

**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;

"**Back Stop Reconciliation Month**" means the month of February 2009;

"**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 Cut Off Date**" means, in relation to any Day within a Formula Year (t), the Code Cut Off Date is 1<sup>st</sup> April in Formula Year t-4;

"**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 Standard Condition 4B;

"**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);

"**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 E2A of the Transporter's Licence held by each DN Operator;

"**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;

**“Exit Capacity Release Methodology Statement”** means the NTS exit capacity release methodology statement prepared and published by National Grid NTS in accordance with Special Condition C18 of National Grid NTS’s Transporter’s Licence;

**“Exit Capacity Substitution Methodology Statement”** means the statement prepared and published by National Grid NTS in accordance with paragraph 4(b) of Special Condition C8E of National Grid NTS’s Transporter’s Licence;

**“NTS Exit Capacity Baseline Statement”** means the statement prepared and published by National Grid NTS in accordance with paragraph 4(a) of Special Condition C8E of National Grid NTS’s Transporter’s Licence;

**"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 National Grid NTS in accordance with Special Condition C15 of National Grid 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 interest rate applied from time to time to the bank account used by National Grid NTS for the purposes of receiving, and making, payment of amounts specified in TPD Section F4.6.2;

**"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 a 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;

**"Standard Special Condition"** means a Standard Condition of a Transporter's Licence which is subject to modification by a private collective licence modification procedure set out in a condition of such Transporter's Licence;

**"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 National Grid NTS pursuant to Special Condition C5(5) of National Grid NTS's Transporter's Licence for the purposes of (inter alia) Capacity Management;

**"Transportation Statement"** means the prevailing statement furnished by a Transporter to the Authority under Standard Special Condition A4 of the Transporter's Licence and in respect of which the relevant methodology is set out in Part B of TPD Section Y;

**"Transporter's Licence"** is the Gas Transporter's Licence granted, or treated as granted, to a Transporter, as from time to time in force; and

**"UNC Implementation Date"** means the date with effect from which National Grid's Network Code was modified so as to incorporate the Uniform Network Code;

**"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 1 October in any year until and including 30 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 30 April in the following year;
- (h) **"Capacity Year"** means the period from 1 October in any year until and including 30 September 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;
- (k) and in relation to a Formula Year, the **"Preceding Formula Year"** is the Formula Year ending at the start of such Formula Year.

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

- (a) to a calendar day (such as 1 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 29 February, on 1 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 National Grid 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 (National Grid 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 part of the Total 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:

- (c) 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;

- (d) no element of profit (other than what is implicit in cost of capital under paragraph (c)) shall be included in such costs and expenses;
- (e) 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);
- (f) 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.

- (e) “**peak rate**” is the maximum instantaneous rate of offtake (expressed in MCM per hour) at which gas is or is likely to be offtaken at the NTS/LDZ Offtake;
- (f) “**1 in 50 load duration curve**” is that curve which, in a long series of years (commencing on 1 October 1927), 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;
- (g) “**average load duration curve**” is that curve which, in a long series of years (commencing on 1 October 1987), 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 the mean volume over such long series of 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 the Transporters after consultation with Users and described in Base Plan Assumptions or National Grid 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 National Grid 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 1.1.1(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 1.1.1(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 (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 (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 1.1.1(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(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 (a) or (b)(i); and the notification required under paragraph (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 in the absence of 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 (as referred to in paragraph 2.8.4) by the Authority pursuant to each Transporter's Licence; and this paragraph 2.8 shall take effect accordingly.

## 2.9 Miscellaneous

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

- (a) in TPD Sections U and V and in GT Sections A and B and this Section C, include a reference to National Grid 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 National Grid 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 a 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 Standard Special Condition is a reference to a Standard Condition or Standard Special Condition:
- (a) in the context of a 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 a Transporter to make gas available for offtake from a 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 any part of the Total 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;

- 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).
- 2.9.9 For the purposes of the Code an LDZ is "**served**" by an Offtake where gas flows from the NTS to the LDZ at that Offtake (and references to an Offtake which serves an LDZ shall be construed accordingly).

### 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:
- (c) a "**quantity**" of gas is a quantity in kWh;
  - (d) 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 **"M<sup>3</sup>"**: 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;

**"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);

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

**"GWh"**: 1,000,000 kWh;

**"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 a 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 or Inter-System Offtake 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 or Inter-System Offtake:
  - (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 or Inter-System Offtake, 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 or Inter-System Offtake 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 a System or injected to or withdrawn from a National Grid 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 a System, or injection to or withdrawal from a National Grid 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).

