

NETWORK CODE OF FULCRUM PIPELINES LIMITED

1. Network Code

This document (including the Schedule and its Appendices) is the network code of Fulcrum Pipelines Limited prepared pursuant to [standard condition 9] of the Operator's Licence.

2. Interpretation

2.1 In this document (other than the Appendices):

"iGT UNC" means the document entitled the "Independent Gas Transporters Uniform Network Code" which has been prepared by the Operator and the other iGTs as from time to time modified;

"Network Code" means this document as from time to time modified in accordance with the network code modification procedures set out in the iGT UNC or the Operator's Licence;

"Operator" means Fulcrum Pipelines Limited a company registered in England and Wales with company number 06006362 whose registered office is at ~~1-3 Strand, London WC2N 5EH~~ 6 St Andrew Street, 5th Floor, London, EC4A 3AE;

"Operator's Licence" means the Transporter's Licence granted or treated as granted to the Operator;

"Other iGTs" those persons (other than the Operator) holding a Transporter's Licence and who have agreed to incorporate the iGT UNC (with or without amendment) into their respective Transporter Codes;

"Transporter Code" the network code of a person (other than the Operator) holding a Transporter's Licence prepared pursuant to [standard condition 9] of that Transporter's Licence;

"Transporter's Licence" means in respect of a person, a gas transporters licence granted or treated as granted under Section 7(2) of the Gas Act 1986 to such person as from time to time in force;

2.2 Terms used in the Schedule and which are not defined in this document shall have the meaning in the iGT UNC.

2.3 Terms used in the Appendices and which are not defined therein shall have the meaning in the iGT UNC.

3. Provisions of Network Code

3.1 Subject to Clause 3.2, the Network Code comprises the provisions set out in the iGT UNC which are (subject to Clause 3.2) hereby incorporated into this document.

3.2 Schedule 1 to this document and its Appendices set out provisions:

- (a) which are to be applied in addition to those set out in the iGT UNC;
- (b) of the iGT UNC which are to be disapplied;
- (c) of the iGT UNC which are to be modified;
- (d) of the iGT UNC which are further defined, detailed or explained.
- (e) of the iGT UNC which are to be delayed in their implementation

SCHEDULE 1

1. References in this Schedule and the Appendices hereto to a "Part" are unless provided otherwise to a Part of the iGT UNC

~~2. Pursuant to Part A2.10, the Operator has in place a Computer System for the purposes of System Communication. The terms on which System Communications may be given and received together with other terms are set out in Appendix 1. These terms apply in addition to the terms set out in the iGT UNC.~~

~~3.2.~~ As referred to in Part CIV 5.8~~3~~, the Operator requires that only the Operator may undertake the works referred to in Part CIV 5.7~~21~~.

~~4.3.~~ The following Clause shall apply in addition to those contained in Part G15~~6~~:

"The Pipeline Operator and the relevant Pipeline User each undertake with the other to use its respective reasonable endeavours to agree Invoice Queries within 30 Days of the date of the relevant invoice, failing which the Pipeline Operator or relevant Pipeline User may refer the dispute to mediation by a person to be nominated by the President for the time being of The Institution of Gas Engineers but without prejudice to Part K23 and 24"

~~5.4.~~ An Invoice Query notified pursuant to Part G15~~6~~.2 may additionally be notified by electronic mail to such email address as the Operator may specify to Pipeline Users for the purpose.

~~6. As referred to in Part G4.6, the Operator will submit Invoice Documents by System Communication.~~

~~7.5.~~ The following shall replace the first paragraph in Part G16~~7~~.1:

"Where a Pipeline User wishes to raise any Invoice Query in respect of an amount shown as payable by the Pipeline User under an Invoice Document, the Pipeline User may, not later than 10 working days from the receipt of the invoice, notify (in accordance with Clause 15~~6~~.2 and 15~~6~~.3) such Invoice Query to the Pipeline Operator, specifying:"

~~8.6.~~ The following shall be added at the end of Part G16~~7~~.1:

"Only that amount of the Invoice Amount which is subject to the Invoice Query shall be withheld from payment."

~~9.7. As referred to in Part G19~~21~~, the Operator operates Code Credit Rules and accordingly will determine and assign for each Pipeline User a Code Credit Limit and may require a Pipeline User to provide surety or security. The provisions detailing the operation of the Code Credit Rules and the consequences of Pipeline Users being assigned Code Credit Limits are detailed in Appendix 2.~~

~~10. The following Clause shall apply in addition to those contained in Part I8:~~

~~"On 1st June in each year the Pipeline Operator shall send to each Registered User in respect of each Large Firm Supply Point and each Interruptible Supply Point the details of emergency contacts and their respective telephone and facsimile numbers as held by the Pipeline Operator and details of whether the relevant Supply Point is recorded as a Priority Supply Point or not. The Registered User shall confirm the data, with any corrections to the Pipeline Operator within 20 Business Days. Such corrections shall continue to be in accordance with the provisions of Part I8".~~

~~11.8.~~ For the purposes of the Code "Capacity Variable Component" shall mean in respect of a Customer Charge, the component (if any) thereof the amount of which is determined by reference to the amount of Offtake Capacity allocated to a Pipeline User pursuant to Part B.

~~12.9.~~ The following shall replace Part K19.1: "Subject to Clause 19.4 a Party may assign its rights under the Code, the Framework Agreement and any Ancillary Agreement:

(a) in the case of:

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- (i) a Pipeline User, to a 33% % Affiliate of such Party, provided that the assigning Party shall continue to be bound by and liable under the Code, the Framework Agreement and any such Ancillary Agreement;
- (ii) the Pipeline Operator, to a 33% % Affiliate of such Party;
- (b) subject to Clause 19.5, with the prior agreement in writing of each relevant other Party, which shall not unreasonably be withheld, to any person."

~~13.10.~~ The following shall replace Part K19.5:

"Where a Party assigns its rights under the Code the Framework Agreement and any Ancillary Agreement to a person (including a 33% % Affiliate):

- (a) ~~—~~ pursuant to Clause 19.1(a)(ii):
 - (i) it shall be a condition precedent to such assignment that such person give a written undertaking each relevant other Party consenting to be bound by the Code, the Framework Agreement and any such Ancillary Agreement;
 - (ii) the assigning Party shall be released from obligations under the Code, the Framework Agreement and any such Ancillary Agreement arising before, on or after the time at which the assignment is effective;
- (b) ~~—~~ pursuant to Clause 19.1(b):
 - (i) it shall be a condition precedent to such assignment that such person shall enter into an agreement with each relevant other Party consenting to be bound by the Code, the Framework Agreement and any such Ancillary Agreement;
 - (ii) the assigning Party shall be released from obligations under the Code, the Framework Agreement and any such Ancillary Agreement arising after the time at which the assignment is effective, but shall remain liable for any obligations accruing up to such time."

~~14. User Agents:~~

~~A Pipeline User may, appoint another person to be the agent of the Pipeline User for the purposes of making and receiving Code Communications on behalf of the Pipeline User e.g. MRA (Meter Reading Agency).~~

~~For the purposes of the Code, a "User Agent" is a person who has been appointed as agent of a Pipeline User for the purposes of making and receiving Code Communications on behalf of the appointing User. A Pipeline User may appoint more than one person as User Agent. A person may be appointed as User Agent by more than one Pipeline User.~~

~~A User Agent may be appointed for the purposes of making and receiving on behalf of the appointing User Code Communications within all or any of the categories specified. The scope of a User Agent's authority may not be limited and a User Agent will at all times be authorised to make any Code Communication on behalf of the appointing Pipeline User within the category(ies) for which he is appointed. The appointing Pipeline User may change the categories of Code Communication for which a User Agent is appointed by giving notice to the Pipeline Operator to that effect specifying the changed categories with effect from which such change are to take effect.~~

~~A Pipeline User wishing to appoint a User Agent shall give notice to the Pipeline Operator:~~

- ~~(a) — specifying the identity of the appointing Pipeline User and the proposed User Agent;~~
- ~~(b) — specifying the categories of Code Communication for which the User Agent is to be appointed, or specifying that the User Agent is appointed for all such categories; and~~
- ~~(c) — specifying the Day with effect from which the appointment is to take effect.~~

~~The appointment of the User Agent shall be effective from the Day specified shall continue, subject to any change until terminated. The appointing Pipeline User may terminate the appointment of a User~~

~~Agent by giving notice to the Pipeline Operator to that effect specifying the with effect from which such termination is to take effect.~~

~~The date with effect from which a User Agent is appointed, or the categories of Code Communication for which a User Agent is appointed may be changed, or the appointment of a User Agent may be terminated, shall be not less than 5 Business Days after the Pipeline User's notice to the Pipeline Operator thereof; provided that upon the Pipeline User's request in exceptional circumstances the Pipeline Operator will endeavour to accommodate notice (of any such matter) of a lesser period.~~

~~A Communication given by a User Agent shall identify the appointing Pipeline User on whose behalf the Code Communication is given, and shall not be effective unless it does so.~~

~~Where a User Agent who is itself a Pipeline User gives any Code Communication which does not state that it is given on behalf of an appointing Pipeline User and identify that Pipeline User, such Code Communication shall be treated as given by the User Agent on its own account in its capacity as Pipeline User.~~

~~Any Code Communication given by a User Agent within the categories for which such agent is appointed shall be deemed to have been given by and shall be binding on the appointing Pipeline User, and the Pipeline Operator shall be entitled without enquiry as to the agent's authority to rely on such Code Communication for all purposes of the Code.~~

~~A Pipeline User who has appointed a User Agent may continue itself to give Code Communications.~~

~~Where a Pipeline User has appointed one or more User Agents:~~

- ~~(a) the Pipeline User shall be responsible for ensuring that the actions of the Pipeline User and each such agent are not in conflict;~~
- ~~(b) where any Code Communication is given by the Pipeline User or any such agent;~~
- ~~(c) to the extent any further Code Communication is Code given by any of them which is effective to modify or revoke the earlier Code Communication, the earlier Code Communication shall be so modified or revoked;~~
- ~~(d) except as provided in paragraph (i), any Code Communication subsequently given by any of them which conflicts with the earlier Code Communication will be disregarded.~~

~~The Pipeline Operator shall not be responsible for any unauthorised use or disclosure by a User Agent of information relating to the appointing Pipeline User (whether or not obtained, in the case of a User Agent, in its capacity as a FACTS User).~~

APPENDIX 1—PIPELINE OPERATOR COMPUTER SYSTEM

1. GENERAL

1.1 Introduction

1.1.1 The Pipeline Operator and each Pipeline User will communicate with each other by means of FACTS, subject to and in accordance with this Appendix 1.

1.1.2 FACTS Users are required to comply with the relevant requirements of this Appendix 1 in respect of use of FACTS.

1.1.3 For the purposes of the Code the Computer System shall also be known as "FACTS" (and the terms shall be interchangeable) and shall from time to time be modified in accordance with paragraph 7.

1.1.4 A "FACTS User" is:

(i) any Pipeline User, provided that a Discontinuing User shall cease to be a FACTS User upon the User Discontinuance Date; and

(ii) any other person permitted to have use of FACTS Communication under paragraph 1.3.

1.1.5 For the purposes of the Code a System Communication shall also be known as a "FACTS Communication" (and the terms shall be interchangeable), and a message transmitted by means of FACTS is also a message transmitted by the Pipeline Operator or by a FACTS User as the case may be; and for these purposes a "message" is a discrete transmission electronically sent or electronically posted by the Pipeline Operator or by a FACTS User.

1.1.6 Without prejudice to any contractual obligation binding on the Pipeline Operator other than under the Code, the Pipeline Operator accepts no responsibility for the accuracy of any communication which is not a Code Communication and is made as a FACTS Communication.

1.1.7 FACTS is designed to use standard file formats currently used by either SPAA Ltd or Xoserve Limited, as specified in the SPA "biscuit" data dictionary for nominations, confirmations, objections etc. The only other deviation is with National Grid Gas plc. emergency call centre and Upstream System operators in relation to emergency information for new/changes to customer details. There is not a requirement for Pipeline Users to access the FACTS computer system other than by sending or receiving of files as specified.

1.1.8 The following Code Communications are to be made as FACTS Communications only:

SID— Request for identity of the other shipper/supplier and return of that identity, the precursor to initiating an agreed read, returner or debt assignment etc.

SAR— Initiation of agreed read process, exchange of data between suppliers involved until a read has been agreed, submission of the agreed read to Xoserve and notification from Xoserve to suppliers that is has not been able to load the agreed read submitted onto the Sites & Meters database.

OBJ— Request by the incoming supplier for the outgoing supplier to object to the transfer of the customer/site.

RET— Notification initiated by either supplier that the customer/site has been erroneously transferred and should be taken back by the previous supplier using the Erroneous Transfer process.

MRR— Rejection of a meter read sent to Xoserve (in accordance with its validation rules under Network Code) when transferring a customer. Rejected reads can be amended and returned for input prior to D+10.

~~MPN — Request by the incoming supplier for Meter Point Reference Number of a new, contracted customer.~~

~~Nominations, Confirmations, Withdrawal, Objections, Return of Erroneous Transfer, Meter Reads (direct from Shippers or Meter Reading Agency);~~

~~National Grid Emergency Call Centre — Customer details~~

~~IDN emergency Service Provider — Details and MAPS~~

1.2 Code Communications

~~1.2.1 — A FACTS Communication given in accordance with this Appendix 1 shall be treated as an effective and valid Code Communication and the Pipeline Operator and each Pipeline User confirms that it intends and agrees that FACTS Communications shall have legal effect for the purposes of the Code.~~

1.3 External FACTS Users

~~1.3.1 — Pipeline Users acknowledge that the Pipeline Operator may permit persons (other than Pipeline Users), within any of the categories set out in paragraph 1.3.2, to have use of FACTS Communication in terms of file transfer.~~

~~1.3.2 — The categories of persons referred to in paragraph 1.3.1 are as follows:~~

- ~~(i) Meter Readers;~~
- ~~(ii) Downstream System Operators or Upstream System Operators; and~~
- ~~(iii) User Agents.~~

1.4 Help Desk

~~1.4.1 — The Pipeline Operator will provide a help desk, with reasonable resources to meet reasonable requests made by FACTS Users, which will assist FACTS Users in identifying the nature and cause of any operational problems experienced in using FACTS. This will deal with any issues regarding file receipt/transfer~~

1.5 Operational Security

~~1.5.1 — Each FACTS User and the Pipeline Operator undertakes to implement and maintain all security procedures and measures required under “FACTS Security Policy” in providing a secure file transfer mechanism, to prevent unauthorised use of FACTS and to ensure the protection of FACTS Communications against the risk of resulting alteration, delay, disruption or loss.~~

1.6 Virus Protection

The Pipeline Operator and each FACTS User shall:

- ~~(a) implement and maintain policies and procedures designed to prevent harmful code or programming instruction(s):~~
 - ~~(i) from being transmitted to the other or incorporated into FACTS or into any computer program material or medium delivered to the other, or~~
 - ~~(ii) if received by it from the other, from being incorporated into its own computer hardware or software; and~~

~~(b) — promptly notify the other if it knows or has any reason to believe that any such code or instruction has been so transmitted or incorporated or received.~~

1.7 Planned FACTS Downtime

~~1.7.1 — To enable the Pipeline Operator to operate and maintain FACTS, on each Day and/or particular Days FACTS, or (where so specified in the FACTS Manual) particular parts of FACTS, will not be operational at certain times and for certain periods (“Planned FACTS Downtime”).~~

~~1.7.2 — During Planned FACTS Downtime, the Pipeline Operator will not be able to use FACTS or the relevant part thereof and accordingly will not be able to make or receive FACTS Communications. FACTS Users may however be able to send FACTS Communications during FACTS downtime and these Communications will be held and subsequently received by FACTS when FACTS becomes available.~~

~~1.7.3 — During Planned FACTS Downtime, notwithstanding any other provision of the Code, the Pipeline Operator will not be entitled to make any Code Communication which is required to be made as a FACTS Communication.~~

~~1.7.4 — The system will be available during normal office hours — Monday to Friday 8:30am to 17:00pm (excluding bank holidays). However, the FTP server will be available 17 hours per day (7:00am to 12:00am) with the downtime utilised for taking backups essential system maintenance.~~

2. FACTS COMMUNICATION.

2.1 Particular Communication Facilities

~~2.1.1 — For the purposes of FACTS Communications, FACTS includes certain Automatic Audit Trail Facilities.~~

~~2.1.2 — In respect of certain forms of FACTS Communication, an “Automatic Audit Trail Facility” is a facility forming part of FACTS at the Pipeline Operator premises, which will automatically record the sending or the receipt by the Pipeline Operator of the message comprised in such FACTS Communication and log the date and time of such sending or receipt.~~

2.2 FACTS User Communication

~~2.2.1 — A “FACTS User Communication” is a message (or file) or batch of messages (or files) transmitted by the Pipeline Operator to a FACTS User or FACTS Users by means of FACTS.~~

~~2.2.2 — A message transmitted as a FACTS User Communication will be held in FACTS at the Pipeline Operator premises, when the FACTS User requests a FACTS update by sending an update request to FACTS, any pending FACTS User Communications will be transmitted to the FACTS User’s FACTS Mailbox.~~

~~2.2.3 — A “FACTS Mailbox” is an internet email address designated by the FACTS User for the purpose of sending and receiving FACTS Communications.~~

~~2.2.4 — A FACTS User Communication will remain accessible by a FACTS User or FACTS Users for the period specified (in respect of the relevant communication).~~

~~2.2.5 — A Code Communication given as a FACTS User Communication shall be deemed to have been received by a FACTS User to whom it is transmitted at the time the message is logged ‘as sent’ by the Automatic Audit Trail Facility, irrespective of whether or when accessed.~~

2.3 User FACTS Communication

~~2.3.1 — A “User FACTS Communication” is a message or batch of messages transmitted by a FACTS User to the Pipeline Operator.~~

~~2.3.2~~ Where a User-FACTS Communication is received, a FACTS User Communication is automatically transmitted from FACTS to the sender acknowledging receipt thereof.

~~2.3.3~~ A Code Communication given as a User-FACTS Communication shall be deemed to have been received by the Pipeline Operator at the time the message is logged 'as received' by the Automatic Audit Trail Facility.

2.4 Non receipt of messages

~~2.4.1~~ Where a FACTS User has transmitted a User-FACTS Communication and has not received an acknowledging message or where the Pipeline Operator becomes aware that a FACTS User Communication has not been received, the provisions of paragraph 2.4.2 shall apply.

~~2.4.2~~ In the circumstances in paragraph 2.4.1:

- ~~(a)~~ the sender of the FACTS Communication shall, as soon as it becomes aware that the FACTS Communication was not received, endeavour to contact (by telephone or facsimile) and so notify the intended recipient of that FACTS Communication;
- ~~(b)~~ following such notification the sender and the intended recipient shall immediately take all reasonable steps (other than steps involving the investigation of equipment installed at the other's premises) to identify the cause of the recipient's non-receipt of the FACTS Communication and if either of them shall so identify such cause it shall promptly so inform the other (by telephone or facsimile);
- ~~(c)~~ upon the identification of such cause the Party responsible for such cause shall promptly remedy any non-compliance with any operational requirement for the proper functioning of FACTS and take any other reasonable steps available to it to restore proper communication between their respective mail systems;
- ~~(d)~~ as soon as such communication has been restored, the sender shall retransmit the FACTS Communication;

2.5 Audit Trail

~~2.5.1~~ The Pipeline Operator will retain a complete and chronological record of all FACTS Communications it transmits and receives, for the minimum period applicable in respect of the relevant communication, following transmission or receipt.

~~2.5.2~~ The Pipeline Operator and each FACTS User shall ensure that electronic or computer records containing FACTS Communications are readily accessible and are capable of being reproduced in a human readable form and of being printed, if required for a minimum period (in any event not exceeding 5 years) as designated by the Pipeline Operator from time to time.

~~2.5.3~~ In the event of a dispute between the Pipeline Operator and a FACTS User as to any FACTS Communication the sending of which was recorded by the Automatic Audit Trail Facility, the Pipeline Operator will, as soon as reasonably practicable after a request to do so, provide to the FACTS User a copy of what is recorded (in respect of such communication) in such facility.

3. CONTINGENCY ARRANGEMENTS

3.1 General

~~3.1.1~~ For the purposes of the Code:

- ~~(a)~~ the "FACTS Contingency Procedures" are procedures for the Pipeline Operator and FACTS Users to communicate with each other in the event of a FACTS Code Contingency;

~~(b) a "FACTS Code Contingency" is an event or circumstance affecting FACTS, of a kind specified in the FACTS Contingency Procedures, which affects the ability of the Pipeline Operator or FACTS Users (or where so specified in the Contingency Procedures, of a particular FACTS User or particular FACTS Users) to give or receive FACTS Communications, or to generate information to be contained in a Code Communication.~~

~~3.1.2 The Pipeline Operator and FACTS Users agree to adopt and (in the event of a FACTS Code Contingency) to implement the relevant FACTS Contingency Procedures.~~

~~3.1.3 A FACTS Code Contingency may (where so specified in the FACTS Contingency Procedures) include:~~

~~(i) a degradation in performance of FACTS which falls short of a failure thereof (where the FACTS Contingency Procedures are likely, having regard to such degradation, to provide a superior method of communicating);~~

~~(ii) Planned FACTS Downtime.~~

APPENDIX 2 – CODE CREDIT RULES AND CODE CREDIT LIMITS

1. CODE CREDIT LIMITS

1.1 General

1.1.1 The Pipeline Operator will, in accordance with the Code Credit Rules, determine and assign to each Pipeline User a Code Credit Limit, and will keep each Pipeline User informed of its Code Credit Limit (as revised in accordance with this Appendix and the Code Credit Rules) for the time being.

1.1.2 The Code Credit Rules set out (inter alia):

- (i) the principles on which the Pipeline Operator will assess and from time to time revise (in accordance with this Appendix and the Code Credit Rules) its assessment of the credit-worthiness of Pipeline Users (and persons providing surety for Pipeline Users) and establish Code Credit Limits;
- (ii) the basis on which a Pipeline User may (with a view to increasing its Code Credit Limit) provide surety or security for Relevant Code Indebtedness, or (with a view to reducing its Relevant Code Indebtedness) make prepayments to the Pipeline Operator;
- (iii) procedures by which a Pipeline User may discuss its Code Credit Limit with the Pipeline Operator.

1.1.3 The Code Credit Rules do not form a part of the Code and (but without prejudice to the further provisions of this paragraph or to anything done pursuant to the Code Credit Rules) nothing in the Code shall make compliance with such rules an obligation of the Pipeline Operator or Users.

1.1.4 Nothing in the Code or the Code Credit Rules shall constitute any duty of care or other obligation on the part of the Pipeline Operator (whether to or for the benefit of the Pipeline User in question or Pipeline Users in general) in relation to the implementation of the Code Credit Rules or the provisions of this paragraph 3.

1.2 Code Credit Limit and Relevant Code Indebtedness

1.2.1 For the purposes of the Code:

- (a) a “Code Credit Limit” is an amount representing a Pipeline User’s maximum permitted Relevant Code Indebtedness.
- (b) “Relevant Code Indebtedness” is:
 - (i) the aggregate amount, for which a Pipeline User is at any time liable to the Pipeline Operator pursuant to the Code, determined on the basis of amounts accrued (and in accordance with paragraph (c) where applicable) and irrespective of whether such amounts have been invoiced under Part G or (where invoiced) have become due for payment; less
 - (ii) any amount which has been paid to the Pipeline Operator by the Pipeline User by way of prepayment, on the basis that the Pipeline Operator may apply such amount without the Pipeline User’s consent in or towards payment of amounts referred to in paragraph (i), and which has not yet been so applied;
- (c) for the purposes of paragraph (b)(i) a Pipeline User’s liability for Transportation Charges in respect of a Day shall be treated as accruing on the following Day.

1.2.2 For the avoidance of doubt, the amount of a Pipeline User’s Relevant Code Indebtedness shall be determined by reference to the relevant provisions of the Code, and nothing in the Code shall be construed as withdrawing from a Pipeline User any right to dispute whether the Pipeline Operator has correctly calculated such amount in any case, or from the Pipeline Operator any right to dispute the validity of any Invoice Query submitted by any Pipeline User.

~~1.2.3 Without prejudice to paragraph 1.2.2, where a Pipeline User has submitted an Invoice Query in accordance with Part G15 in respect of any Invoice Document the Pipeline Operator will review and give due consideration to such Invoice Query before taking any steps pursuant to paragraph 1.2.~~

~~1.2.4 A Pipeline User's Code Credit Limit may from time to time be reviewed and revised, in accordance with the Code Credit Rules, on notice of not less than 30 Days (or any lesser period agreed by the Pipeline User) to the Pipeline User:~~

- ~~(i) at intervals of approximately 12 months;~~
- ~~(ii) at the Pipeline User's request (but subject to paragraph 1.2.6);~~
- ~~(iii) where any published credit rating of the Pipeline User or any person providing surety for the Pipeline User is revised downwards;~~
- ~~(iv) where (but without prejudice to any requirement of the Code Credit Rules) any instrument of surety or security expires or is determined;~~
- ~~(v) at the Pipeline Operator's request where at any time the Pipeline Operator has reasonable grounds to believe that the effect of the review will be to reduce the Pipeline User's Code Credit Limit.~~

~~1.2.5 Subject to paragraph 1.2.6, the Pipeline Operator will bear the costs and fees that it incurs (but not any costs incurred by the Pipeline User) in connection with any review of a Pipeline User's Code Credit Limit in accordance with paragraph 1.2.4.~~

~~1.2.6 The Pipeline Operator will not be obliged to agree to any request of the Pipeline User under paragraph 1.2.4(ii) unless the Pipeline User agrees to reimburse to the Pipeline Operator the reasonable costs and fees payable by the Pipeline Operator to any third party in accordance with the Code Credit Rules in connection with such request.~~

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1.3 Requirements as to Relevant Code Indebtedness

1.3.1 Where:

- ~~(i) A Pipeline User's Relevant Code Indebtedness exceeds 70% of its Code Credit Limit and the Pipeline Operator has given notice to the Pipeline User to that effect; and~~
 - ~~(ii) at any time following such notice the Pipeline User's Relevant Code Indebtedness exceeds 85% of its Code Credit Limit and the Pipeline Operator has given notice to the Pipeline User to that effect (which notice may in appropriate circumstances be given at the same time as that under paragraph (i));~~
- ~~paragraphs 1.3.2 and 1.3.3 shall apply.~~

~~1.3.2 Subject to paragraph 1.3.1, where and for so long as the Relevant Code Indebtedness of a Pipeline User for the time being exceeds 85% of the Pipeline User's Code Credit Limit, the Pipeline Operator shall be entitled to reject or refuse to accept a [Supply Point Nomination or] Supply Point Confirmation under Part C, other than a Supply Point Renomination or Supply Point Reconfirmation until such time as the Pipeline User's Relevant Code Indebtedness is reduced to less than 85% of its Code Credit Limit.~~

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~~1.3.3 Subject to paragraph 1.3.1, where and for so long as the Relevant Code Indebtedness of a Pipeline User for the time being exceeds 100% of the Pipeline User's Code Credit Limit, the Pipeline Operator may give Termination Notice (in accordance with Part K7) to the Pipeline User.~~

1.4 Security under Code Credit Rules

~~1.4.1 Any instrument of surety or security provided by a Pipeline User pursuant to the Code Credit Rules (and whether or not entered into by the Pipeline User) shall not be a part of the Code;~~

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and no provision of or modification of the Code, nor any inconsistency between the Code and any such instrument, and nothing done by the Pipeline Operator pursuant to the Code, shall prejudice or invalidate any such instrument.

1.4.2 — Where a Pipeline User had provided surety or security pursuant to the Code Credit Rules the Pipeline User (or the person giving the surety) may request the Pipeline Operator to release all or any of such security or agree to a reduction in any maximum amount of such surety.

1.4.3 Following a request by a Pipeline User under paragraph 1.4.2, the Pipeline Operator will as soon as reasonably practicable and, except where the Pipeline User also requests a review (by an agency appointed by the Pipeline Operator for such purposes) and revision of its Code Credit Limit, in any event not more than 10 Business Days after such request, release security, or agree to a reduction in surety, to such extent or by such amount as will permit the condition in paragraph 1.4.4 to be satisfied.

1.4.4 The condition referred to in paragraph 1.4.3 is that the amount of the Pipeline User's Relevant Code Indebtedness at the date of such release or reduction is not more than 85% of the amount of the Pipeline User's Code Credit Limit, determined in accordance with the Code Credit Rules on the basis of the release of security or reduction in surety (and taking account of any alternative surety or security provided by the Pipeline User).

1.4.5 A Pipeline User may (inter alia) provide security for the purposes of the Code Credit Rules in the form of a deposit in a bank account where:

- (i) the account is in the joint names of the Pipeline User and the Pipeline Operator;
- (ii) interest on the amount deposited in the account will accrue for the benefit of the Pipeline User;
- (iii) the Pipeline User and the Pipeline Operator have irrevocably instructed the bank, in terms reasonably satisfactory to the Pipeline Operator, and the Pipeline User to make payment to the Pipeline Operator of amounts (up to the amount deposited in the account) which have become due for payment to the Pipeline Operator (but having regard to the time at which pursuant to Part G 16 payment is due where an Invoice Query has been raised) against reasonable evidence provided by the Pipeline Operator that payment of such amount has become due (but such instruction shall be without prejudice to any provision of Part G as to the payment of interest);
- (iv) the bank shall have agreed that the amounts deposited in the account may not be set off or otherwise applied by the bank in respect of any indebtedness of the Pipeline User or other person;
- (v) amounts (other than in respect of interest earned) standing to the credit of the account will not be paid to the Pipeline User except with the Pipeline Operator's written agreement (but subject to paragraph 1.4.3).