

URGENT MODIFICATION 0726

COVID-19 LIQUIDITY RELIEF SCHEME FOR SHIPPERS

[Proposed legal text]

TRANSITION DOCUMENT – PART VI

Insert new paragraphs ~~7, 8, 9, 10, 11 and 12~~ 7 to 12 (inclusive) as follows:

7 Introduction

7.1 For the purposes of paragraphs 7 to 12 (inclusive):

- (a) **"DNO Cap"** means, in respect of a Relevant BP, any of Cadent Gas Limited, Northern Gas Networks Limited and Wales & West Utilities Limited and Relevant Invoice. the amount shown in Table 3 plus (if any) such amount of the Unutilised Relevant Transporter Cap as such DNO determines;
- (b) **"Eligible User"** means, in relation to a Relevant BP, a User who has made an application in accordance with paragraph 8.2 which has been accepted by the CDSP in relation to the Relevant BP;
- (c) **"Eligible User DNO Cap"** means in respect of a Relevant BP, any of Cadent Gas Limited, Northern Gas Network Limited and Wales & West Utilities Limited, Relevant Invoice and an Eligible User the amount shown in Table 2;
- (d) **"Eligible User SGN Cap"** means, in respect of a Relevant BP, and each of Scotland Gas Networks plc and Southern Gas Networks plc and Relevant Invoice, the amount notified as such by each such Transporter to each Eligible User in accordance with paragraph 9.1 provided the sum of such amounts shall in aggregate equal the amount shown in Table 2;
- (e) **"Eligible User NTS Cap"** means in respect of a Relevant BP, National Grid NTS, Relevant Invoice and an Eligible User:
 - (i) the amount shown in Table 2; less
 - (ii) the Actual Deferred Payment Amount in respect of a Relevant Invoice for the Relevant BP with an earlier Relevant Payment Date;
- (f) in respect of a Relevant BP and Relevant Invoice the **"Issue Date"**, **"Invoice Due Date"**, the **"First Deferred Payment Date"** and the **"Second Deferred Payment Date"** are the dates shown in Table 1₁;
- (g) **"NTS Cap"** means, in respect of a Relevant BP, National Grid NTS and Relevant Invoice the sum of an amount equal to the amount shown in Table 3 plus (if any) the Unutilised Relevant Transporter Cap Amount;

- (h) **"Relevant BP"** means each of the June, July and August 2020 Billing Periods;
- (i) **"Relevant BP Application Window"** means, in relation to a Relevant BP, the last five (5) Business Days of the Relevant BP;
- (j) **"Relevant Transporter Cap"** means, in relation to a Relevant BP and as applicable, the DNO Cap, the SGN Cap or the NTS Cap;
- (k) **"Relevant Eligible User Cap"** means in relation to a Relevant BP and as applicable, the Eligible User DNO Cap, the Eligible User SGN Cap or the Eligible User NTS Cap;
- (l) **"Relevant Invoice"** means in relation to a Relevant BP;
 - (i) a DNO, an LDZ Capacity Invoice;
 - (ii) National Grid NTS, an NTS Entry Capacity Invoice, NTS Exit Capacity Invoice and a Commodity Invoice;
- (m) **"Relevant Invoice Amounts"** means in relation to a Relevant Invoice and Relevant Payment Date the Invoice Amounts payable in respect of Relevant Invoice Items;
- (n) **"Relevant Payment Date"** means in respect of a Relevant BP and a Relevant Invoice the Invoice Due Date, the First Deferred Payment Date and the Second Deferred Payment Date shown in Table 1;
- (o) **"Relevant Invoice Items"** means in relation to a:
 - (i) LDZ Capacity Invoice, all Invoice Items;
 - (ii) NTS Entry Capacity Invoice, all Invoice Items;
 - (iii) NTS Exit Capacity Invoice, all Invoice Items;
 - (iv) Commodity Invoice, NTS Entry Commodity Charges, NTS Exit (Flat) Commodity Charges and NTS Optional Commodity Charges;
- (p) **"SGN Cap"** means, in respect of a Relevant BP, each of Scotland Gas Networks plc and Southern Gas Networks plc and a Relevant Invoice, the amount notified as such by each such Transporter to each Eligible User in accordance with paragraph 9.1 provided the sum of such amounts shall in aggregate equal the amount shown in Table 3 plus (if any) such amount of the Unutilised Relevant Transporter Cap as each determines;
- (q) a reference to a **"Table"** is to the relevant table in the Annex to this Part VI; and
- (r) in respect of a Relevant BP the Relevant Transporter Cap is **"Unutilised"** in relation to a Relevant Invoice Amounts to the extent the sum of the Deferred Amount for relevant Eligible Users is less than the Relevant Transporter Cap in relation to the Relevant BP.

7.2 In the event in relation to a Relevant BP there is an error in the calculation and application of the Relevant Transporter Cap, the Transporter shall promptly notify the Code Administrator along with details of the revised Relevant Transporter Cap which shall apply in respect of any

remaining Relevant BP, and Eligible Users in respect of any such remaining Relevant BP will be notified by the Code Administrator of the revised Relevant Transporter Cap.

- 7.3 Where in relation to a Relevant BP and DNO there is an amount of Unutilised Relevant Transporter Cap the DNO shall be free to determine what amount (if any) of the Unutilised Relevant Transporter Cap is to be made available in relation to any subsequent Relevant BP (provided the Transporter shall be required to make available the full amount of any Unutilised Relevant Transporter Cap in relation to the final Relevant BP).
- 7.4 Any notification to Eligible Users by Transporters required to facilitate implementation of paragraphs 7 to 12 (inclusive) shall be published by the Code Administrator.

8 Eligible User

- 8.1 Subject to paragraphs 8.6 and 12.4(b), a User who wishes to be an Eligible User in relation to a Relevant BP may submit an application to the CDSP.
- 8.2 An application to become an Eligible User shall specify:
- (a) the identity of the User;
 - (b) the relevant 'shipper short codes' in respect of which the application is made;
 - (c) the Relevant BP in respect of which the application is made;
 - (d) the name of one or more persons who the CDSP may contact in respect of the application, together with a contact email address and mobile telephone number for each such person.
- 8.3 The CDSP will reject an application to become an Eligible User in relation to a Relevant BP where:
- (a) the application is not submitted during the applicable Relevant BP Application Window;
 - (b) the requirements of paragraph 8.2 are not complied with;
 - (c) the User, a Parent Company of the User, any subsidiary of such Parent Company or any company in respect of which the User is a Parent Company was, on 1 June 2020, the holder of an Approved Credit Rating—

and where the CDSP rejects an application the CDSP will promptly notify the User.

- 8.4 Subject to paragraph 8.3, the CDSP will approve an application and the CDSP will promptly inform the User that in relation to the Relevant BP the User is an Eligible User; and the CDSP shall promptly inform each Transporter following the end of the Relevant BP Application Window of all Users who are Eligible Users in relation to the Relevant BP.
- 8.5 For the avoidance of doubt a User must submit a separate application in respect of each Relevant BP in relation to which it wishes to be an Eligible User.
- 8.6 A User who is party to a Prepayment Agreement with a Transporter and in accordance with such agreement has prepaid all Invoice Amounts in respect of a Relevant Invoice for a Relevant BP shall not be permitted to be an Eligible User in relation to such Relevant BP.

9 Payment Amounts and Payment Dates

9.1 Promptly following the issue of a Relevant Invoice in respect of a Relevant BP the Transporter shall issue a notice to each Eligible User specifying:

- (a) the Relevant Invoice and the Relevant Invoice Amounts;
- (b) the Relevant BP to which the Relevant Invoice relates;
- (c) the Actual Minimum Payment Amount (or any amount payable in accordance with paragraph 9.4) and the Invoice Due Date;
- (d) the First Deferred Payment Amount and the First Deferred Payment Date;
- (e) the Second Deferred Payment Amount and the Second Deferred Payment Date;
- (f) in the case of:
 - (i) a DNO the amount ~~of~~ (if any) of the Unutilised Relevant Transporter Cap which has the DNO has determined should be made available in the Relevant BP;
 - (ii) each of Scotland Gas Networks plc and Southern Gas Networks plc, the applicable Eligible User SGN Cap and the applicable SGN Cap.

9.2 In determining the applicable Eligible User SGN Cap and the applicable SGN Cap for a Relevant BP each of Scotland Gas Networks plc and Southern Gas Networks plc will allocate between them the amounts shown in Table 2 and 3 in such manner as provides, to the fullest extent practicable, relief to Eligible Users in relation to Relevant Invoice Amounts which are not required to be paid on the Invoice Due Date.

9.3 For the purposes of this paragraph 9 in relation to a Relevant BP, Transporter and a Relevant Invoice:

- (a) the "**Actual Deferred Payment Amount**" or "**ADPA**" is the amount calculated in accordance with paragraph (b)(i);
- (b) the "**Actual Minimum Payment Amount**" is:
 - (i) where in relation to the Relevant BP the sum of the Initial Deferred Payment Amounts exceeds the Relevant Transporter Cap, an amount for each Eligible User calculated as:

$$\text{AMPA} = (\text{IMPA} + \text{IDPA}) - \text{ADPA}$$

where:

AMPA is the Actual Minimum Payment Amount;

IMPA is the Initial Minimum Payment Amount;

IDPA is the Initial Deferred Payment Amount;

ADPA is the IDPA * (Z / (X - Y))

X the sum of all the Relevant Invoice Amounts payable by all Eligible Users;

Y is the sum of the Initial Minimum Payment Amounts payable by all Eligible Users; ~~and~~

Z is the Relevant Transporter Cap; or

(ii) where paragraph (b)(i) does not apply, the Initial Minimum Payment Amount;

(c) **"Initial Deferred Payment Amount"** is an amount equal to Relevant Invoice Amounts less the Initial Minimum Payment Amount;

(d) **"First Deferred Payment Amount"** is equal to fifty per cent (50%) of the Actual Deferred Payment Amount;

(e) **"Initial Minimum Payment Amount"** or **"IMPA"** is the greater of:

(i) twenty five per cent (25%) of the Relevant Invoice Amounts;

(ii) the Relevant Invoice Amount less the Relevant Eligible User Cap; and

(f) **"Second Deferred Payment Amount"** is equal to fifty per cent (50%) of the Actual Deferred Payment Amount.

9.4 The Relevant Invoice Amounts under each Relevant Invoice payable by an Eligible User to a Transporter in relation to a Relevant BP shall be due and payable:

(a) in the case of the Actual Minimum Payment Amount, on or before the Invoice Due Date;

(b) in the case of the First Deferred Payment Amount, on or before the First Deferred Payment Date;

(c) in the case of the Second Deferred Payment Amount, on or before the Second Deferred Payment Date.

9.5 Where in respect of a Relevant BP and a Relevant Invoice an Eligible User pays what the Eligible User estimates to be the Initial Minimum Payment Amount prior to the notification of the Actual Minimum Payment Amount under paragraph 9.1, the Eligible User shall pay the Transporter the difference where the Actual Minimum Payment Amount (following notification by the Transporter in accordance with paragraph 9.1) is greater than the amount paid by the Eligible User within five (5) Business Days of receipt of the Transporter's notification.

9.6 Where on the date on which paragraphs 7 to 12 (inclusive) are first effective an Eligible User has already paid in full all Relevant Invoice Amounts in respect of a Relevant Invoice for the June 2020 Billing Period, the Transporter shall treat the payment, to the extent that it exceeds the Relevant Invoice Amounts that would otherwise have been payable in respect of the Relevant Invoice on the Invoice Due Date pursuant to this Part VI as an over-payment, and the Transporter shall re-pay to the Eligible User the over-payment within five (5) Business Days of such date (and the Transporter shall not be required to pay any interest or other sum to the Eligible User in respect of such over-payment).

10 TPD Section S

10.1 For the purposes of this Part VI and:

- (a) TPD Section S1.7, the requirements of paragraphs 7 to 12 (inclusive) shall not require the Transporter to issue 'divided' Invoice Documents;
- (b) TPD Section S3.1.1, Relevant Invoice Amounts shall be paid by the Eligible User to the Transporter on or before the dates provided for in paragraph 9.4;
- (c) TPD Section S3.5.1, an Eligible User shall pay interest at the Applicable Interest Rate on any Relevant Invoice Amounts which are not ~~payable~~ paid on the Invoice Due Date from the Invoice Due Date until the Day on which any such amounts are paid.

10.2 Each of TPD Section S3.5.3 and S3.6.5 shall not apply in relation to an Eligible User by reason of an Eligible User not paying the full amount under a Relevant Invoice in relation to a Relevant BP on the Invoice Due Date, but each of TPD Section S3.5.3 and S3.6.5 shall apply in relation to an Eligible User in the event the Eligible User fails to pay the First Deferred Payment Amount or (as the case may be) the Second Deferred Payment Amount on the First Deferred Payment Date or (as the case may be) the Second Deferred Payment Date.

11 TPD Section V

11.1 For the purposes of calculating an Eligible User's Value at Risk on any Day while the provisions of this Part VI apply (and by reference to Relevant Invoice Amounts for any Relevant BP) Table 4 identifies which such Relevant Invoice Amounts shall be included or (as the case may be) excluded from the Value at Risk calculation on any such Day.

11.2 For the purposes of TPD Section V4.3.1(a) a User Default shall not be treated as having occurred by reason of the Eligible User only paying the Actual Minimum Payment Amount on the Invoice Due Date.

12 Cessation

12.1 For the purposes of this paragraph 12:

- (a) **"Eligible User Event"** means in relation to an Eligible User:
 - (i) the Eligible User fails to pay the Actual Minimum Payment Amount in respect of a Relevant Invoice by the Invoice Due Date;
 - (ii) the Eligible User fails to pay the First Deferred Payment Amount (or as the case may be) the Second Deferred Payment Amount in respect of a Relevant Invoice by the First Deferred Payment Date or (as the case may be) the Second Deferred Payment Date; ~~or~~
 - (iii) the Eligible User is in breach of paragraph 12.5;
 - (iv) the Eligible User gives notice to the CDSP that it no longer wishes to be an Eligible User;
- (b) **"Transporter Event"** means in relation to a Transporter, where the Transporter determines that the continued application of this Part VI in relation to Relevant Invoice Amounts under Relevant Invoices payable to the Transporter, will cause the

Transporter (or a Parent Company of such Transporter, or a subsidiary of such Parent Company or a subsidiary of the Transporter) to be in breach of (or there is a risk the Transporter will be in breach of) any contract, covenant, commitment, undertaking or other arrangement agreed between the Transporter and any provider of finance, loan facility, lending or similar to the Transporter.

12.2 In the event there occurs in relation to a Transporter a Transporter Event the Transporter may notify each relevant Eligible User that a Transporter Event has occurred, and such notice shall specify which Relevant Invoice Amounts which remain unpaid in respect of any Relevant BP at the date of such notice ;

- (a) shall remain payable on or before the First Deferred Payment Date (or as the case may be) the Second Deferred Payment Date;
- (b) shall be immediately due and payable, and in respect of any such Relevant Invoice Amounts, the date on or before which the Transporter requires the Relevant Invoice Amounts to be paid (which such date shall be treated as the Invoice Due Date for such amounts for the purposes of TPD Sections S and V).

12.3 In the event there occurs in relation to an Eligible User an Eligible User Event as described in paragraph 12.1(a)(i):

- (a) the User shall cease to be an Eligible User in respect of the Relevant BP;
- (b) all Relevant Invoice Amounts in respect of all Relevant Invoices in respect of the Relevant BP shall become immediately due and payable to each Transporter (and the date of the Eligible User Event shall be treated as the Invoice Due Date for such amounts for the purposes of TPD Sections S and V).

12.4 In the event there occurs in relation to an Eligible User an Eligible User Event as described in paragraph 12.1(a)(ii), (iii) or (iv):

- (a) the User shall cease to be an Eligible User in respect of the Relevant BP;
- (b) the User shall cease to be entitled to be an Eligible User in relation to any subsequent Relevant BP;
- (c) all Relevant Invoice Amounts which remain unpaid at the date of the Eligible User Event in respect of any Relevant BP shall become immediately due and payable to each Transporter (and the date of the Eligible User Event shall be treated as the Invoice Due Date for such amounts for the purposes of TPD Sections S and V).

12.5 Each Eligible User agrees with each Transporter that during the period commencing 1 June 2020 and ending on the date from which there are no longer any:

- (a) Relevant Invoice Amounts which remain due and payable to any Transporter; or
- (b) any amounts due and payable under any Interest Invoice issued by any Transporter pursuant to paragraph 10.1(c);

that:

- (i) the Eligible User will not declare or pay any dividend or make any other distribution or return of capital to or for the benefit of a Parent Company, or any other shareholders, partners, stakeholders or any other Affiliate; and
- (ii) the Eligible User will not pay any additional or increased salary or bonus (whether or not the recipient is eligible for such) or make any other discretionary payment to any of its directors.

12.6 For the purposes of paragraph 12.5(b)(i) Affiliate shall mean an Affiliate of any specified percentage.

Document comparison by Workshare 9.5 on Wednesday, 17 June 2020
11:48:48

Input:	
Document 1 ID	interwovenSite://UK-DMS/UK_ACTIVE/72329892/4
Description	#72329892v4<UK_ACTIVE> - LIQUIDITY MODIFICATION
Document 2 ID	interwovenSite://UK-DMS/UK_ACTIVE/72329892/5
Description	#72329892v5<UK_ACTIVE> - LIQUIDITY MODIFICATION
Rendering set	Underline Strikethrough

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	11
Deletions	10
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	21