

Proposed Changes to OAD**3 Validation****3.1 General**

3.1.1 In this paragraph 3:

(a) "**validation**" means validation that Measurement Equipment is reading within the Permitted Range and without systematic bias; and "**validate**" and "**validated**" shall be construed accordingly;

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(b) the "**Validation Procedures**" are the procedures established by the Parties for validation of Measurement Equipment, comprising (as applicable) the documents known as T/PR/ME2 Parts 1, 2 and 3 and T/PR/GQ/3;

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(c) "**Meter Error Notification and Reporting Procedure**" is the procedure established by the Parties for advising Shippers of meter errors; and.

3.1.2 The Validation Procedures and Meter Error Notification and Reporting Procedure shall be subject to review and revision by the Offtake Committee pursuant to Section N1.2.

3.1.3 Any validation of Measurement Equipment pursuant to this Section D:

(a) shall be carried out:

(i) by the downstream Party;

(ii) in accordance with the provisions of this paragraph 3 and the Validation Procedures;

(b) shall be planned and carried out as Measurement Equipment Maintenance (and in the case of Exceptional Validation, as Urgent Maintenance) in accordance with applicable provisions of Section G.

3.1.4 The upstream Party shall be entitled, but shall not be obliged, at its own cost to attend and witness any validation carried out by the downstream Party in accordance with this paragraph 3.

3.2 Routine Validation

3.2.1 The downstream Party shall carry out validation:

(a) of the Measurement Equipment installed at an Offtake, no less frequently than once every 12 months; and

(b) of any new Measurement Equipment or new or modified component of the Measurement Equipment, prior to such Measurement Equipment or component (as appropriate) being used to register or determine and record any measured data in paragraph 2.1.1 above.

3.2.2 Validation pursuant to this paragraph 3.2 is "**Routine Validation**".

3.2.3 The downstream Party shall bear the costs of any Routine Validation.

3.3 Exceptional Validation

3.3.1 The upstream Party shall be entitled to request that a validation of Measurement Equipment (or any component thereof) be carried out at any time, by notice to the downstream Party specifying the Offtake and the Measurement Equipment or component thereof to be validated and the upstream Party's reason(s) for requesting such validation.

3.3.2 Validation pursuant to this paragraph 3.3 is "**Exceptional Validation**".

3.3.3 The downstream Party shall:

- (a) acknowledge receipt of a request for Exceptional Validation pursuant to paragraph 3.3.1 above not later than the required time after receipt of such request;
- (b) as soon as reasonably practicable following receipt of such request and in any event within the required time after the day on which such request is received, carry out the Exceptional Validation; and
- (c) notify the upstream Party of the date, time and place of the Exceptional Validation as much in advance thereof as is practicable.

3.3.4 With the approval (not to be unreasonably withheld) of the upstream Party, the downstream Party may limit the scope or level of the Exceptional Validation.

3.3.5 Notwithstanding paragraph 3.3.3(b) above, if as soon as reasonably practicable following receipt of a request for Exceptional Validation, and in any event within the required time after the day on which such request is received, the downstream Party:

- (a) ceases or, where such cessation is not possible for safety reasons, minimises the flow of gas at the relevant Offtake or Individual Offtake Point, until the Exceptional Validation has been carried out; and
- (b) gives notice to the upstream Party undertaking that the flow of gas has been and will be ceased or minimised in accordance with paragraph 3.3.5(a);

the downstream Party shall be entitled to defer the carrying out of the Exceptional Validation up to the permitted period after the date of receipt of the upstream Party's request.

3.3.6 For the purposes of paragraphs 3.3.3 and 3.3.5 the required times and permitted periods applicable to different Offtakes are as follows:

Relevant provision	NTS/LDZ Offtake	LDZ/LDZ Offtake
3.3.3(a)	4 hours	2 Business Days
3.3.3(b)	3 Business Days	5 Business Days
3.3.5 (required time)	3 Business Days	5 Business Days
3.3.5 (permitted time)	10 Business Days	10 Business Days

3.3.7 The costs of an Exceptional Validation shall be borne:

- (a) by the upstream Party, where the Measurement Equipment (or relevant component thereof, as the case may be) is found to read without bias and accurately within the Permitted Range; and
- (b) by the downstream Party, in all other circumstances.

3.4 Validation Report

3.4.1 The downstream Party shall prepare a report (the "**Validation Report**") of each validation carried out pursuant to this paragraph 3, setting out:

- (a) the methodology used for the validation;
- (b) the results of the validation;
- (c) the steps taken or which are to be taken in accordance with paragraph 3.5 for adjustment or replacement of Measurement Equipment as a result of such validation; and
- (d) any other matter required pursuant to the Validation Procedures.

3.4.2 The downstream Party shall provide the Validation Report to the upstream Party:

- (a) in the case of an NTS/LDZ Offtake:
 - (i) no later than 14 days after the completion of any Routine Validation; and
 - (ii) no later than 12 hours after the completion of any Exceptional Validation; and
- (b) in the case of an LDZ/LDZ Offtake:
 - (i) if requested by the upstream Party, no later than 14 days after the later of such request and the completion of any Routine Validation; and
 - (ii) no later than five days after the completion of any Exceptional Validation.

3.4.3 The downstream party shall also, at the same time, issue notification in accordance with the Meter Error Notification and Reporting Procedure.

3.4.4 Unless disputed by the upstream Party in accordance with paragraph 6, the results of the Validation Report shall be binding on both Parties (including for the purposes of paragraph 3.3.7).

3.5 Post-Validation Adjustments to Measurement Equipment

3.5.1 Upon or immediately following validation pursuant to paragraphs 3.2 or 3.3 above, the downstream Party shall at its own cost ensure that the Measurement Equipment (or the relevant component thereof) is adjusted or replaced as necessary so that the Measurement Equipment (or such component) reads without bias and accurately within the Permitted Range, in accordance with paragraph 2.1.2(c) above.

3.5.2 Where the downstream Party is unable to ensure the adjustment or replacement of the Measurement Equipment (or any component thereof) upon or immediately following validation pursuant to paragraph 3.5.1 above, the downstream Party shall rectify such Measurement Equipment (or such component) in accordance with paragraph 4 below.

4 Rectification of Measurement Equipment

4.1 Fault

4.1.1 For the purposes of this paragraph 4, a "**fault**" in Measurement Equipment is any failure or defect in the Measurement Equipment or its operation or other circumstance in or as a result of which the Measurement Equipment is not reading within the Permitted Range or without systematic bias.

4.1.2 The downstream Party shall take measures to enable it to identify faults in Measurement Equipment in accordance with the standard of a Reasonable and Prudent Operator.

4.1.3 Where a fault is found in any Measurement Equipment, except where:

- (a) such finding is made in the course of validation pursuant to paragraph 3; and

(b) the adjustment or replacement required under paragraph 3.5 is made upon or immediately following such validation;
paragraph 4.2 shall apply.

4.2 Steps to be taken upon occurrence of a fault

4.2.1 In the circumstances referred to in paragraph 4.1.3, the downstream Party shall:

- (a) (except in the case where the fault has been reported pursuant to validation under paragraph 3) notify the upstream Party of the fault no later than one hour (or, in the case of an LDZ/LDZ Offtake where Daily Read Equipment is installed, 24 hours) after having identified or been informed of the fault; and
- (b) rectify the fault as soon as reasonably practicable in accordance with the standard of a Reasonable and Prudent Operator (and in accordance with paragraph 4.2.2 where applicable).

4.2.2 In relation to a CV-Directed Offtake, the downstream Party shall:

- (a) where it is practicable for the downstream Party (acting as a Reasonable and Prudent Operator) to do so, rectify the fault within eight hours of the fault having been identified; and
- (b) where it is not practicable for the downstream Party so to rectify the fault:
 - (i) submit to the upstream Party proposals for initiating and carrying out the rectification of such failure or error;
 - (ii) ensure such rectification as soon as reasonably practicable and in accordance with the downstream Party's proposals; and
 - (iii) cease or, where such cessation is not possible for safety reasons, minimise the flow of gas through the relevant Offtake or Individual Offtake Point until the fault has been rectified.

5 Correction and Estimation of Readings

5.1 General

5.1.1 Following validation pursuant to paragraph 3 or (as the case may be) the identification of a fault as provided in paragraph 4, readings (of the relevant Measurement Equipment) shall be corrected or estimated subject to and in accordance with paragraph 5.2 or 5.3 respectively.

5.1.2 The downstream Party shall be responsible for correcting or estimating readings pursuant to paragraphs 5.2 and 5.3.

5.1.3 Readings are to be corrected or estimated for each hour of each Day of the relevant period in accordance with paragraph 5.2 or 5.3.

5.1.4 Unless disputed by the upstream Party in accordance with paragraph 6, the corrected or estimated readings (as the case may be) shall be binding on both Parties.

5.1.5 Only measured data relating to volume or energy shall be corrected or estimated pursuant to this paragraph 5.

5.2 Correction of Readings

5.2.1 Where, on validation pursuant to paragraph 3, the Measurement Equipment (or, as the case may be, any component thereof) is found:

- (a) to read with systematic bias, whether within or outside the Permitted Range, the relevant readings shall be adjusted in accordance with this paragraph 5.2;
- (b) to read outside the Permitted Range but without systematic bias, no adjustment of the relevant readings shall be made and such readings shall be deemed to be correct.

5.2.2 Where the period over which the Measurement Equipment (or the relevant component thereof) was reading with systematic bias can be determined with reasonable accuracy, then:

- (a) if the amount of the bias at all times during such period can be determined with reasonable accuracy, all readings over that period shall be adjusted accordingly to account for the bias within that period;
- (b) if the amount of the bias at all times during such period cannot be determined with reasonable accuracy, then the Measurement Equipment (or the relevant component) shall be deemed to have read (over such period) with half the amount of the bias determined at the time of the relevant validation, and the readings over the period shall be adjusted accordingly to account for such deemed bias within that period.

5.2.3 Where the period over which the Measurement Equipment (or the relevant component thereof) was reading with bias cannot be determined with reasonable accuracy, then:

- (a) the Measurement Equipment (or such component) shall be deemed to have read, over the period since the last time at which (pursuant to validation or rectification or otherwise) it was adjusted to read without bias and accurately within the Permitted Range, with half the amount of the bias determined at the time of the relevant validation; and
- (b) all readings over such period shall be adjusted accordingly to account for such deemed bias.

5.2.4 The downstream Party shall, after ~~identification of a systematic bias~~, provide to the upstream Party the corrected readings together with an explanation of the basis on which the readings were corrected and supporting information.

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5.3 Estimation of Readings

5.3.1 Where, as a result of a fault in respect of any Measurement Equipment (or any component thereof), readings are not available for any period, the required readings for such period shall be estimated in accordance with this paragraph 5.3.

5.3.2 Where the other components of the Measurement Equipment are functioning and reading without bias and accurately within their respective Permitted Ranges, the required readings shall be estimated, so far as is feasible, using data from such other components.

5.3.3 Where an estimated reading pursuant to paragraph 5.3.2 is not feasible, the required readings relating to any Day (or period within a Day) shall be estimated using data derived from gas flows through the relevant Offtake on all Days (when the Measurement Equipment or relevant component thereof was functioning and reading without bias and within the Permitted Range) of comparable demand and operating conditions over the preceding 12 months.

5.3.4 Any estimation by downstream Party shall be made to the standard of a Reasonable and Prudent Operator, and as accurately as is practicable in the circumstances.

Deleted: 5.3.5 The downstream Party shall, not later than 5 Days after the identification of the relevant fault, provide to the upstream Party the estimated readings together with an explanation of the basis on which the readings were estimated and supporting information.

6 Disputes

6.1 Upstream Party Dispute

6.1.1 The upstream Party shall be entitled to dispute the accuracy of any Validation Report or any corrected or estimated reading received pursuant to paragraphs 3.4, 5.2 and 5.3 respectively by giving notice to the downstream Party not later than 14 days after receipt of the same.

6.1.2 The Parties shall, as soon as reasonably practicable after the date of the upstream Party's notice in accordance with paragraph 6.1.1 and in any event within 30 days from the date of such notice, consult together in good faith and use their reasonable endeavours to settle the dispute.

6.1.3 Where the Parties are unable to resolve the dispute within 30 days from the date of the notice in accordance with paragraph 6.1.2 above, either of them shall be entitled to refer the dispute to an Expert for determination, in accordance with GT Section A2.

6.2 User Dispute

6.2.1 The Users shall be entitled to dispute the accuracy of any corrected reading received pursuant to paragraph 5.2 by giving notice to the downstream Party not later than 14 days after receipt of the same.

6.2.2 The Parties shall, as soon as reasonably practicable after the date of the Users notice in accordance with paragraph 6.2.1 and in any event within 30 days from the date of such notice, consult together in good faith and use their reasonable endeavours to settle the dispute.

6.2.3 Where the Parties are unable to resolve the dispute within 30 days from the date of the notice in accordance with paragraph 6.2.2 above, they shall be entitled to refer the dispute to an Expert for determination, in accordance with GT Section A2.

7 Records and Inspection Rights

7.1 Records

7.1.1 The downstream Party shall record all measured data (including corrected and estimated data) at the intervals and in the format and otherwise as provided in Section M.

7.1.2 The downstream Party shall in addition maintain auditable records relating to the installation, maintenance, testing, operation, calibration, setting and validation of Measurement Equipment, including (without limitation):

- (a) the configuration of flow computers and programmable devices forming part of the Measurement Equipment; and
- (b) the results of all tests and validations carried out in relation to the Measurement Equipment.

7.1.3 The downstream Party shall retain all records of measured data for a period of no less than three years after the Day or last Day to which such measured data relates.

7.1.4 The records required to be maintained and retained under this paragraph 7.1 may be stored either:

- (a) as hard copy written documents or charts; or
- (b) in electronic format.

7.1.5 Records stored in electronic format shall be stored so as:

- (a) to be capable of immediate access or retrieval within a period of not less than 12 months after the Day (or last Day) to which such records relate;
- (b) thereafter, to be retrievable from archive within five Business Days after a request to retrieve such data.

7.2 Access to Records and Inspection Rights

7.2.1 The downstream Party shall, as soon as reasonably practicable and without charge, provide to the upstream Party on request a copy of such records maintained in accordance with paragraph 7.1 above (provided that if the upstream Party requires more than one copy, or a copy on more than one occasion, of records relating to the same matter, the downstream Party may charge the upstream Party the costs incurred in providing such additional or further copies).

7.2.2 The upstream Party shall in addition be entitled at any time, upon giving five Business Days' prior notice to the downstream Party, to inspect the records of the measured data for any Day or Days within the preceding 12 months.

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