UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION A – SYSTEM CLASSIFICATION

1 INTRODUCTION

1.1 System

1.1.1 In the Code:

(a) "**System**" means:

(i) the National Transmission System; or

(ii) a Local Distribution Zone;

(b) "**Total System**" means all the Systems taken together.

1.1.2 Subject to paragraph 1.7.2, a System does not include any independent system nor any pipeline to which gas can only be conveyed through a pipeline system operated by a gas transporter other than a Transporter.

1.1.3 A System does not include any Storage Facility.

1.1.4 Each System includes System Points of different classes, as described in this Section A.

1.1.5 For the purposes of the Code a reference to a System, 'the System' or 'the relevant System' is a reference:

(a) in the context of a System Point, to the System on which that System Point is or is to be located;

(b) in the context of a Transporter, to a System owned or operated by the Transporter;

(c) in the context of a particular transportation activity, to the System in relation to which that transportation activity occurs or is to occur or is or is to be undertaken

and otherwise, is a reference to any System.

1.1.6 For the avoidance of doubt a Transporter may be the owner or operator of (and licensee under a Transporter's Licence in relation to) more than one System.

1.2 NTS and LDZs

1.2.1 The "**National Transmission System**" or "**NTS**" is the pipeline system for the time being designated by National Gas Transmission as such, and described in National Gas Transmission's Long Term Development Statement.

1.2.2 A "**Local Distribution Zone**" or "**LDZ**" is a pipeline system (other than the NTS), the conveyance of gas in which is authorised by a relevant Gas Transporter's Licence held by the owner or operator of such pipeline system, and which:

© 2005 all rights reserved

(a) immediately before the UNC Implementation Date was designated by National Gas Transmission as an LDZ; or

(b) is subsequently designated by the owner or operator as an LDZ, after consultation with National Gas Transmission:

(i) consistently with the provisions of the owner or operator's Transporter's Licence; and

(ii) such that no part of any pipeline system (other than the NTS), the conveyance of gas in which is authorised by the relevant Gas Transporter's Licence, is not comprised in an LDZ; and

(iii) such that the requirements of the Offtake Arrangements Document are satisfied in respect of all Inter-System Offtakes which exist as a result of such designation

as described in the owner or operator's Long Term Development Statement.

1.2.3 For the purposes of paragraph 1.2.2, the relevant Gas Transporter's Licence is a Gas Transporter's Licence in which Special Standard Condition A11 has effect pursuant to a 'Standard Special Conditions Part A direction' in accordance with Standard Special Condition A1(2) of such licence.

1.2.4 Where the context so requires a reference to an LDZ includes the area in which such pipe-line system is located.

1.3 Exit Zones

1.3.1 The area in which each LDZ is located is divided into one or more Exit Zones.

1.3.2 Subject to paragraph 1.3.3, an "**Exit Zone**" is an area (within one LDZ only) for the time being designated by National Gas Transmission (following consultation with each other relevant Transporter) as such, and described in National Gas Transmission's Transportation Statement.

1.3.3 National Gas Transmission may from time to time designate the point at which a NTS System Exit Point (in accordance with paragraph 3.2) is located as a separate Exit Zone, provided that in the absence of such designation an NTS System Exit Point shall be in the Exit Zone in which it is located.

1.4 System Points

1.4.1 For the purposes of the Code:

(a) an "**Individual System Point**" is a point on a System which is designed to permit gas to flow through a single pipe into or out of the System;

(b) a "**System Point**" is an Individual System Point or a composite group of Individual System Points of a class (defined according to provisions of the Code set out or referred to in this Section A) in respect of or by reference to which particular provisions of the Code apply.

1.4.2 The classes of System Point comprise:

(a) Individual System Entry Points, System Entry Points and Aggregate System

© 2005 all rights reserved

Entry Points (in accordance with paragraph 2);

(b) Individual System Exit Points and System Exit Points (in accordance with paragraph 3);

(c) Inter-System Offtakes (in accordance with paragraph 3.5)

and sub-classes thereof in accordance with the further provisions of the Code.

1.4.3 For the avoidance of doubt a point on a System is a System Point whether or not any transportation arrangement pursuant to which gas flows into or out of the System at such point is made on the terms of the Code.

1.5 Storage Connection Point

1.5.1 The Individual System Points at which a Storage Facility is connected to a System shall be a System Point (which is in relation to such Storage Facility the "**Storage Connection Point**").

1.5.2 A Storage Connection Point shall be both a System Entry Point (and an Aggregate System Entry Point) and a Connected System Exit Point.

1.6 NTS and LDZ System Points

1.6.1 A System Point is an "**NTS**" or an "**LDZ**" System Point where the Individual System Point(s) comprised in that System Point are point(s) on the NTS or (as the case may be) on an LDZ; and references in the Code to an "**NTS**" or an "**LDZ**" System Point of any particular class shall be construed accordingly.

1.6.2 References to a System Exit Point (of any class) in an Exit Zone are to such a System Exit Point:

(a) on that part of any LDZ which is located in that Exit Zone; or

(b) in the case of an NTS System Exit Point, located in or at such Exit Zone.

1.6.3 No System Point may comprise an Individual System Point on more than one LDZ or in more than one Exit Zone or on an LDZ and the NTS.

1.7 Scottish Independent Networks

1.7.1 Subject to paragraph 1.7.5, each of the separate pipeline networks located in Scotland at Thurso, Wick, Campbeltown and Oban provisioned with LNG, and at Stranraer with gas, is a "**Scottish Independent Network**".

1.7.2 Except where otherwise provided and where the context otherwise requires, a reference to the Total System includes a reference to the Scottish Independent Networks.

1.7.3 A System Exit Point on a Scottish Independent Network is a "**SIN**" System Exit Point.

1.7.4 For the purposes of the Code:

(a) without prejudice to paragraph (b)(ii), each Scottish Independent Network shall be treated as being a separate LDZ the area of which is one separate Exit Zone;

(b) in respect of each Scottish Independent Network there shall (simultaneously) be:

© 2005 all rights reserved

(i) a deemed NTS Exit Point ("**SIN NTS Exit Point**"), being a NTS/LDZ Offtake, at which the gas referred to in Sections B1.9.2(a) and B1.9.2(b) is deemed to flow out of the NTS and into such Scottish Independent Network; and

(ii) a System Entry Point in respect of each Scottish Independent Network (other than Stranraer) at which the regasified liquefied natural gas referred to in Section B1.9.2(c) is injected into such Scottish Independent Network.

1.7.5 Pursuant to an arrangement set out or described in the relevant CSEP Ancillary Agreement, the separate pipeline network located at Stranraer is supplied with gas taken from the Total System at a Connected System Exit Point and conveyed by means of pipes operated other than by a Transporter (and not forming part of the Total System); and accordingly in any provision of the Code referring to LNG Facilities, a reference to a Scottish Independent Network does not include the network at Stranraer.

1.8 Unmetered System Points

1.8.1 Where (when so permitted under the Code), at any Individual System Exit Point comprised in a Connected System Exit Point or a System Entry Point, there is no meter for the purpose of measuring the volume of gas offtaken from or delivered to the Total System, the Connected System Exit Point or System Entry Point is an "**Unmetered**" System Point.

1.9 Unmetered IGT-NTS System Point

1.9.1 Where (pursuant to the IGTAD) an IGT System is connected to the NTS at an Unmetered NTS System Point, that System Point is an "**Unmetered IGT-NTS System Point**".

1.9.2 An Unmetered IGT-NTS System Point is both a System Entry Point and a Connected System Exit Point.

2 SYSTEM ENTRY POINTS

2.1 Individual System Entry Point

An "**Individual System Entry Point**" is an Individual System Point (on the NTS or an LDZ) at which gas can flow into the Total System.

2.2 System Entry Point

2.2.1 A "**System Entry Point**" is a System Point comprising one or more Individual System Entry Points.

2.2.2 Section I1.4 sets out the basis on which Individual System Entry Point(s) are or are to be comprised in a System Entry Point.

2.3 Aggregate System Entry Point

2.3.1 An "**Aggregate System Entry Point**" is a System Point comprising one or more System

© 2005 all rights reserved

Entry Points.

2.3.2 Section I1.5 sets out the basis on which System Entry Point(s) are or are to be comprised in an Aggregate System Entry Point.

2.4 IGT LDZ System Entry Point

An "**IGT LDZ System Entry Point**" is an LDZ System Entry Point where gas can flow from an IGT System (as defined in IGTAD Section A2.1.1) into an LDZ (in which case the IGT System is a Connected Delivery System).

2.5 Unmetered NTS System Entry Point

2.5.1 An Unmetered NTS System Entry Point shall be treated (for the purposes provided in the Code) as comprising a separate System Entry Point (a "**USEP System Entry Point**") corresponding to each IGTS System Entry Point on the IGT System that is connected at that Unmetered NTS System Entry Point.

2.5.2 References in the Code to a System Entry Point include a USEP System Entry Point where expressly so provided, and not otherwise.

3 EXIT POINTS

3.1 Individual System Exit Point

An "**Individual System Exit Point**" is an Individual System Point at which gas can flow out of the Total System.

3.2 System Exit Point

3.2.1 A "**System Exit Point**" is a System Point comprising one or more Individual System Exit Points.

3.2.2 The classes of System Exit Point are:

(a) Supply Meter Points and Supply Points in accordance with paragraph 4, and further classes thereof in accordance with that paragraph; and

(b) Connected System Exit Points.

3.3 Connected System Exit Point

3.3.1 A "**Connected System Exit Point**" (or "**CSEP**") is a System Point comprising one or more Individual System Exit Points which are not Supply Meter Points.

3.3.2 Section J1.4.2 sets out the basis on which Individual System Exit Point(s) are or are to be comprised in a Connected System Exit Point.

3.3.3 In the case of a Connected System Exit Point, in accordance with Section J6.1, the relevant provisions of the applicable CSEP Network Exit Provisions apply in addition to the provisions of the Code.

3.3.4 A Connected System Exit Point that is not an Unmetered Connected System Exit Point is

© 2005 all rights reserved

a "**Metered**" Connected System Exit Point.

3.3.5 Where so provided in the relevant CSEP Network Exit Provisions, a Connected System Exit Point may be treated as comprising separate System Exit Points for such purposes as are specified in such Network Exit Agreement, and references in the Code to Connected System Exit Points shall be construed accordingly.

3.3.6 A **"Seasonal LDZ Metered CSEP"** is any LDZ Metered CSEP that has been classified as such in accordance with the provisions of Section B4.10.

3.3.7 An "**Aggregate NTS Exit Point**" is a System Point which, pursuant to Appendix 2 in Part E of Special Condition 9.13 of National Gas Transmission's Transporter's Licence, comprises more than one NTS Connected System Exit Point.

3.4 NTS Exit Point

3.4.1 An "**NTS Exit Point**" is a System Point comprising one or more Individual System Points at which gas can flow out of the NTS (and either out of the Total System or into an LDZ).

3.4.2 The classes of NTS Exit Point are:

(a) NTS Supply Points and NTS Connected System Exit Points (which are NTS System Exit Points); and

(b) NTS/LDZ Offtakes.

3.4.3 In the context of a particular Exit Zone a reference to an NTS Exit Point is a reference to:

(a) the NTS/LDZ Offtake at which gas flows out of the NTS into the LDZ or that part of an LDZ located in that Exit Zone; and/or

(b) the NTS Supply Point and/or NTS Connected System Exit Point in that Exit Zone (in accordance with paragraph 1.6.2)

and a reference to an Exit Zone in the context of a particular NTS Exit Point shall be construed accordingly.

3.4.4 An **"NTS Exit Zone"** comprises those NTS Exit Points in such zone, and an **"NTS Exit Area"** comprises those NTS Exit Zones in such area, in each case as identified in the Exit Capacity Release Methodology Statement.

3.4.5 A **"Linepack Zone"** is a zone identified as such in the Exit Capacity Release Methodology Statement.

3.5 Inter-System Offtakes

3.5.1 An "**Inter-System Offtake**" is a System Point comprising one or more Individual System Points at which gas can flow out of one System into another System which is not comprised in the same Distribution Network.

3.5.2 Inter-System Offtakes comprise NTS/LDZ Offtakes and LDZ/LDZ Offtakes.

3.5.3 For the avoidance of doubt, an Inter-System Offtake is not a System Exit Point except as provided in Section J.

4 SUPPLY POINTS

© 2005 all rights reserved

4.1 Supply Meter Points

4.1.1 Subject to paragraph 4.1.2, a "**Supply Meter Point**" is an Individual System Exit Point at which gas may (in accordance with the Code) be offtaken from the Total System for the purposes of supply directly to particular premises.

4.1.2 Where gas offtaken from the Total System at an Individual System Exit Point is or is to be conveyed through any pipe downstream of such Individual System Exit Point (other than a pipe comprised in a Sub-deduct Arrangement in accordance with Section G2.4) in which gas is conveyed to more than one premises, or to any other pipeline system as well as to any premises, such "**Individual System**" Exit Point is not a Supply Meter Point.

4.1.3 A "**Smaller**" or a "**Larger**" Supply Meter Point is a Supply Meter Point comprised respectively in a Smaller Supply Point or a Larger Supply Point.

4.1.4 A Supply Meter Point may be a CSS Supply Meter Point or a Non-CSS Supply Meter Point for the purposes of Sections B, G and M.

4.2 Supply Point

4.2.1 In accordance with Section G1.1.1, a Supply Point is the Supply Meter Point for the time being comprised in a Supply Point Registration, and a Supply Point shall be classified as Class 1, 2, 3 or 4 in accordance with TPD Section G2.1.1.

4.2.2 A "**Larger Supply Point**" is a Supply Point in respect of which the Annual Quantity is greater than 73,200 kWh (*2,500 therms*) and a "**Smaller Supply Point**" is a Supply Point in respect of which the Annual Quantity is not greater than 73,200 kWh (*2,500 therms*).

4.2.3 Without prejudice to Section M3.3.1, a Supply Point may comprise no more than one Supply Meter Point.

4.2.4 A Supply Point may be a CSS Supply Point or a Non-CSS Supply Point for the purposes of Sections B, G and M.

4.3 Classification of Supply Points

4.3.1 A Supply Point shall be classified as a DM Supply Point or an NDM Supply Point.

4.3.2 A DM Supply Point may be a DMC Supply Point or a DMA Supply Point, and:

(a) a Supply Point shall be classified as a **"DMC"** Supply Point where it comprises a Class 1 Supply Meter Point;

(b) a Supply Point shall be classified as a **"DMA"** Supply Point where it comprises a Class 2 Supply Meter Point.

4.3.3 A DM Supply Point shall be classified as a **"Seasonal Large Supply Point"** where it has been classified as such in accordance with the provisions of Section B4.9.4(a).

4.3.4 A DMC Supply Point shall be classified as a **"VLDMC"** Supply Point where it comprises a Class 1 Supply Meter Point whose Annual Quantity is greater than 1,465,000,000 kWh *(50,000,000 therms)*.

4.3.5 A Supply Point shall be classified as an **"NDM"** Supply Point where it comprises a Class 3 or 4 Supply Meter Point.

© 2005 all rights reserved

4.4 Firm and Interruptible Supply Points

4.4.1 In accordance with Section B8.1 an LDZ Supply Point may (at a given time) be a "**Firm"** Supply Point or an "**Interruptible"** Supply Point.

4.4.2 A NTS Supply Point may not be an Interruptible Supply Point.

4.5 CSEP Supply Meter Point

4.5.1 Pursuant to paragraph 3.3.5, an Unmetered Connected System Exit Point shall be treated (for the purposes provided in the Code) as comprising:

(a) a separate System Exit Point (**"CSEP Supply Meter Point"**) corresponding to each IGTS Supply Meter Point; and

(b) a separate System Exit Point (**"CSEP Supply Point"**) corresponding to each IGTS Supply Point;

respectively on any directly-connected or indirectly-connected IGT System (CSEP Supply Meter Points and CSEP Supply Points collectively being **"CSEP System Exit Points"**).

4.5.2 Each CSEP System Exit Point shall have the same classification as the corresponding IGTS System Exit Point pursuant to IGTAD Section A2.1, and accordingly:

(a) each CSEP Supply Meter Point shall be a Class 1, Class 2, Class 3 or Class 4 CSEP Supply Meter Point;

(b) each CSEP Supply Point shall be a DM CSEP Supply Point or a NDM CSEP Supply Point; and

(c) each DM CSEP Supply Point shall be a DMA or DMC CSEP Supply Point.

4.5.3 A DM CSEP Supply Point may also be classified as Interruptible in accordance with TPD Section B8.14 (and otherwise shall be classified as Firm).

4.5.4 Where, for the purposes of any provision of the Transportation Principal Document, a reference to a Supply Meter Point or Supply Point includes a CSEP Supply Meter Point or CSEP Supply Point, a reference in the same provision to a Connected System Exit Point does not include an Unmetered Connected System Exit Point.

4.5.5 References in the Code to a Supply Point or Supply Meter Point include a CSEP Supply Point or CSEP Supply Meter Point where expressly so provided, and not otherwise.

© 2005 all rights reserved