of which is beyond the reasonable control of, and could not have been avoided by steps which might reasonably be expected to have been taken by, a Party (the "**Affected Party**") and which causes or results in the failure of the Affected Party to perform or its delay in performing any of its obligations owed to any other Party or Parties (each an "**Other Party**") under the Code or any Ancillary Agreement or any Supplemental Agreement, including:

(a) war declared or undeclared, threat of war, act of public enemy, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration,

sabotage, act of vandalism;

- (b) act of God;
- (c) strike, lockout or other industrial disturbance;
- (d) explosion, fault or failure of plant, equipment or other installation which the Affected Party could not prevent or overcome by the exercise of the degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same kind of undertaking under the same or similar circumstances;
- (e) governmental restraint or the coming into force of any Legal Requirement.

9.1.2 Inability (however caused) of a Party to pay shall not be Force Majeure.

9.1.3 The act or omission of:

- (a) any agent or contractor of a Party, or
- (b) (for the purposes of the Transportation Principal Document) in relation to a User, any person selling or supplying gas to such User, or any Delivery Facility Operator or Connected System Operator (other than in either case Transco LNG Storage (for the purposes only of TPD Section Z)), or any supplier or consumer;
- (c) (for the purposes of the Offtake Arrangements Document) [],

shall not be Force Majeure unless such act or omission is caused by or results from events and/or circumstances which would be Force Majeure within the meaning of paragraph 9.1.1 if such person were the Affected Party.

9.1.4 In this paragraph 9 references to Users include DNO Users.

9.2 Effect of Force Majeure

9.2.1 Subject to paragraph 9.2.2, the Affected Party shall be relieved from liability (including any requirement under the Code to make payment of any sum or to take any other action) for any delay or failure in the performance of any obligation under the Code or any Ancillary Agreement which is caused by or results from Force Majeure.

9.2.2 The Affected Party shall be relieved from liability under paragraph 9.2.1 only for so long as and to the extent that the occurrence of Force Majeure and/or the effects of such occurrence could not be overcome by measures which the Affected Party might reasonably be expected to take with a view to resuming performance of its obligations.

9.3 Information

Following any occurrence of Force Majeure the Affected Party shall:

- (a) as soon as reasonably practicable notify each Other Party of the occurrence and nature of the Force Majeure, the expected duration thereof (insofar as the same can reasonably be assessed) and the obligations of the Affected Party

performance of which is affected thereby; and

- (b) from time to time thereafter provide to each Other Party reasonable details of:
 - (i) developments in the matters notified under paragraph (a), and
 - (ii) the steps being taken by the Affected Party to overcome the Force Majeure occurrence or its effects and to resume performance of its relevant obligations.

10 UNIFORM NETWORK CODE COMMITTEE AND SUB-COMMITTEES

10.1 Uniform Network Code Committee

10.1.1 There is hereby established a committee (the "**Uniform Network Code Committee**") constituted of all of the persons who are for the time being members of the Modification Panel established pursuant to the Modification Rules.

10.1.2 Paragraphs 3.2, 3.5 and 5 (excluding paragraphs 5.1 and 5.2) of the Modification Rules shall apply, mutatis mutandis, and disregarding references therein to other provisions of the Modification Rules, in respect of the Uniform Network Code Committee.

10.1.3 The persons who are for the time being Chairman and Secretary of the Modification Panel shall be Chairman and Secretary of the Uniform Network Code Committee.

10.1.4 The Uniform Network Code Committee shall be distinct from the Modification Panel and accordingly:

- (a) the agenda of each meeting of the Uniform Network Code Committee and of the Modification Panel shall be separate;
- (b) no business of the Uniform Network Code Committee shall be conducted at a meeting of the Modification Panel and vice versa;
- (c) at the commencement of each such meeting the chairman thereof shall confirm the capacity in which the persons present are meeting.

10.1.5 Subject to the requirements of paragraph 10.1.4, meetings of the Uniform Network Code Committee and the Modification Panel may take place on the same Day and consecutively.

10.1.6 In this paragraph 10 references to Users include DNO Users.

10.2 Functions of Uniform Network Code Committee

10.2.1 The function of the Uniform Network Code Committee shall (subject to paragraph 10.4) be to review such matters concerned with the implementation of the Code and to do such other things, as are provided for by the Code.

10.2.2 To the extent that any procedure of the Uniform Network Code Committee is not provided for under this paragraph 10 or pursuant to paragraph 10.1.2, the Uniform Network Code Committee may by panel majority decide upon the procedures to be adopted by it.

10.3 Network Code Sub-committees

- 10.3.1 The Uniform Network Code Committee may by panel majority establish sub-committees (each a "**Network Code Sub-committee**" or for the purposes of this paragraph 10 a "**Sub-committee**") for the purposes of doing or assisting in doing anything to be done by the Uniform Network Code Committee; and the Uniform Network Code Committee may by panel majority decide that a Sub-committee shall cease to be established.
- 10.3.2 Where the Code provides for anything to be done by the Uniform Network Code Committee or a relevant Sub-committee, the reference to a relevant Sub-committee is to a Sub-committee established pursuant to this paragraph 10.3 for the purposes of (or including) doing that thing.
- 10.3.3 A Sub-committee may be established for a fixed period (or for such period as shall be required for a fixed purpose) or on a standing basis.
- 10.3.4 When establishing a Sub-committee the Uniform Network Code Committee shall determine by panel majority:
- (a) the members of the Sub-committee, or the manner of appointment of such members;
 - (b) the basis on which the Sub-committee is to report to the Uniform Network Code Committee and/or to Transporters and Users; and
 - (c) the procedures by which the Sub-committee shall conduct its business, provided that (except where the Code expressly provides for such a vote) such procedures shall not require or permit a vote to be taken on any matter.
- 10.3.5 Each Sub-committee shall be comprised of persons representing the Transporters (one of whom shall unless otherwise agreed be the chairman of such Sub-committee), persons representing Users, a person representing the Authority (if the Authority shall nominate such a person) and any other persons whom the Uniform Network Code Committee shall determine shall be members thereof.
- 10.3.6 Members of a Sub-committee appointed to represent Users shall be appointed having regard to the contribution which they may as individuals make to the business of the Sub-committee and not to the Users by whom they are employed or engaged.
- 10.3.7 The provisions of this paragraph 10.3 are subject to any express provisions of the Code in relation to any Sub-committee.

10.4 No powers to bind

- 10.4.1 Except as expressly provided in the Code, neither the Uniform Network Code Committee nor any Sub-committee shall have any power to bind any Party and no decision of the Uniform Network Code Committee or any Sub-committee shall be effective to modify any provision of the Code or the application thereof.
- 10.4.2 Without prejudice to any requirement under the Code for a Transporter to consult with the Uniform Network Code Committee or any Sub-committee in respect of any matter, no Party may be required to provide to the Uniform Network Code Committee or any

Sub-committee any information which such person is not willing so to provide.

11 NOTICES AND COMMUNICATIONS

11.1 General

11.1.1 The Code contemplates that Code Communications and Offtake Communications (collectively "**Communications**") may be given by the following means:

- (a) (in the case of Code Communications) by UK Link Communication, in accordance with TPD Section U;
- (b) (in the case of Offtake Communications) by the relevant means specified in the Offtake Communications Document, by the
- (c) by delivery or by post or facsimile or (in certain cases) by telephone in accordance with paragraphs 11.2 and 11.3; or
- (d) for the purposes of TPD Section G1.9.12 only, by such methods as set out in the Supply Point Information Service Guidelines;

subject to and in accordance with the provisions of the Code.

11.1.2 Subject to TPD Section U6.2, and except where the means by which a Communication is to be given is specified in the Code, the particular means (in accordance with paragraph 11.1.1) by which:

- (a) each Code Communication is to be given, is set out in the UK Link Manual;
- (b) each Offtake Communication is to be given, is set out in the Offtake Communication Document;

provided that where in any case such means is not so specified, such Communication shall be given as a Conventional Notice.

11.1.3 For the purposes of the Code a "**Conventional Notice**" is a notice or communication which is or may be given by any of the means in paragraph 11.2.

11.1.4 Any reference in the Code to the time or date of any Communication, or the giving or making of a Communication, is a reference to the time or date when (in accordance with this paragraph or TPD Section U or the Offtake Communication Document) the Communication is deemed to have been received by the Party to which it was sent.

11.1.5 Subject to paragraph 11.1.6, a Communication which is given after 24:00 hours, or such other time as may be specified in the UK Link Manual or (as the case may be) Offtake Communication Document in respect of such Code Communication, on a Day may be deemed to have been received on the following Day.

11.1.6 Paragraph 11.1.5 does not apply in respect of:

- (a) the following Code Communications:
 - (i) a Nomination, Interruption Notice, or notice of a System Capacity Trade, Trade Nomination or Storage Trade;

- (ii) a communication to be made (in accordance with TPD Section Q) during an Emergency; or
- (iii) any other communication to be made by UK Link Communication or by telephone or by facsimile where the context requires that such communication be treated as received within the Day on which it is given;

(b) the following Offtake Communications: [/].

11.1.7 Where any provision of the Code or the Contingency Procedures or the Offtake Communication Document specify any requirement to be complied with by any Party in respect of any specific Communication, such requirement shall be in addition to and (to the extent inconsistent) in substitution for the provisions of this paragraph 11.

11.1.8 Where under any provision of the Code a Code Communication may be given in the form of a computer disk (including an optical disk), it shall be given by delivering or sending by post such disk in accordance with paragraph 11.2 (and shall be treated for the purposes of paragraph 11.2.3 as being in writing), but without prejudice to any procedures which the relevant Parties may agree for the purposes of ensuring that it is received in appropriately readable form.

11.1.9 In this paragraph 11 references to Users include DNO Users.

11.2 Notices by delivery, post or facsimile

11.2.1 References in this paragraph 11.2 to a notice are to any Communication or other notice or communication to be given by one Party to another under a Framework Agreement or an Ancillary Agreement or a Supplemental Agreement, other than one which is given as a UK Link Communication or by telephone or (as the case may be) by other means provided for in the Offtake Communication Document, or in respect of which separate provision is made in Network Exit Provisions.

11.2.2 Any notice shall be in writing and shall be addressed to the recipient Party at the recipient Party's address or facsimile number referred to in paragraph 11.2.3, and marked for the attention of the representative (identified by name or title) referred to in that paragraph, or to such other address or facsimile number and/or marked for such other attention as the recipient Party may from time to time specify by notice given in accordance with this paragraph 11.2 to the Party giving the notice.

11.2.3 The initial address or facsimile number of a Party, and representative for whose attention notices are to be marked, shall be as specified by a User pursuant to TPD Section V2.1.2(a)(iii) or by the Transporter pursuant to TPD Section V2.2.2(a)(i).

11.2.4 Any notice given by delivery shall be given by letter delivered by hand, and any notice given by post shall be sent by first class prepaid post (airmail if overseas).

11.2.5 Any notice shall be deemed to have been received:

- (a) in the case of delivery by hand, when delivered; or
- (b) in the case of first class prepaid post, on the second Day following the Day of posting or (if sent airmail overseas or from overseas) on the fifth Day following

the Day of posting; or

- (c) in the case of facsimile, on acknowledgement by the recipient Party's facsimile receiving equipment.

11.2.6 Where a notice is sent by facsimile:

- (a) the Party giving the notice shall (but without prejudice to paragraph 11.2.5(c)) if requested by the recipient Party, resend as soon as reasonably practicable the notice by facsimile; and
- (b) in the case of a Termination Notice, the Transporter will in any event, within 2 Days following the sending of such facsimile, send to the recipient Party a copy of the notice by first class prepaid post (airmail if overseas).

11.2.7 A Party may specify different addresses or facsimile numbers and representatives pursuant to paragraph 11.2.2 for the purposes of notices of different kinds or relating to different matters.

11.3 Communication by telephone

11.3.1 For the purposes of enabling Communications to be given (where required or permitted to be so given) by telephone:

- (a) each Party shall provide to the other Party not more than 3 telephone numbers (or such other number as they may agree) and details (by name or title) of the representative to whom the Party giving such a communication should speak;
- (b) each Party shall use reasonable endeavours to ensure that a Party seeking to give such communication will at any time be able to contact a representative (of the first Party) by means of one of such telephone numbers;
- (c) the Parties shall, if either of them shall so request, establish such further procedures as may be reasonable and appropriate for the purposes of ensuring:
 - (i) that a Communication being given by telephone may be identified by the recipient as such; and/or
 - (ii) that such communications may be given securely, without delay and effectively.

11.3.2 Where a Party seeking to give a Communication by telephone is unable to contact a representative of the receiving Party, such Party must give the communication by facsimile and the communication will not be deemed to have been given except in accordance with paragraph 11.2.5(c).

11.3.3 Unless otherwise agreed between the relevant Parties a telephone notice may not be given as a message recorded on a telephone answering device.

11.3.4 Where a Communication is given by telephone:

- (a) the Transporter (or relevant Transporter) will promptly after the telephone communication is completed make and keep a record in which the time and content of the telephone notice is logged, but may do so by recording the

telephone communication where it has notified the User (or other Transporter), on the occasion or on a standing basis, of its intention to do so;

- (b) the Communication shall be treated as given at the time at which the telephone communication is completed.

11.3.5 A Party may specify different telephone numbers and representatives pursuant to paragraph 11.3.1 for the purposes of receiving by telephone Communications of different kinds or relating to different matters.

11.3.6 For the purposes of this paragraph 11.3:

- (a) in relation to Code Communications, references to Parties shall be construed as the Transporter and the User by or to whom such Code Communications are to be given;
- (b) in relation to Offtake Communications, references to Parties are to the Transporters, and the relevant Transporter is the upstream Transporter.

12 Not Used

13 Not Used

14 GENERAL

14.1 Not Used

14.2 Not Used

14.3 Not Used

14.4 Waiver

14.4.1 No delay by or omission of any Party in exercising any right, power, privilege or remedy under the Code or a Framework Agreement or any Ancillary Agreement or Supplemental Agreement shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof.

14.4.2 Any single or partial exercise of any such right, privilege or remedy shall not preclude any other or future exercise thereof or the exercise of any other right, power, privilege or remedy.

14.5 Language

Every Code Communication, Offtake Communication, and every notice or other communication to be given by one Party to another under a Framework Agreement or any Ancillary Agreement or Supplemental Agreement, shall be in the English language.

14.6 Severance

If any provision of the Code, a Framework Agreement or any Ancillary Agreement or Supplemental Agreement is or becomes invalid, unenforceable or illegal, or is declared to be invalid, unenforceable or illegal by any court of competent jurisdiction or by order

of any other Competent Authority, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of the Code, a Framework Agreement or Ancillary Agreement or Supplemental Agreement, which shall continue in full force and effect notwithstanding the same.

14.7 Rights of Third Parties

- 14.7.1 Unless expressly otherwise provided, the Parties do not intend that any third party shall have any rights, benefits, entitlements or privileges under the Code or a Framework Agreement or any Ancillary Agreement or Supplemental Agreement, and nothing in the Code or a Framework Agreement or any Ancillary Agreement or Supplemental Agreement shall be construed as conferring or purporting to confer any such right, benefit, entitlement or privilege on any such person.
- 14.7.2 Unless expressly otherwise provided, the Parties do not intend that any term of the Code or a Framework Agreement or any Ancillary Agreement or Supplemental Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a Party.

14.8 Entire Agreement

- 14.8.1 A Transporter's Code, the relevant Framework Agreement and (as respects the Parties thereto) each Ancillary Agreement or (as the case may be) each Supplemental Agreement contain or expressly refer to the entire agreement between the Parties with respect to the subject matter thereof, and supersede all previous agreements or understandings between the Parties with respect thereto; and any warranty, condition or other term implied at law or by custom is (to the fullest extent permitted by law) expressly excluded therefrom.
- 14.8.2 Each Party acknowledges that in entering into a Framework Agreement and any Ancillary Agreement or Supplemental Agreement it does not rely on any representation, warranty or other understanding not expressly contained in the Code, a Framework Agreement or such Ancillary Agreement or Supplemental Agreement.
- 14.8.3 Nothing contained in a document (other than a Framework Agreement or an Ancillary Agreement or Supplemental Agreement) referred to in the Code, beyond what is expressly contemplated by the Code as being contained in such document or is necessary for the purposes of giving effect to a provision of the Code, shall modify or have any effect for the purposes of the Code or be construed as relevant to the interpretation of the Code.

14.9 Jurisdiction

- 14.9.1 Subject and without prejudice to the provisions of Section [A] as to Expert Determination, all the Parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Code, a Framework Agreement and any Ancillary Agreement or Supplemental Agreement and that accordingly any suit, action or proceeding (collectively "**proceedings**") arising out of or in connection with the Code, a Framework Agreement and any Ancillary Agreement or Supplemental Agreement may be brought in such courts.
- 14.9.2 Party irrevocably waives any objection which it may have now or hereafter to the laying

of the venue of any proceedings in any such court as is referred to in paragraph 14.9.1 and any claim that any such proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any proceedings brought in the English courts shall be conclusive and binding upon such Party and may be enforced in the courts of any other jurisdiction.

- 14.9.3 Any User which is not a company incorporated under the Companies Act 1985 shall provide to the Transporter an address in England or Wales for service of process on its behalf in any proceedings.

14.10 Governing law

The Code, each Framework Agreement and every Ancillary Agreement and Supplemental Agreement shall be governed by, and construed in all respects in accordance with, English law.

UNIFORM NETWORK CODE – GENERAL TERMS

SECTION C - INTERPRETATION

1 DEFINED TERMS

In addition to terms defined elsewhere in the Code, the following terms and expressions are used with the following meanings in the Code:

"**Authority**" means the Gas and Electricity Markets Authority as established pursuant to section 1 of the Utilities Act 2000;

"**the Act**" means the Gas Act 1986, as amended by the Gas Act 1995 and as otherwise amended;

"**Code Communication**" means any communication to be given by a User or a Transporter (including any notification, application, nomination, confirmation, request, approval, acceptance, invoice or other notice to be given, made or submitted) under the Transportation Principal Document;

"**Code Modification**" means a modification of the Code pursuant to the Modification Rules or a Transporter's Licence;

"**Competent Authority**" means the Authority, or any local, national or supra-national agency, authority, department, inspectorate, minister, official, court, tribunal or public or statutory person (whether autonomous or not) of the United Kingdom (or the government thereof) or the European Communities which has jurisdiction over the Transporter or a User or the subject matter of the Code;

"**Condition 4B Statement**" means the statement prepared by a Transporter pursuant to [Special Standard] Condition 4B of its Transporter's Licence;

"**Consumer's Plant**" means, in respect of any Supply Meter Point, the plant and/or equipment in which gas offtaken from the Total System at that point is to be used (including any plant or equipment in which gas is compressed or otherwise treated before being consumed);

"**date of the Code**" means [];

"**Directive**" means any present or future directive, request, requirement, instruction, code of practice, direction or rule of any Competent Authority (but only, if not having the force of law, if it is reasonable in all the circumstances for it to be treated as though it had legal force), and any modification, extension or replacement thereof;

"**Distribution Network**" means a 'distribution network' as defined in [Special Condition [/]] of [each] Transporter's Licence;

"**Energy Balancing Charges**" means Market Balancing Action Charges, other charges payable in respect of Eligible Balancing Actions pursuant to Contingency Balancing Arrangements, Physical Renomination Incentive Charges, Clearing Charges in respect of Unauthorised Gas Flows, Balancing Charges, Balancing Neutrality Charges, Reconciliation Clearing Charges, User Aggregate Reconciliation Clearing Charges and Reconciliation Neutrality Charges;

"**Gas Code**" means the Gas Code in Schedule 2B to the Act;

["**Gas Transporter's Licence**" means a licence granted or treated as granted under Section 7(2) of the Act;]

"**Incremental Entry Capacity Release Statement**" is the statement prepared and published by Transco NTS in accordance with Special Condition [C15] of Transco NTS's Transporter's Licence;

"**Legal Requirement**" means any Act of Parliament, regulation, licence, or Directive of a Competent Authority;

"**Metering Charges Statement**" means the prevailing statement furnished by the Transporter to the Authority under Standard Special Condition [A43] of the Transporter's Licence;

"**Metering Separation Date**" is 12 July 2004;

"**Neutrality Interest Rate**" means the percentage rate calculated as the base rate for the time being of Barclays Bank plc divided by 365;

"**Non-Code Shipper**" means a gas shipper who has made a transportation arrangement with a Transporter other than upon the terms of the Code;

"**Offtake Communication**" means any communication to be given by a Party (including any notification, application, nomination, request, approval, acceptance, invoice or other notice to be given, made or submitted) under the Offtake Arrangements Document;

"**Query Implementation Date**" is 1 October 2003;

"**Reasonable and Prudent Operator**" means a person seeking, in good faith, to perform its contractual obligations and, in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator complying with all applicable Legal Requirements engaged in the same type of undertaking in similar circumstances and conditions;

"**Recognised Standard**" means any technical, engineering or other standard, issued or published by any governmental body or professional or other institution, and generally recognised as applying to the gas industry in the United Kingdom or the European Union, as from time to time applicable;

"**Reconciliation by Difference Date**" is 1 February 1998;

"**Shipper's Licence**" means a licence granted or treated as granted under Section 7A(2) of the Act; or in the context of any User the licence so granted or treated as granted to that User;

"**Special Condition**" means a condition of a Transporter's Licence or Shipper's Licence other than a Standard Condition;

"**Standard Condition**" means [];

"**Standard Special Condition**" means [];

"**Supplier's Licence**" means a licence granted or treated as granted under Section 7A(1) of the Act; or in the context of any supplier the licence so granted or treated as granted to that supplier;

"**System Management Principles**" are the principles and criteria established and published by Transco NTS pursuant to Special Condition [C5(5)] of Transco NTS's Transporter's Licence for the purposes of (inter alia) Capacity Management;

["**UNC Implementation Date**" means [/];]

"**Transportation Statement**" means the prevailing statement furnished by a Transporter to the Authority under Standard Special Condition [A4] of the Transporter's Licence;

"**Transporter's Licence**" is the gas transporter's licence granted, or treated as granted, to a Transporter under Section 7(2) of the Act, as from time to time in force; and

"**User Suppressed Reconciliation Date**" is 21 February 2005.

2 INTERPRETATION

2.1 General

- 2.1.1 Unless the context otherwise requires, words and expressions defined in or for the purposes of the Act and not otherwise defined in the Code shall have the meanings ascribed thereto under the Act.
- 2.1.2 In the Code, unless the context otherwise requires:
- (a) subject to paragraph (b), a reference in a part of the Code to a particular Section, paragraph, or Annex is to a paragraph or Section of or Annex to a Section of that part of the Code;
 - (b) a reference to a "**TPD**", "**OAD**", "**MR**" or "**GT**" Section is a reference to a Section respectively of the Transportation Principal Document, Offtake Arrangements Document, Modification Rules or General Terms;
 - (c) a reference in a particular Section to a particular paragraph is to a paragraph of that Section;
 - (d) words in the singular may be interpreted as including the plural;
 - (e) the word 'including' is to be construed without limitation;
 - (f) a derivative term of any defined or interpreted term shall be construed in accordance with the relevant definition or interpretation.
- 2.1.3 A reference in the Code to any Legal Requirement shall be construed, at any particular time, as including a reference to any modification, extension or reenactment (before or after the date of the Code) of that Legal Requirement in force at that time.
- 2.1.4 A reference to the Act includes where the context permits a reference to Regulations

made pursuant to the Act.

2.1.5 Section and paragraph headings in the Code and clause headings in a Framework Agreement and any Ancillary Agreement or Supplemental Agreement shall not affect the interpretation of any provision thereof.

2.1.6 In this Section C references to Users, except in relation to paragraph 2.3, exclude DNO Users.

2.2 Times and dates

2.2.1 For the purposes of the Code:

- (a) "**Day**" means the period from 06:00 hours on one day until 06:00 hours on the following day;
- (b) "**Business Day**" means (except for the purposes of TPD Sections G and M) a Day other than a Saturday or a Sunday or a Day which begins at 06:00 hours on a bank holiday in England and Wales;
- (c) "**Gas Flow Day**" means, in relation to the application of any provision of the Code, the Day in relation to deliveries, offtakes or flows of gas or other operations on which such provision is to apply;
- (d) "**Preceding Day**" means the Day before the Gas Flow Day;
- (e) "**Gas Year**" means the period from 1st October in any year until and including 30th September in the following year;
- (f) in relation to any Gas Year the "**Preceding Year**" is the Gas Year ending at the start of such Gas Year;
- (g) "**Winter Period**" means the period from 1st November in any year until and including 30th April in the following year;
- (h) "**Capacity Year**" means the period from 1 April in any year until and including 31 March in the following year;
- (i) and in relation to a Capacity Year, the "**Preceding Capacity Year**" is the Capacity Year ending at the start of such Capacity Year;
- (j) "**Formula Year**" means the period from 1 April in any year until and including 31 March in the following year.

2.2.2 Unless the context otherwise requires, a reference in the Code:

- (a) to a calendar day (such as 1st January) or a day of the week (such as Sunday) is to the Day which begins at 06:00 hours on that day;
- (b) to a week is to the period from 06:00 hours on a day until 06:00 hours on the 7th day following;
- (c) to a month (or a number of months) is to the period from 06:00 hours on a day in one month until 06:00 hours on the same day of the month which follows (or

follows by the relevant number of months), or if there is no such day in such month 06:00 hours on the first day of the next following month;

- (d) to a calendar month is to the period from 06:00 hours on the first day of a month until 06:00 hours on the first day of the following month, and references to a particular calendar month (such as January) shall be construed accordingly;
- (e) to a year is to the period from 06:00 hours on a day in one year until 06:00 hours on the same day (or where the day in the first year was 29th February, on 1st March) in the following year;
- (f) to a calendar year (such as 1996) is to be construed accordingly.

2.2.3 References to times of the day in the Code are to official time in the United Kingdom.

2.2.4 Except where otherwise provided:

- (a) where anything is to be done under the Code by or not later than a Day or any period under the Code is to run to a Day, such thing may be done or such period shall run up to the end of such Day;
- (b) where anything is to be done under the Code from or not earlier than a Day or any period under the Code is to run from a Day, such thing may be done or such period shall run from the start of such Day.

2.2.5 Where under any provision of the Code a Party is required to provide any information by a certain date or time, the relevant provision shall be taken to include a requirement that such information shall be provided not earlier than is reasonable before such date or time.

2.3 System Clearing Contract

2.3.1 A "**System Clearing Contract**" is a contract between Transco NTS and a User pursuant to which a quantity of gas (which is or was or is not or was not treated as delivered to or offtaken from the NTS) is treated as purchased and sold.

2.3.2 In relation to a System Clearing Contract:

- (a) the "**buyer**" and the "**seller**" respectively are the parties (Transco NTS or the User) respectively treated as buying and selling gas under the contract;
- (b) the "**Clearing Price**" is the amount payable by the buyer to the seller in respect of the quantity of gas subject to the contract.

2.4 Transportation Constraint

2.4.1 A "**Transportation Constraint**" is a constraint in or affecting any part of the Total System at any time, as a result of which (having regard to operational requirements as to pressures in any System) gas flows in any part of the Total System are or (but for anything done by a Transporter) would be restricted, whether such constraint results from the size of any part of the Total System, the operation or failure to operate any part of the Total System, or the extent or distribution of supply or demand in any part of the Total System.

- 2.4.2 A System Point is "**affected**" by a Transportation Constraint where the Transporter is or (but for anything done by that Transporter or any other Transporter) would be unable to accept delivery of gas or make available gas for offtake at that System Point, or its ability to do so is impaired, by reason of a Transportation Constraint.
- 2.4.3 A Transportation Constraint includes a constraint which arises by reason of Programmed Maintenance or other maintenance (but without prejudice to the provisions of TPD Section G6.7.8 and I3.8).
- 2.4.4 In determining whether there is at any time a Transportation Constraint all gas flows planned by any Transporter shall be taken into account (including gas flows planned for the purposes of Operational Balancing in relation to the Day or a subsequent Day).
- 2.4.5 Questions as to whether a Transportation Constraint exists in relation to the NTS, or as to the effect (on such a Transportation Constraint) of flows or changes in flows of gas at LDZ System Points, shall be determined having regard to the requirement (under the Offtake Arrangements Document) that anticipated flows of gas at LDZ System Points are reflected in Offtake Profile Notices submitted by DN Operators.

2.5 Costs and expenses

For the purposes of any provision of the Transportation Principal Document which requires a User or the Transporter to pay or reimburse to the Transporter or a User (as the case may be) any costs or expenses incurred by the Transporter or the User in undertaking any works or performing any service:

- (a) such costs and expenses shall be treated as including a reasonable and appropriate amount in respect of internal costs, including costs of capital, personnel, and materials and reasonable overhead costs, so far as the scope of what is so included is reasonable and appropriate in the circumstances;
- (b) no element of profit (other than what is implicit in cost of capital under paragraph (a)) shall be included in such costs and expenses;
- (c) in the case where a User is to pay or reimburse the Transporter, where works or services of the same, or of a similar, kind are undertaken or performed by the Transporter under engagements of service for Users or others, such costs and expenses shall be deemed to be the charges that would at the relevant time be made by the Transporter for any such engagement for the relevant works or services (or those most similar);
- (d) any dispute as to the amount of such costs and expenses shall be referred to Expert Determination.

2.6 Demand, etc

- 2.6.1 For the purposes of the Code "**demand**" or "**demand for gas**", in or in respect of the Total System, a System or any part of or point on a System, and on any Day or in any other period, is the quantity of gas offtaken or to be offtaken from the Total System, the relevant System or that part of the relevant System or at that point on that Day or in that period.
- 2.6.2 Demand may be stated on a basis which includes attributable shrinkage (so as to be

comparable to quantities delivered to the Total System or a System), or includes attributable LDZ shrinkage, or which does not include shrinkage.

2.6.3 Unless otherwise stated references in the Code to demand:

- (a) at the level of particular Supply Points or other System Exit Points or LDZ Aggregate NDM Points, are exclusive of shrinkage;
- (b) at the level of an LDZ, are inclusive of LDZ shrinkage;
- (c) at the level of the Total System, are inclusive of all shrinkage.

2.6.4 For the purposes of the Code, in relation to the Total System, any part of the Total System, a System or any part of a System, and in respect of any Gas Year:

- (a) "**peak day demand**" is the highest demand for gas on any Day in that year;
- (b) "**annual demand**" is the aggregate demand for gas on all Days in that year;
- (c) "**1-in-20 peak day demand**" is the peak day demand that, in a long series of winters, with connected load being held at the levels appropriate to the winter in question, would be exceeded in one out of 20 winters, each winter being counted only once;
- (d) "**1-in-50 Severe Annual Demand**" is the annual demand represented by the area (above a demand threshold of zero) under the 1-in-50 load duration curve, being the curve which, in a long series of years, with connected load held at the levels appropriate to the year in question, would be such that the volume of demand above any given demand threshold (represented by the area under the curve and above the threshold) would be exceeded in one out of 50 years.

2.6.5 A reference in the Code to "**seasonal normal**" demand is a reference to demand under seasonal normal conditions.

2.6.6 Where pursuant to the Code estimates of peak day demand or annual demand are to be made, such estimates will be made under the statistical methodology for such estimation described in the Base Plan Assumptions for the Gas Year 1995/96 (or any revised such methodology established by Transco NTS after consultation with Users and described in Base Plan Assumptions or Transco NTS's Ten Year Statement for any subsequent Gas Year).

2.6.7 A reference in the Code in relation to any Gas Year to "**Total System 1-in-20 peak day demand**" is the 1-in-20 peak day demand for the Total System established for the Gas Year pursuant to TPD Section O and set out in Transco NTS's Ten Year Statement.

2.7 **Applicable Liability Gas Price**

2.7.1 Subject to this paragraph 2.7, the "**Applicable Liability Gas Price**" as at any Day is the arithmetic mean of the prices (in pence/kWh) in the most recently published issue of the publication entitled Energy Trends issued by the Department of Trade and Industry (or any successor publication) set out in the table entitled 'Prices of fuels purchase by manufacturing industry in Great Britain' as 'GAS - all consumers - average' for the most recent four consecutive quarters for which such prices are shown in such issue but

ending not more recently than 3 months before such Day.

- 2.7.2 No revision in any such price for any such quarter in any subsequent issue of such publication shall affect the Applicable Liability Gas Price as at the relevant Day.
- 2.7.3 Should the basis on which such prices are stated in such publication be changed so as to include applicable value added tax, such prices will (in the determination of the Applicable Liability Gas Price) be adjusted so as to exclude the effect of the inclusion of value added tax.
- 2.7.4 If the publication referred to in paragraph 2.7.1 ceases to be published, or ceases to contain the prices referred to in that paragraph, or if the publication thereof is suspended, the Applicable Liability Gas Price will be determined by reference to such published gas prices as the Transporters shall, after consultation with the Network Code Committee or any relevant Sub-committee, determine and notify to Users as being the most similar available published prices, unless upon the application of any User the Authority shall give Condition [A11(18)] Approval to the Transporters determining of the Applicable Liability Gas Price by reference to any other published gas prices.

2.8 Condition [A11(18)] Approval

- 2.8.1 Where any provision of the Code (the "**relevant provision**") provides that the Transporter (or a Transporter) will or may take a particular step or action (the "**relevant step**") in pursuance of that provision if the Authority shall give Condition [A11(18)] Approval thereto, or if the Authority shall not give Condition [A11(18)] Disapproval thereto:
 - (a) except in a case in paragraph (b), the Transporter will not take the relevant step unless the Transporter has given a notification under paragraph 2.8.2(a);
 - (b) where under the relevant provision the Transporter may take the relevant step unless another Party applies to the Authority for Condition [A11(18)] Disapproval to the Transporter doing so, the Transporter may take the relevant step unless the other Party or any of the Parties concerned has, within the period or by the date prescribed in the relevant provision, given a notification under paragraph 2.8.2(b).
- 2.8.2 Paragraph 2.8.3 shall apply in respect of a relevant provision of the Code in any particular case where and only where:
 - (a) (for the purposes of Condition [A11(18)] Approval) subject to paragraph 2.8.5, the Transporter has notified the Party or Parties concerned that the circumstances are such that, and of the manner in which, the Transporter might take the relevant step; or
 - (b) (for the purposes of Condition [A11(18)] Disapproval) the relevant provision permits a Party to make an application to the Authority, a Party has notified the Transporter that the Party wishes the Transporter not to take the relevant step.
- 2.8.3 Where this paragraph 2.8.3 applies in respect of a relevant provision in any particular case:
 - (a) the provision shall be construed as:

- (i) requiring the Transporter to make a determination (after the notification required by paragraph 2.8.1(a) or the relevant provision) as to whether to take the relevant step; and
 - (ii) requiring that such determination should be such as is calculated to facilitate the achievement of the relevant objectives (as described in Standard Special Condition [A11(1)] of a Transporter's Licence);
- (b) the Transporter will (in the case in paragraph 2.8.2(a), not less than 10 Business Days after its notification thereunder) make the determination under paragraph (a)(i) and (having done so) will:
- (i) notify the Authority and the other Party(ies) concerned of its determination, and
 - (ii) not implement (by taking the relevant step) such determination:
 - (1) if the Authority shall give Condition [A11(18)] Disapproval to its doing so; or
 - (2) where Condition [A11(18)] Approval of the Authority is required for the relevant step, if the Authority shall not give Condition [A11(18)] Approval to its doing so;
- (c) in the case in paragraph 2.8.2(b), the Transporter will send to the Authority a copy of each notification given by a Party thereunder.

2.8.4 For the purposes of the Code, "**Condition [A11(18)] Approval**" means a determination by the Authority, pursuant to Standard Special Condition [A11(18)] of a Transporter's Licence, that the determination made by the Transporter pursuant to paragraph 2.8.3(a)(i) complies with the requirement in paragraph 2.8.3(a)(ii), and "**Condition [A11(18)] Disapproval**" means a determination by the Authority that such determination does not so comply.

2.8.5 For the purpose of TPD Sections Q4.2.3 and Q4.2.5(e) the Transporter will not give any notification to any User under paragraph 2.8.2(a) or 2.8.3(b)(i); and the notification required under paragraph 2.8.2(a) shall be given to the Authority.

2.8.6 An Ancillary Agreement may, with Condition [A11(18)] Approval of the Authority, provide for the Transporter to take a particular step or action with Condition [A11(18)] Approval, or in the absence of Condition [A11(18)] Disapproval, of the Authority and any such provision of an Ancillary Agreement is hereby deemed to be a provision of (and shall be treated as being incorporated in) the Code.

2.8.7 Where a provision of the Code provides that the Transporters may take a particular step or action with Condition [A11(18)] Approval or Condition [A11(18)] Disapproval the reference in the provision to Condition [A11(18)] Approval or Condition [A11(18)] Disapproval shall be treated as a reference to the appropriate determination by the Authority pursuant to each Transporter's Licence.

2.9 Miscellaneous

2.9.1 Unless the context otherwise requires, references in the Code to Transco NTS or the Transporter:

- (a) in TPD Sections T, U, V [[and in this Section C]], include a reference to Transco LNG Storage (when acting pursuant to the provisions of TPD Section Z);
- (b) except as provided in paragraph (a), do not include a reference to Transco LNG Storage (when acting pursuant to the provisions of TPD Section Z).

2.9.2 A reference in the Code to:

- (a) a "**consumer**" is a reference to:
 - (i) a consumer (as defined in the Gas Code) who is supplied with gas conveyed to particular premises by means of a System; or
 - (ii) in the context of a particular Supply Point, Supply Meter Point or Supply Point Component, the consumer who is supplied with gas offtaken from the relevant System at such System Point; or
 - (iii) in the context of a User, the consumer in respect of a Supply Point of which the User is the Registered User.
- (b) a "**supplier**" is a reference to:
 - (i) a person who supplies to premises gas offtaken from the Total System (including a person supplying gas to itself); or
 - (ii) in the context of a particular Supply Point, Supply Meter Point or Supply Point Component, the supplier who supplies the consumer with gas; or
 - (iii) in the context of a User, the supplier in respect of a Supply Point of which the User is the Registered User.

2.9.3 Where any provision of the Code requires or entitles the Transporter (or the Transporters) to "**publish**" any information or document, the Transporter will provide such information or document to each Party, any other person to whom the Transporter may (pursuant to its Transporter's Licence or any other Legal Requirement or any provision of the Code) be required to provide such information and (subject to TPD Section V5) such other persons as the Transporter shall think fit.

2.9.4 [[A reference in the Code to a Standard Condition or Special Standard Condition is a reference to a Standard Condition or Special Standard Condition determined by the Secretary of State pursuant to Section 8 of the Gas Act 1995, as from time to time modified in accordance with the Act:

- (a) in the context of the Transporter or its Transporter's Licence, as incorporated into the Transporter's Licence;
- (b) in the context of a User or its Shipper's Licence, as incorporated into such Shipper's Licence;
- (c) in the context of a supplier or its Supplier's Licence, as incorporated into such Supplier's Licence.]]

- 2.9.5 A reference in the context of any provision of the Code to a "**representative**" of any person is a reference to any director, officer or employee of that person or any agent, consultant or contractor appointed or engaged by that person for purposes connected with the subject matter of the relevant provision of the Code.
- 2.9.6 [A reference in the Code to the quantities in which or rate or pressure at which it is "**feasible**" for the Transporter to make gas available for offtake from the Total System at a System Exit Point is a reference to what is in the Transporter's reasonable judgement operationally and technically feasible without prejudicing [Total] System security, without reinforcement of the [Total System or relevant System] and without prejudicing the Transporter's ability to perform its obligations under the Code, any Ancillary Agreement or any other contract for the conveyance of gas, or to comply with any Legal Requirement;]¹
- 2.9.7 An "**Affiliate**" of a specified percentage in relation to a body corporate is:
- (a) another body corporate which holds not less than the specified percentage of the voting rights of the first body corporate; or
 - (b) a subsidiary of the first body corporate or of such a body corporate as is referred to in paragraph (a);
- and for these purposes 'voting rights', 'holding' voting rights and 'subsidiary' are to be construed in accordance with Section 736A of the Companies Act 1985.
- 2.9.8 For any quantities A, B, C, and so on, the functions 'max'(A, B, C ...) and 'min' (A, B, C ...) denote respectively the greatest and the lowest of A, B and C (and so on).

3 TECHNICAL INTERPRETATION

3.1 Gas

3.1.1 In the Code, unless the context otherwise requires, "**gas**" means any hydrocarbons or mixture of hydrocarbons and other gases consisting primarily of methane which at a temperature of 15 °C and an absolute pressure of 1.01325 bar are or is predominantly in the gaseous state.

3.1.2 Unless the context otherwise requires, for the purposes the Code:

- (a) a "**quantity**" of gas is a quantity in kWh;
- (b) a "**volume**" of gas is a volume in MCM.

3.2 Units and other terms

3.2.1 The following terms have the following meanings in the Code:

"**bar**": the bar as defined in ISO 1000-1992(E);

"**Cubic Metre**" or "**M³**": when applied to gas, that amount of gas which at a temperature of 15 °C and an absolute pressure of 1.01325 bar and being free of water vapour occupies one 1 cubic metre;

¹ Under review in context of interim exit arrangements.

"**degree Celsius**" and "**°C**": the particular interval between the temperature in Kelvin and the temperature 273.15 Kelvin as defined in ISO 1000-1992(E);

"**gauge**": when used in relation to pressure, the pressure in excess of 1 standard atmosphere where 1 standard atmosphere is 1.01325 bar;

"**calorific value**": that number of Megajoules produced by the complete combustion at a constant absolute pressure of 1.01325 bar of 1 Cubic Metre of gas at a temperature of 15°C with excess air at the same temperature and pressure as the gas when the products of combustion are cooled to 15°C and when the water formed by combustion is condensed to the liquid state and the products of combustion contain the same total mass of water vapour as the gas and air before combustion; and for the avoidance of doubt calorific value shall be REAL as defined in ISO6976-1995(E);

"**hour**": the hour as defined in ISO 1000 -1992(E);

"**Joule**": the joule as defined in ISO 1000-1992(E);

"**kilogram**": the kilogram as defined in ISO 1000-1992(E);

"**kilometre**" or "**km**": 1000 metres;

"**kWh**": 3,600,000 Joules;

"**mbar**": one thousandth of a bar;

"**MCM**": 1,000,000 Cubic Metres;

"**Megajoule**" or "**MJ**": 1,000,000 Joules;

"**metre**": the metre as defined in ISO 1000-1992(E);

"**mol%**": molecular percentage;

"**MW**": 1,000,000 Watts;

"**pascal**": the pascal as defined in ISO 1000-1992(E)

"**ppm**": parts per million by volume;

"**Relative Density**": shall mean the mass of a volume of dry gas divided by the mass (expressed in the same units) of an equal volume of dry standard air as defined in ISO 6976-1995(E) both such gases being at a temperature of 15°C and an absolute pressure of 1.01325 bar; and Relative Density (REAL) shall for the avoidance of doubt be REAL as defined in ISO 6976-1995(E);

"**second**": the second as defined in ISO 1000-1992(E);

"**Specific Gravity**": the mass of a volume of dry gas divided by the mass (expressed in the same units) of an equal volume of dry standard air (as defined in ISO 6976-1995(E)) both gases being at a temperature 15°C and an absolute pressure of 1.01325 bar;

"**Watt**": 1 Joule per second; and

"Wobbe Index": when applied to gas, the calorific value divided by the square root of the Relative Density.

3.3 Calorific value

3.3.1 A reference in the Code to "**calorific value**" or to the "**relevant calorific value**" of gas delivered to or offtaken from the Total System shall be a reference:

- (a) in the context of a System Entry Point, to the calorific value of gas delivered to the Total System established in accordance with the relevant provisions (if any) of the Network Entry Provisions;
- (b) in the context of any System Exit Point where the quantity of gas conveyed to such point is required to be calculated in accordance with the Gas (Calculation of Thermal Energy) Regulations 1996, to the calorific value established by the Transporter pursuant to those Regulations;
- (c) in the context of any other System Exit Point:
 - (i) in the case of a NExA Supply Meter Point or Connected System Exit Point, to the calorific value established in accordance with the relevant provisions (if any) of the Network Exit Agreement;
 - (ii) except as provided in paragraph (i), where there is calorimetric equipment installed (by or with the approval of the Transporter) at the relevant System Exit Point, to the calorific value ascertained by means of such equipment;
 - (iii) except as provided in paragraphs (i) and (ii), to the flow weighted average calorific value established as the average of the average calorific values (applicable to the area in which such System Exit Point is located) referred to in Part II of the above Regulations, weighted by reference to the gas flows each Day at points on the relevant System where apparatus referred to in that Part is located.

3.3.2 Any reference to a quantity of gas delivered or to be delivered to, or offtaken or to be offtaken from, the Total System at a System Entry Point or (as the case may be) System Exit Point shall be construed in accordance with paragraph 3.3.1 above.

3.3.3 For the purposes of the Code, "**CV shrinkage**" is gas which is unaccounted for as offtaken from the Total System at System Exit Points by reason of the quantities of gas delivered to the Total System exceeding (by virtue of paragraphs 3.3.1 and 3.3.2 above) those offtaken from the Total System.

3.3.4 [Where the Authority has made a determination (for the purposes of the definition of 'calorific value' in Section 12(2)(a) of the Act) specifying in respect of any area an amount of water vapour to be contained in gas conveyed in a System, or the Transporter with the concurrence of the Authority for the purposes of the above Regulations determines (in respect of a part of the relevant System in which the gas being conveyed contains an amount of water vapour) a calorific value which is different from the calorific value which would apply pursuant to the Regulations:

- (a) for the purposes of giving effect to such determination, upon any Meter Read in

respect of a Supply Meter Point in the relevant area, the Metered Quantity shall be determined by reference to the calorific value which applies on the basis of such determination, and NDM Reconciliation or DM Reconciliation shall be carried out accordingly;

- (b) the calorific value applicable for purposes of the Code (including in particular the implementation of TPD Section H), other than the purposes in paragraph (a), shall be the calorific value which would apply disregarding such determination.]

3.4 Conversions

- 3.4.1 Where to give effect to any provision of the Code it is necessary to compare an amount of gas which is or is to be delivered to or offtaken from the Total System or injected to or withdrawn from a Transco LNG Storage Facility, or a rate of such delivery, offtake, injection or withdrawal, expressed in terms of quantity, with such an amount or rate expressed in terms of volume, a conversion shall be made on the basis of the applicable calorific value in accordance with paragraph 3.3.1.
- 3.4.2 Where to give effect to any provision of the Code it is necessary to do so, a rate of delivery or offtake of gas to or from the Total System, or injection to or withdrawal from a Transco LNG Storage Facility, or any amount of System Capacity or Storage Capacity, expressed in quantity or volume units per Day, or per hour, or in kW, shall be treated as expressed in any other such units on the basis of the appropriate conversion.

3.5 Therms

References in the Code to quantities in therms are explanatory only and of no effect for the purposes of the Code (and the rates at which quantities in kWh are converted to quantities in therms are not uniform).