



REPUBLIKA E SHQIPËRIË

## ENERGY REGULATORY AUTHORITY

Board

DECISION

No. 68, Dated 22.04.2020

ON

### APPROVING THE ALBANIAN NETWORK CODE

Based on article 16, of Law No. 43/2015 “*On Power Sector*”, as amended and articles 16 and 44, of Law No. 102/2015 “*On Natural Gas Sector*”, as amended as well as article 26 of the “*Rules on ERE organization, operation and procedures*” approved with ERE Board Decision no.96, dated 17.06.2016, ERE Board on their meeting dated 22.04.2020 after reviewing the report prepared by the Technical Directories, on approving the Albanian Network Code,

Observed that:

- Based on article 44, of Law No. 102/2015 “*On Natural Gas Sector*”, as amended ERE approves “the Albanian Network Code”.
- With decision No. 236, Dated 20.12.2019, ERE Board decided to open the procedure to approve “the Albanian Network Code”.
- Following this decision, the Albanian Network Code with the official letter Protocol No. 32/61, dated 31.12.2019, the notice was sent to the press media in order to obtain the opinions of the stakeholders regarding this act.
- With the official letter Protocol No. 6, dated 06.01.2020, it was required the opinion of the stakeholders, Albpetrol sh.a; Albgaz sh.a; TAP AG Albania sh.p.k; Anio Oil & Gas sh.p.k; C.G.C; Balkgaz sh.p.k; Phoenix Petroleum sh.a as well as the Ministry of Infrastructure and Energy and the Competition Authority of Albania in order to obtain their opinions or comments regarding this document.
- Respecting the applied deadlines for receiving the comments, it resulted that there were no further suggestions to make changes in this act from the consulted parties.
- The drafting of the Albanian Network Code is based on TAP Network Code and has also integrated elements from other Codes and constitutes the first complete draft for Natural Gas Transmission System in Albania.

Its content provides a clear explanation of the connection of the Transmission Network Code with other regulatory acts which contribute to the regulation for the functioning of the transmission system, which was extended throughout the discussion process of this Code.



The content of the Albanian Network Code is in line with the content of similar codes of other Member States of the Energy Community.

For all of the above mentioned ERE Board,

Decided:

To approve the "Albanian Network Code", (Attached).

The Natural Gas Directory shall inform the stakeholders regarding ERE Board Decision.

This decision enters immediately into force.

This decision may be reviewed at ERE within 7 calendar days also this decision may be complained on Tirana Administrative Court, within 45 calendar days from the publication in the Official Gazette. This decision is published in the Official Gazette.

Chairman

Petrit AHMETI



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REPUBLIKA E SHQIPËRISË

**ENERGY REGULATORY AUTHORITY**

**NATURAL GAS NETWORK TRANSMISSION CODE**

This document “The Transmission Network Code” is drafted by Albgaz Company according to the provisions of Law No. 102/2015, of date 23/09/2015 “On Natural Gas Sector” and in compliance with the provisions of the Network Codes and the Operational Guidelines of ENTSO-E.

The purpose of the “Transmission Network Code” for Natural Gas, referring as the “Code” or the “Network Code” is to provide a set of terms and standard conditions which are open and transparent for natural gas transport through the transport system in Albania and companies licensed by the Albanian Energy Regulator Authority (ERE)

# THE ALBANIAN NETWORK CODE (DRAFT)

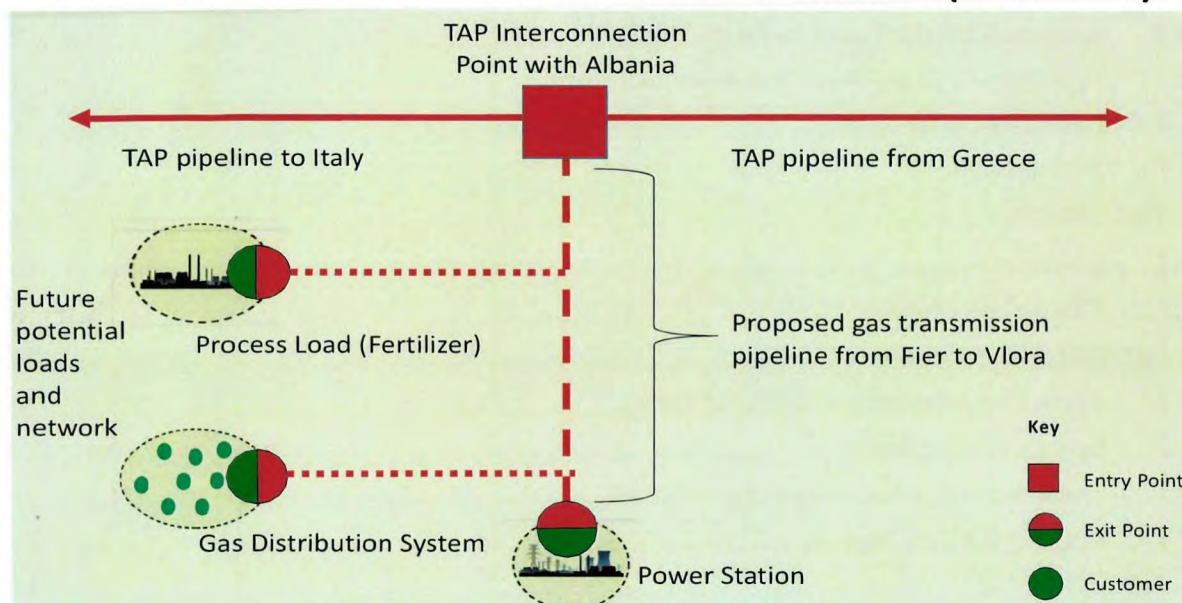


Figure 1 – Schematic of the Albanian gas transportation system

## Notes

1. **Overview of this document** – The document that follows is the first complete draft of the Albanian Network Code, which has been developed during a series of workshops within Albgaz supported by the Project Team and facilitated by the EBRD. The purpose of the Albanian Network Code, sometimes referred to as the ‘Code’ is to provide an open and transparent, standard set of terms and conditions for the transportation of natural gas through the Albgaz gas transportation system.
2. **Terms of reference** – In developing this first draft of Albania’s gas Network Code the Project team have sought to develop a document that manages the tension between a desire for simplicity with the need for conformity with the wider requirements of the ECS. Therefore, the approach that has been taken has been to accommodate the initial development of the Fier to Vlora pipeline with the proposed power station load together with other potential loads on the gas transmission network, while allowing the Code to be modified as the market develops as described below.
3. **Gas transmission loads** - It has been developed to accommodate the first stage of market development, which involves the construction of a high-pressure gas pipeline from Fier to Vlora. In addition, this Network Code has also been developed to accommodate other new loads on the gas transmission system such as the fertilizer plant highlighted about.
4. **Gas distribution customers** – While this draft of the Network Code could accommodate bundled distribution companies being supplied off the gas transmission system, additional modifications would be required if any future distribution networks were to be added and fully unbundled.
5. **Modification process** – In many ways like all network codes the Albanian Network Code will be a ‘living document’ that we evolve as the gas market in Albania evolves. Therefore, the Project Team have stressed the need for a simple and efficient modification process.
6. **Translation into Albanian** – Once this document has been finalised it will need to be translated into Albanian by Albgaz legal team. This team may need some support in terms of understanding the concepts and developing language.
7. **Conforming with ECS requirements** – This document will be given to ECS for an initial review.



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**ENERGY REGULATORY AUTHORITY**

**NATURAL GAS NETWORK TRANSMISSION CODE**

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## 1. INTRODUCTION

### 1.1. Introduction

- a) This Network Code relates to the Transmission System of Albania and contains the rules and procedures for the operation of the Transmission System and details the rights and obligations of Albgaz, the Transporter, Registered Parties and Shippers in respect of the booking and use of Capacity Products.
- b) This Code is given contractual effect by way of a Framework Agreement dated [] (“Framework Agreement”).
- c) A person may only become a Shipper under this Code by acceding in accordance with the terms of Section 3 to the Framework Agreement by way of execution of an Accession Agreement set out in Appendix 6 of this Code and the terms of the Framework Agreement. All references to this Code shall include the Framework Agreement and any applicable Accession Agreement.
- d) The original signatories to the Framework Agreement are Shippers under this Code and are not required to complete the application process in Section 3 of this Code.

### 1.2. Background to the Transmission System

- a) The Transmission System in Albania is regulated according to the Law Nr 102/2015 On Natural Gas Sector and for the time being is supplied with gas from an Interconnection Point at Fier where the Transmission System is Interconnected to the Trans Adriatic Pipeline (TAP).
- b) The TAP and the Interconnection Point with the Albanian Transmission System are established under the terms of the Final Joint Opinion of the Energy Regulators on TAP AG's Exemption Application dated 6 June 2013, granted by the NRAs pursuant to Directive 2009/73/EC.
- c) In time it is expected that the Transmission System may connect to other national grid systems and the Network Code will be amended appropriately.
- d) Also, in time, the Transmission System may be connected to lower pressure Distribution Systems within Albania regulated by their own Distribution Codes and will again be amended to accommodate these connections.

### 1.3. Operations Code and Final Joint Opinion

- a) This Network Code represents the Transmission Grid Code described in the Law Nr 102/2015 On Natural Gas Sector.

### 1.4. Description of the System

- a) The Transmission System is the main pipeline system owned and operated by Albgaz through which the transmitting of gas is authorised under Licence by the Energy Regulator.
- b) The Transmission System:
  - (i) includes all gas pipelines, gas plant and gas equipment used for the purposes of transmitting gas;
  - (ii) operates at more than [15] Bar; and
  - (iii) does not include any facility used for the storage of gas.
- c) The Transportation System comprises the Transmission System and the Distribution System.

- d) The Transmission System includes System Points of different types as described in paragraph.1.5.
- e) A schematic of the system is supplied at Appendix 1 to aid an understanding of the Code. An up to date plan of the system will be maintained by the Transporter on its website and updated in accordance with the Transmission Network Development Plan.

### 1.5. System Points

- a) For the purposes of this Code:
  - (i) Entry Point is any point on the Transmission System where gas can be injected into the Transmission System whether from an Interconnected System, Distribution System, LNG terminal, Production Facility or Storage Facility.
  - (ii) Exit Point is any point on the Transmission System where gas can leave the Transmission System for delivery to an Interconnected System, Distribution System or Storage Facility.
  - (iii) Interconnection Point is any point on the Transmission System that connects the Transmission System to another Transmission System or an Interconnector and may comprise either or both an Entry Point and an Exit Point.
  - (iv) System Point is any of the above points on the Transmission System
  - (v) Auction Point is any System Point where capacity is made available through an Auction.
  - (vi) Virtual Trading Point is the notional point where Title to Gas can change as the result of a Trade.

## 2. DEFINITIONS

### 2.1. Definitions

**Accepting Party** means a Registered Party that has accepted a Transfer of Reserved Capacity.

**Actual Monthly Transmission Charge** means, in respect of a particular Shipper, the charge calculated for specific Reserved Capacity in accordance with this Network Code and the Tariff Methodology.

**Adjacent TSO** means a TSO operating an Interconnected System.

**Affiliate** has the meaning given to it in the General Terms and Conditions.

**Allocated Quantities** means the quantity of Natural Gas allocated to a Shipper in respect of the delivery by or redelivery to (as applicable) that Shipper at a System Point or the Virtual Trading Point for a Gas Day, expressed in kWh. Allocated Quantities at Entry Points or for trades where gas is received at the Virtual Trading Point will be expressed as a positive number and Allocated Quantities at Exit Points or for trades where gas is delivered at the Virtual Trading Point will be expressed as negative numbers.

**Alternative Credit Support Capacity** means any of:

- (a) a Capacity Product booked before the Initial Effective Date; or
- (b) a Capacity Product booked as part of a Market Test,

and in each case includes such Reserved Capacity where it has been subject to an Assignment.

**Annual Statement** means each Master Statement sent to Registered Parties in March in each Gas Year.

**Appeal Notice** means an appeal against the findings referred to in the Referral Notice.

**Application Documents** has the meaning given to it in Section 3.1(b).

**Approved Credit Rating Agency** means a credit rating agency that is included in a list, to be published on the Transporter's website and updated from time to time, of credit rating agencies that are, in the sole discretion of the Transporter, acceptable to the Transporter for the purposes of assigning a Credit Limit to Registered Parties.

**Assigned Capacity** means any Reserved Capacity (or part thereof) that is subject to an Assignment.

**Assignment** means a transfer by a Shipper of all or a part of its Reserved Capacity to another Registered Party, which is effected by way of an assignment of all of its rights to that Reserved Capacity (or part thereof), and an assumption of all of the related obligations by, that Registered Party under this Network Code. An Assignment of part of the Reserved Capacity under this Network Code may consist of (a) an assignment of some but not all of the Reserved Capacity for each Gas Day, (b) an assignment of all of the Reserved Capacity during a specified period of time only, or (c) a combination of the above.

**Assignment Form** means a form to be submitted by an Offering Shipper and a Registered Party who wish to trade the rights and obligations to Reserved Capacity by way of an Assignment, which form will be made available by the Transporter on its website.



**Auction Point** means a System Point where Available Capacity is offered to Shippers through an Auction.

**Auction Premium** means any premium above the Reserve Price that results from an auction of any Capacity Product.

**Available Capacity** means, in relation to a particular System Point in a particular direction over a particular time period, the capacity to transport Natural Gas that can be made available by the Transporter to Registered Parties to purchase as Capacity Products over that period because it has not been booked as Reserved Capacity or because it has been released for booking as Surrendered Capacity or Withdrawn Capacity.

**Available Credit** means in respect of a Registered Party, an amount in Euro that represents the further Indebtedness that it can assume, calculated in accordance with Section 4.4.

**Average Utilisation** has the meaning given to it in Section 13.6.

**Balanced** means, in respect of a particular Shipper and its Nominated Quantities and Traded Quantities (or, following the end of a Matching Process, its Provisional Quantities) for a particular Gas Day that:

(b) in respect of Forward Capacity:

- (i) the aggregate of all Nominated Quantities (or, if applicable Provisional Quantities) for Forward Capacity for delivery by that Shipper at Entry Points and the aggregate Traded Quantities (or, if applicable Provisional Quantities) to be transferred from that Shipper to another Shipper at the Virtual Trading Point, in each case on that Gas Day;

is equal to:

- (ii) the absolute value of the aggregate of all Nominated Quantities (or, if applicable Provisional Quantities) for Forward Capacity for re-delivery to that Shipper at Exit Points and the aggregate Traded Quantities (or, if applicable Provisional Quantities) to be received by that Shipper from another Shipper at the Virtual Trading Point, in each case on that Gas Day; and

(b) in respect of Commercial Reverse Capacity:

- (i) the aggregate of all Nominated Quantities (or, if applicable Provisional Quantities) for Commercial Reverse Capacity for delivery by that Shipper at Entry Points on that Gas Day;

is equal to:

- (ii) the absolute value of the aggregate of all Nominated Quantities (or, if applicable Provisional Quantities) for Commercial Reverse Capacity for re-delivery to that Shipper at Exit Points on that Gas Day.

**Balancing Gas** means gas reasonably required to achieve the physical balance of the Network or any localised part thereof.

**Balancing Gas Services** means services made available to the Transporter which enables it to purchase or sell Balancing Gas, as required for any Gas Day, from time to time;

**Balancing Gas Contract** means a contract for the purchase or sale of Balancing Gas as described in section 10;

**Balancing Gas Buy Framework Agreement** means a framework agreement for the purchase of **Balancing Gas** for the Network issued as a result of a Tender;

**Balancing Gas Framework Agreement** means either the **Balancing Gas Sell Framework Agreement** or the **Balancing Gas Buy Framework Agreement** and “**Balancing Gas Framework Agreements**” means both of them;

**Balancing Gas Provider** means a Framework Member or a party who provides Balancing Gas Services to the Transporter pursuant to a Balancing Gas Contract entered into in accordance with section 10 of this Code;

**Balancing Gas Sell Framework Agreement** means a framework agreement for the sale of **Balancing Gas** for the Network issued as a result of a Tender;

**Balancing Platform** means the trading platform established by the Transporter for the purchase and sale of Short Term Standardised Products where the Transporter is a trading participant to all trades;

**Bundled Capacity** means a Capacity Product that, when offered to Registered Parties, is offered as a combination of both entry and exit capacity at a particular Interconnection Point in each of the Transmission System and the relevant Interconnected System.

**Business Day** means any Day (other than a Saturday, Sunday or public holiday) on which banks in Albania are generally open for business.

**Calibration** has the meaning given to it in the International Vocabulary of Metrology – Basic and General Concepts and Associated Terms (VIM 3rd edition) - JCGM 200:2012 and the terms **Calibrate** and **Calibrated** will have equivalent meanings.

**CAM Network Code** means EU Regulation (EC) 2017/459 as adapted for the Energy Community.

**Capacity Booking Platform** means the internet platform for the booking and trading of Capacity Products that has been selected by the Transporter to be used at each Auction Point.

**Capacity Products** means each of the products for the transportation of Natural Gas in the Transmission System that are offered for purchase by Registered Parties from the Transporter, consisting of each of the different products that constitute Forward Firm Capacity, Forward Interruptible Capacity and Commercial Reverse Capacity.

**Capacity Restriction** means the occurrence of any event, except for Planned Maintenance, which reduces the ability of the Transporter to provide Reserved Capacity at a System Point.

**Capacity Restriction Notice** means a notice of the occurrence of a Capacity Restriction that requires reserved Capacity to be reduced by the Transporter at a System Point and which specifies:

- (a) the date and time at which the Capacity Restriction begins;
- (b) the date and time (rounded to the nearest hour) at which the Transporter expects the Capacity Restriction to end;
- (c) the affected System Point;
- (d) the cause of the Capacity Restriction; and
- (e) the remaining Forward Firm Capacity that the Transporter can make available at that System Point.

**Capacity Restriction Termination Notice** means a notice that is sent to all Registered Parties, to inform Registered Parties that a Capacity Restriction that required Forward Firm Capacity to be reduced by the Transporter at a System Point has terminated and which specifies:

- (a) the time and date at which each Shipper's full Reserved Capacity at that System Point will be made available to it; and
- (b) any other information that the Transporter believes is necessary regarding the removal of that Capacity Restriction.

**Cash Collateral Account** means a Euro-denominated account with a reputable financial institution which is subject to an escrow or security deposit arrangement satisfactory to the Transporter that permits the balance standing to the credit of such account to be applied in payment of amounts outstanding from the relevant Registered Party to the Transporter (and for no other purpose). The escrow or security deposit arrangement will provide that any interest or fees applying to that account will be credited to or debited from that account.

**CET** means Central European Time which is one hour ahead of UTC.

**CEST** means Central European Summer Time which is one hour ahead of CET and two hours ahead of UTC.

**Commercial Reverse** means, in respect of any Interconnection Point, the direction of flow of Natural Gas that is the opposite to Forward and is the direction in which the Transporter intends to provide virtual (but not physical) reverse flow Transportation Services at certain Interconnection Points.

**Commercial Reverse Capacity** means transportation capacity in the Transmission System for the Commercial Reverse Flow transportation of Natural Gas that is made available to Shippers under this Network Code at a particular Interconnection Point. Commercial Reverse Capacity at a particular Interconnection Point can be Forward or Commercial Reverse but must result in an overall Commercial Reverse Flow. Commercial Reverse Capacity consists of:

- (a) Commercial Reverse Daily Capacity.

**Commercial Reverse Daily Capacity** means Commercial Reverse Capacity made available on a Day-Ahead basis.

**Commercial Reverse Flow** means the virtual (but not physical) flow of Natural Gas in the Transmission System in the opposite direction to Forward Flow.

**Compressor Station** means a facility that forms part of the Transmission System that has the purpose of compressing the Natural Gas in the Transmission System to assist the flow of that Natural Gas.

**Confirmed Quantities** means the quantity of Natural Gas to be delivered by or redelivered to a particular Shipper at a particular System Point or the Virtual Trading Point after the end of all the Matching Processes expressed in kWh per Gas Day. Confirmed Quantities at Entry Points will be expressed as a positive number and Confirmed Quantities at Exit Points will be expressed as negative numbers.

**Confirmed Quantity Notice** means a notice sent by the Transporter to each Shipper following calculation of the Confirmed Quantities setting out that Shipper's Confirmed Quantities at each System Point.

**Congestion Notice** has the meaning given to it in Section 13.7(a).

**Contractual Timestamp** means the exact time at which a Shipper has contracted a Capacity Product with the Transporter.

**Credit Limit** means in relation to each Registered Party, the amount in Euro that represents the maximum Indebtedness that it can assume, as determined under Section 4.3.

**Credit Limit Criteria** has the meaning given to it in Section 4.1(b).

**Credit Limit Criterion** means an individual element of the Credit Limit Criteria.

**Credit Limit Percentage** means a percentage that is to be published from time to time on the Transporter's website and that will be applied by the Transporter to Letter of Credit supplied by a Bank that is not rated AAA in order to determine the Credit Limit that will be applied to the relevant Registered Party or Person (or the portion of the Credit Limit that will be applied to the relevant Registered Party or Person that is attributable to that Credit Limit Criterion, in the case of a Registered Party or Person that satisfies more than one Credit Limit Criteria).

**Daily Imbalance Charge** means, in respect of a particular Shipper on a particular Gas Day, an amount calculated in accordance with Section 10.3.

**Day** means a calendar day.

**Day-Ahead** means, in respect of a Capacity Product, that the capacity is made available for the transportation of Natural Gas for one Gas Day, being the Gas Day immediately following the booking of that Capacity Product.

**Double-Sided Nomination** means, in respect of the nomination of Natural Gas quantities at a particular Interconnection Point, that Shippers on each side of that Interconnection Point submit their own nominations to the relevant TSO independently of each other.

**Edig@s** means the electronic messaging standards developed by EASEE-gas, the latest version of which can be downloaded from <http://www.edigas.org>.

**Final Customers** means third parties who have entered into an agreement with a Shipper to purchase and/or utilise gas to be offtaken from the Transmission System by that Shipper at an Exit Point and "Final Customer" shall be construed accordingly

**Entry Point** means:

- (a) in relation to Forward Capacity, an Interconnection Point that is specified as an "Entry Point" in Table A in Appendix 2; and
- (b) any other point where natural gas may enter the Transmission System.

**ENTSOG Auction Calendar** means the auction calendar published by the European Network of Transmission System Operators for Gas.

**Euro** or € means the single currency of those member states of the European Union that have adopted or adopt such currency as their lawful currency in accordance with the legislation of the European Community relating to Economic and Monetary Union.

**Excess Imbalance Gas Price** has the meaning given to it in section 10;

**Exit Point** means:

- (a) in relation to Forward Capacity, an Interconnection Point that is specified as an "Exit Point" in Table A in Appendix 2;

- (b) in relation to Commercial Reverse Capacity that is specified as an "Exit Point" in Table B in Appendix 2; and
- (c) Any other point where natural gas may leave the Transmission System.

**FDA UIOLI Contractual Congestion Event** has the meaning given to it in Section 13.3(c).

**Final Joint Opinion** means the "Joint Opinion of the Energy Regulators on TAP AG's Exemption Application" dated 6 June 2013, granted by the NRAs pursuant to Directive 2009/73/EC.

**Firm Capacity** means Natural Gas transportation capacity in the Transmission System that the Transporter undertakes to provide to a Shipper, that the Transporter is not permitted to interrupt during normal commercial operations.

**Force Majeure** means the occurrence of a "Force Majeure Event" under and as defined in in Section 27.

**Forward** means, in respect of a System Point:

- (a) that is an Entry Point for Forward Capacity, the flow of Natural Gas at that System Point from the relevant Interconnected System to the Transmission System; and
- (b) that is an Exit Point for Forward Capacity, the flow of Natural Gas at that System Point from the Transmission System to the relevant Interconnected System.

**Forward Capacity** means Forward Firm Capacity and Forward Interruptible Capacity.

**Forward Day-Ahead Interruptible Capacity** means Forward Interruptible Capacity made available on a Day-Ahead basis.

**Forward Firm Capacity** means each of Forward Firm Long Term Capacity and Forward Firm Short Term Capacity.

**Forward Firm Daily Capacity** means Firm Capacity in the Transmission System for the Forward transportation of Natural Gas that is made available to Shippers at a particular System Point on a Day-Ahead basis.

**Forward Firm Long Term Capacity** means Firm Capacity in the Transmission System for the Forward transportation of Natural Gas that is made available to Shippers at a particular System Point on every Gas Day for a period of more than one Gas Year.

**Forward Firm Monthly Capacity** means Firm Capacity in the Transmission System for the Forward transportation of Natural Gas that is made available to Shippers at a particular System Point on every Gas Day in a particular Gas Month.

**Forward Firm Quarterly Capacity** means Firm Capacity in the Transmission System for the Forward transportation of Natural Gas that is made available to Shippers at a particular System Point on every Gas Day in a particular Gas Quarter.

**Forward Firm Short Term Capacity** means each of:

- (a) Forward Firm Yearly Capacity;
- (b) Forward Firm Quarterly Capacity;
- (c) Forward Firm Monthly Capacity; and

(d) Forward Firm Daily Capacity.

**Forward Firm Yearly Capacity** means Firm Capacity in the Transmission System for the Forward transportation of Natural Gas that is made available to Shippers at a particular System Point on every Gas Day in a particular Gas Year.

**Forward Interruptible Capacity** means the transportation capacity in the Transmission System for the Forward transportation of Natural Gas that is made available to Shippers at a particular System Point and that the Transporter is permitted to interrupt at any time for Planned Maintenance, Force Majeure or any of the reasons specified in Section 12.5.

**Framework Member** means a Shipper or another party which is a party to a Balancing Gas Framework Agreement;

**Fuel Gas** means the quantity of Natural Gas in kWh that is required for the Transporter to provide the Transportation Services, as calculated in accordance with Section 14.

**Fuel Gas Facility** means each Compressor Station and the Pipeline Receiving Terminal.

**Fuel Gas Price** means, in respect of a Gas Month, all costs and expenses (including Taxes) (in Euro) incurred by the Transporter in relation to the purchase of the Fuel Gas used in that Gas Month and procured in accordance with Section 14.1(a) divided by the total quantity of Fuel Gas used in that Gas Month to give a price in €/kWh.

**Gas Day** means the period from:

- (a) 05:00 UTC on a particular Day until 05:00 UTC (06:00 until 06:00 CET) the following Day, during periods when daylight saving time is not applied; and
- (b) 04:00 UTC on a particular Day until 04:00 UTC (06:00 until 06:00 CEST) the following Day, during periods when daylight saving time is applied in Albania,

and a Gas Day during which Albania changes to or from daylight saving time will have 23 or 25 hours (as applicable). For the purpose of this Network Code, a reference to (i) the last Gas Day in a particular month means that last Gas Day that begins in that month and ends at 06:00 CET or CEST (as applicable) at the start of the first Day of the following month and (ii) the first Gas Day in a particular month means the first Gas Day beginning within that month at 06:00 CET or CEST (as applicable) on the first Day of that month.

**Gas Month** means the period commencing at the start of the first Gas Day in each calendar month and ending at the end of the last Gas Day in the same calendar month, except that the first Gas Month will start at the start of the first Gas Day on which the Transporter provides Transportation Services to a Shipper in accordance with the Code.

**Gas Reference Price** has the meaning given to it in section 10

**Gas Quarter** means a period beginning at the start of:

- (a) the first Gas Day in a Gas Year and ending at the end of the last Gas Day in December of that Gas Year;
- (b) the first Gas Day in January of a Gas Year and ending at the end of the last Gas Day in March of that Gas Year;
- (c) the first Gas Day in April of a Gas Year and ending at the end of the last Gas Day in June of that Gas Year; or

- (d) the first Gas Day in July of a Gas Year and ending at the end of the last Gas Day in September of that Gas Year,

except that the first Gas Quarter will start at the start of the first Gas Day on which the Transporter provides Transportation Services to a Shipper in accordance with this Network Code.

**Gas Year** means a period beginning at the start of the first Gas Day in October of each calendar year and ending at the end of the last Gas Day in September of the following calendar year, except that the first Gas Year will start at the start of the first Gas Day on which the Transporter provides Transportation Services to a Shipper in accordance with this Network Code.

**GCV** means gross calorific value, the amount of heat that would be released by the complete combustion of one Nm<sup>3</sup> of Natural Gas in air, in such a way that the pressure (1.01325 bar absolute) at which the reaction takes place remains constant, and all products of the combustion are returned to the same specified temperature (25°C) as that of the reactants, all of these products being in the gaseous state except for water formed by combustion, which is condensed to the liquid state at 25°C.

**Governmental Authority** means any national or local government, regulatory or administrative agency, commission, body or other authority and any court or governmental tribunal, in each case, lawfully exercising jurisdiction over this Network Code or the Transmission System or (as applicable in the context) the Transporter or a Registered Party.

**Indebtedness** has the meaning given to it in Section 4.5.

**Information Notice** has the meaning given to it in Section 13.8(h).

**Initial Effective Date** means [*insert date on which Network Code becomes effective upon publication*] being the date that the Network Code came into force through the execution of the Framework Agreement.

**Interconnected System** means a Natural Gas transportation system that is directly connected to the Transmission System.

**Interconnection Agreement** means an agreement between the Transporter and an Adjacent TSO relating to the management and coordination of the transportation of Natural Gas between the relevant Interconnected System and the Transmission System.

**Interconnection Point** means a physical interconnection point between the Transmission System and an Interconnected System as specified in Appendix 2.

**Interruption** means an interruption of a Shipper's use of Commercial Reverse Capacity in accordance with Section 12.4(a) or Forward Interruptible Capacity in accordance with Section 12.5(a).

**Interruption Notice** means a notice that is sent to all affected Shippers, to inform those Shippers of an interruption to Forward Interruptible Capacity under Section 12.5 or an interruption to Commercial Reverse Capacity under Section 12.4, which, in each case, specifies:

- (a) the date and time at which the interruption begins;
- (b) the date and time (rounded to the nearest hour) at which the Transporter expects the interruption to end;
- (c) the cause of the interruption;
- (d) whether the interruption affects Forward Interruptible Capacity or Commercial Reverse Capacity; and

- (e) the remaining Forward Interruptible Capacity or Commercial Reverse Daily Capacity (split into its constituent Capacity Products), as the case may be, at that System Point.

**Interruption Termination Notice** means a notice that is sent to all affected Shippers, to inform those Shippers that an interruption to Forward Interruptible Capacity or Commercial Reverse Capacity at a System Point has terminated and which specifies the time and date at which each Shipper's full Reserved Capacity at that System Point will be made available to it.

**kWh** means a kilowatt-hour.

**Law** means any national, local or European constitution, charter, act, statute, law, ordinance, code, rule, regulation or order, or other applicable legislative or administrative action of a Governmental Authority or a final decree, judgment, or order of a court.

**Local Losses** means unintentional losses of Natural Gas from the Transmission System (except for those losses of Natural Gas that result from the occurrence of Force Majeure or the performance of Planned Maintenance or Unplanned Maintenance in relation to the Transmission System).

**LT UIOLI means Long Term "Use it or Lose it"** being the process by which the Transporter fully or partially withdraws systematically underutilised capacity in the Transmission System from a LT UIOLI Shipper in accordance with the procedure set out in Section 13.6.

**LT UIOLI Capacity Product** means each of Forward Firm Yearly Capacity and Forward Firm Long Term Capacity.

**LT UIOLI Contractual Congestion Event** has the meaning given to it in Section 13.6(e).

**LT UIOLI Shipper** has the meaning given to it in Section 13.8(a).

**Maintenance Notification** means a notification sent by the Transporter to all Registered Parties, detailing the schedule of Planned Maintenance that the Transporter intends to complete in a particular Gas Year, and which includes the information set out in Section 11.1(c).

**Market Test** means a procedure conducted by the Transporter, in accordance with Section 6.10, to assess whether there is interest among market participants for Capacity Products that would require the Transporter to provide Expansion Capacity.

**Master Statement** means the statement to be sent to Registered Parties in respect of each Gas Month in accordance with Section 19.

**Matching Process** means:

- (a) in respect of, the matching and confirmation processes to be carried out between the Transporter and an Adjacent TSO in which each Shipper's Provisional Quantities at that Interconnection Point are calculated from the Nominated Quantities and the quantities nominated to the Adjacent TSO;
- (b) in respect of any other System Point, the matching and confirmation processes to be carried out by the Transporter in which each Shipper's Provisional Quantities at that System Point are calculated from the Nominated Quantities and the quantities nominated to the Adjacent TSO; and
- (c) in respect of the Virtual Trading Point, the matching and confirmation processes to be carried out by the Transporter in which each Shipper's Provisional Quantities at the Virtual Trading Point are calculated from the Traded Quantities notified by each Shipper in the relevant Pair of Shippers.



**Metering Data** means the Metered Quantities [and the other data collected by the Metering Equipment, including analysis and chromatography results].

**Metering Equipment** means the equipment that is required to be installed in respect of each System Point and other facilities comprising the Transmission System in order to identify the Measured Quantities and quality of Natural Gas at each relevant location for the purposes of this Network Code.

**Metering Equipment Technical Specifications** means, in relation to an item of Metering Equipment, the technical specifications for the installation and operation of that item of Metering Equipment that have been developed by the Transporter acting as a Reasonable and Prudent Operator consistent with applicable Law and the technical recommendations of the manufacturer of that item.

**Metered Quantities** means the quantity of Natural Gas in kWh measured over a specified period of time at a System Point or a Compressor Station, as determined by the Metering Equipment at that System Point or that Compressor Station.

**Minimum Credit Limit** means the minimum credit limit in Euro published from time to time on the Transporter's website.

**Minimum Credit Rating** means the minimum credit rating, published from time to time on the Transporter's website, from an Approved Credit Rating Agency, that is, in the sole discretion of the Transporter, acceptable to the Transporter for the purposes of assigning a Credit Limit to Registered Parties.

**Minimum Flow Rate** means the minimum quantity of Natural Gas that is required at a particular Interconnection Point in order for the Transporter to provide Transportation Services at that Interconnection Point in accordance with the technical limitations of the Transmission System and the applicable Interconnected System.

**Minimum Input Volume** means, where used in any Gas Transportation Agreement entered into before the Initial Effective Date, the Minimum Flow Rate.

**Monitoring Period** means each period in respect of which the Transporter will monitor whether LT UIOLI should be applied to any Shipper, being each full Gas Year.

**Monthly Charge** means, in respect of a particular Shipper and Reserved Capacity, the "Monthly Charge" for that Reserved Capacity under and as defined in Tariff published on the Transporter's website.

**Monthly Statement** means, in respect of a particular Shipper the "Monthly Statement" to be delivered by the Transporter to that Shipper under and as defined in the Tariff published on the Transporter's website.

**Natural Gas** means any hydrocarbons or mixture of hydrocarbons and non-combustible gases, consisting primarily of methane, which are predominantly in a gaseous state.

**Network Code** means this document (including its appendices), as it may be revised from time to time in accordance with Section 22.

**Neutrality Account** has the meaning given to it in Section 10.7.

**Neutrality Payment Amount** has the meaning given to it in Section 10.8.

**Nm<sup>3</sup>** means a normal cubic metre, being one cubic metre of gas at reference conditions of 0°C and 1.01325 bar absolute.

**Nominated Quantities** means the aggregate quantity of Natural Gas in kWh per Gas Day that has been nominated or is deemed to have been nominated by a Shipper either:

- (a) for delivery by that Shipper to the Transporter at an Entry Point; or
- (b) for redelivery by the Transporter at an Exit Point,

in each case in respect of a specified Pair of Shippers and in accordance with the procedures set out in this Network Code. Nominated Quantities at Entry Points will be expressed as a positive number and Nominated Quantities at Exit Points will be expressed as negative numbers.

**Nomination** means the prior notification by a Shipper to the Transporter of its Nominated Quantities.

**Regulator** means the Albanian Energy Regulatory Authority designated as a national regulatory authority in accordance the Law No. 102/2015, "On Natural Gas Sector" transposing Directive EC 2009/73 or any successor or equivalent Law.

**Regulatory Decision** has the meaning given to it in Section 13.8(i).

**Offering Shipper** means a Shipper that has offered Reserved Capacity for sale to another Registered Party.

**Operational Balancing Agreement** means an agreement between the Transporter and an Adjacent TSO (which may be documented in an Interconnection Agreement) regarding the treatment of the difference between the Metered Quantities and Confirmed Quantities at a particular Interconnection Point so that Allocated Quantities at that Interconnection Point are, as far as possible and subject to the terms of that Operational Balancing Agreement, equal to Confirmed Quantities.

**Pair of Shippers** means a pair of Shippers (who, for the avoidance of doubt, may be the same Shipper) who transfer title to Natural Gas at the Virtual Trading Point or an Interconnection Point.

**Person** means any individual, partnership, corporation, association, trust, Governmental Authority, or other legal entity.

**Maintenance** means any maintenance of the Transmission System, notified and carried out by the Transporter in accordance with Section 11, which requires a reduction in a Shipper's ability to use its Reserved Capacity while that maintenance is carried out.

**Potential Assignee** has the meaning given to it Section 7.1.

**Provisional Quantities** means the quantity of Natural Gas at a particular System Point or the Virtual Trading Point that results from each Matching Process expressed in kWh per Gas Day and calculated in accordance with Section 9.3.

**Ranked Order** means the order in which Balancing Gas Contracts have been awarded in respect of a given Gas Year pursuant to the arrangements in a Tender.

**Rated Entity Guarantee** means a guarantee (which may have a fixed monetary limit in Euros), issued to the Transporter on behalf of a Registered Party by a Rated Entity Guarantor in substantially the form set out on the Transporter's website or such other form as may be accepted by the Transporter.

**Ratchet Month** means a month in which a Shipper's allocated a quantity of gas is in excess of its' Reserved Forward Capacity at that System Point.

**Ratchet Charge** means a charge payable in accordance with Section 6.11.

**Capacity Ratchet** has the meaning ascribed to it in Section 6.11.

**Rated Entity Guarantor** means a recognised international financial institution or an Affiliate or other related entity of the Registered Party on behalf of whom the Rated Entity Guarantee is being provided, in each case that has a credit rating from an Approved Credit Rating Agency that is equal to or greater than the Minimum Credit Rating.

**Reasonable and Prudent Operator** means a Person exercising the degree of skill, diligence, prudence, and foresight that would reasonably and ordinarily be expected of a skilled and experienced Person complying with all applicable Law and engaged in the same type of undertaking as that Person under the same or similar circumstances.

**Reasonable Efforts** means, for any action required to be taken by a Person, the efforts that a Reasonable and Prudent Operator would make to take that action, taking into account the conditions affecting that action, provided that a Person will not be required to expend funds in order to take that action that are more than amounts that it determines in its sole discretion to be appropriate.

**Redistribution Period** means each period of twelve Gas Months commencing with the first Gas Day in January and ending at the end of last Gas Day in December in each calendar year, except that the first Redistribution Period will start at the start of the first Gas Day on which the Transporter provides Transportation Services to a Shipper in accordance with this Network Code.

**Referral Notice** has the meaning given to it in Section 13.8(a).

**Registry** means the database of all Registered Parties that is held and managed by the Transporter.

**Registration Confirmation** has the meaning given to it in Section 3.1(f).

**Registration Fee** means the registration fee payable in the amount and in the manner specified on the Transporter's website from time to time.

**Registration Form** means the application form that a Person must submit, together with the other documents referred to in Section 3.1(b), in order to apply to become a Registered Party, the form of which is set out in Appendix 3 (Registration Form) and can, from time to time, be updated by the Transporter by publishing a revised form on its website.

**Registered Party** means any Person that has satisfied the conditions to becoming a Registered Party specified in Section 3.1 and has received confirmation from the Transporter of its status as a Registered Party.

**Renomination** means a Nomination submitted by a Shipper for a particular Gas Day after the deadline for the confirmation of the initial Nomination for that Gas Day.

**Renomination Limitation** means the restrictions that a Shipper's Renominations or Updated Trade Notifications may not be greater than an amount calculated in accordance with Section 8.8(c) or less than an amount calculated in accordance with Section 8.8(d).

**Reserved Capacity** means, in respect of a Shipper the maximum capacity (expressed in kWh per Gas Day) at a specified System Point that the Transporter is required to make available to that Shipper for the transportation of Natural Gas, in accordance with this Network Code. A Shipper's Reserved Capacity when applied to a specific Gas Day of 23 or 25 hours shall be equal to its Reserved Capacity divided by 24 and multiplied by 23 or 25 (as applicable).

**Reserve Price** means the starting price for the auction of any Capacity Product, which will be the Reserve Price unless the auction is for Bundled Capacity in which case it will be the aggregate of the Reserve Price and the reserve price for the relevant capacity product offered by the Adjacent TSO in accordance with the tariff rules of that Adjacent TSO.

**Revenue Receipt Period** means each twelve-month period starting one month later than the start of a Redistribution Period and ending one month later than the end of that Redistribution Period.

**Reverse** means, in respect of a System Point:

- (a) that is an Entry Point for Reverse Capacity, the flow of Natural Gas at that System Point from the Transmission System to the relevant Interconnected System; and
- (b) that is an Exit Point for Reverse Capacity, the flow of Natural Gas at that System Point from the relevant Interconnected System to the Transmission System.

**Modification** means the procedure by which the Network Code is amended in accordance with Section 22.

**Modification Request** means a proposal for the amendment of the Network Code that is submitted to the Transporter to evaluate, in accordance with Section 22.

**Modification Proposal** means a written proposal prepared by the Transporter for public consultation, recommending an amendment to the Network Code, in accordance with Section 22.

**Scheduling Charge** has the meaning given to it in section 10 and Scheduling Charges shall be construed accordingly;

**Scheduling Difference or SD** has the meaning given to it in section 10;

**Scheduling Tolerance Percentage or STP** has the meaning given to it in section 10;

**Scheduling Tolerance Quantity or STQ** has the meaning given to it in section 10;

**Secondary Market** has the meaning given to it in Section 7.1(a).

**Semi-Annual Period** means, in respect of a Monitoring Period, each of (a) the period from 1 October to 31 March and (b) the period from 1 April to 30 September, in that Monitoring Period.

**Shipper** means any Registered Party that shall be responsible for balance their balancing portfolio as defined under Commission Regulation (EU) No 312/2014 and shall include suppliers and traders as defined under the Law on Natural Gas Sector.

**Shipper Account Code** means the representation by a code defined by one TSO to identify a specific Shipper's account with that TSO.

**Shortfall Imbalance Gas Price** has the meaning given to it in section 10;

**Shortfall in Price** has the meaning given to it in section 12.14

**Short Term Standardized Product** means products as defined under Article 7 of Commission Regulation (EU) No 312/2014 and traded on the Balancing Platform.

**Stakeholder Forum** means the forum established by the Transporter in accordance with Section 22.7.

**Statement** means a Master Statement or a Monthly Statement.

**Submitting Person** has the meaning given to it in Section 22.3(a).

**Surrender** means the release by a Shipper of all or part of its Forward Firm Capacity (other than Forward Firm Daily Capacity) or Commercial Reverse Capacity (other than Commercial Reverse Daily Capacity) at a System Point so that the Transporter can offer such Reserved Capacity as Available Capacity at auctions and **Surrendered** will have an equivalent meaning.

**Surrendered Capacity** means any Reserved Capacity that is the subject of a Surrender Request.

**Surrender Request** means a request by a Shipper to the Transporter for the Surrender of all or part of that Shipper's Forward Firm Capacity (other than Forward Firm Daily Capacity) or Commercial Reverse Capacity (other than Commercial Reverse Daily Capacity).

**System Point** means an Interconnection Point, Entry Point or Exit Point.

**Electronic Data Platform** means the internet application made available by the Transporter to all Registered Parties.

**Reserve Price** means the starting price for the auctions of any Capacity Product in the Transmission System which is determined in accordance with the tariff.

**Tariff** means the tariff applicable to Capacity Products calculated in accordance with the Gas Tariff Methodology approved by the Regulator.

**Tax** means any tax, charge, fee, levy, or other assessment imposed by any Governmental Authority, whether federal, state, local, or otherwise, including all income, withholding, windfall profits, gross receipts, business, environmental tax, value added, capital gain, duties, capital stock, registration, excise, ad valorem, real property, personal property, land, local development, licence, sales, production, occupation, use, service, service use, transfer, payroll, employment, social security (or similar), unemployment, travel, franchise, severance, bonus, or other tax of any kind, as well as any charges and assessments (including any interest, penalties or additions to tax due to or imposed on or regarding any assessment, whether disputed or not, but excluding any royalties, over-riding royalties and like charges), and all stamp or documentary taxes and fees.

**Tender** means an annual tender procedure carried out by the Transporter to procure Balancing Gas Services;

**Trade** means a transfer of Natural Gas between Shippers at the Virtual Trading Point.

**Total Scheduling Charge** has the meaning given to it in section 10;

**Total Transmission Imbalance** means the aggregate of all individual Transmission Imbalance figures.

**Trade Notification** means the prior notification by a Shipper to the Transporter of its Traded Quantities.

**Traded Quantities** means the aggregate quantity of Natural Gas in kWh per Gas Day that has been nominated by a Shipper either:

- (a) for transfer from it to another Shipper at the Virtual Trading Point; or
- (b) for transfer to it from another Shipper at the Virtual Trading Point,

in each case in respect of a specified Pair of Shippers and in accordance with the procedures set out in this Network Code.

**Transfer** means an arrangement between a Shipper and a Registered Party under which the Shipper permits the Registered Party to use some or all of the Shipper's Reserved Capacity and pursuant to which: (a) the Registered Party is able to submit Nominations in place of the Shipper in respect of the Reserved Capacity which is subject to the Transfer in accordance with this Network Code; and (b) all other rights and obligations of the Shipper and the Transporter towards each other in respect of that Reserved Capacity are unaffected. A Transfer is also referred to as a "sublet" in the General Terms and Conditions of Gas Transportation Agreements entered into before the Initial Effective Date.

**Transferred Capacity** means any Reserved Capacity (or part thereof) that is subject to a Transfer.

**Transmission System** means the high pressure Natural Gas pipeline system, including pipes above and below ground and all other related equipment owned, or used and operated, by the Transporter in order to provide the Transportation Services in accordance with this Network Code.

**Transporter** means Albgaz Sh.A.

**Transporter's Final Decision** has the meaning given to it in Section 22.5(a).

**Transmission Imbalance** means, in respect of a particular Shipper on a particular Gas Day:

- (a) in respect of Forward Capacity, an amount calculated in accordance with Section 10.1; and
- (b) in respect of Commercial Reverse Capacity, an amount calculated in accordance with Section 10.2.

**Transportation Services** means the Natural Gas transportation services to be provided by the Transporter to a Shipper under this Network Code.

**TSO** means any operator of a gas transmission system, including the Transporter.

**UFG** means unaccounted for gas, being the positive or negative quantity of Natural Gas in kWh which results from Local Losses and inaccuracies in the Metering Equipment, as calculated in accordance with Section 16.3.

**UFG Cost per kWh** means, in respect of a Gas Month all costs and expenses (including Taxes but excluding the UFG Price per kWh) (in Euro) incurred by the Transporter in relation to the purchase or sale of the UFG calculated in relation to that Gas Month in accordance with Section 16.1(a) divided by the total quantity of UFG calculated in relation to that Gas Month to give a cost in €/kWh.

**UFG Price per kWh** means, in respect of a Gas month the total aggregate that is paid or received by the Transporter in respect of the purchase or sale of the UFG calculated in relation to that Gas Month in accordance with Section 16.1(a) divided by the total quantity of UFG calculated in relation to that Gas Month to give a cost in €/kWh.

**Unplanned Maintenance** means any maintenance of the Transmission System carried out by the Transporter, other than Planned Maintenance, which requires restrictions to be placed on the use of Reserved Capacity while that maintenance is carried out.

**Updated Trade Notification** means a Trade Notification submitted by a Shipper for a particular Gas Day after the deadline for the submission of the initial Trade Notification for that Gas Day.

**UTC** means Coordinated Universal Time, as defined from time to time by the International Telecommunications Union agency of the United Nations.

**Validation** has the meaning given to it in the International Vocabulary of Metrology – Basic and General Concepts and Associated Terms (VIM 3rd edition) - JCGM 200:2012 and the terms **Validate** and **Validated** will have equivalent meanings.

**Verification** has the meaning given to it in the International Vocabulary of Metrology – Basic and General Concepts and Associated Terms (VIM 3rd edition) - JCGM 200:2012 and the terms **Verify** and **Verified** will have equivalent meanings.

**Virtual Trading Point** means a notional location at which Shippers can register Trades of Natural Gas.

**Virtual Reverse Interruptible Capacity** means the transportation capacity in the Transmission System for the Reverse transportation of Natural Gas that is made available to Shippers under this Network Code at the Fier Interconnection Point and that the Transporter is permitted to interrupt at any time for Planned Maintenance, Force Majeure or any of the reasons specified in Section 12.5.

**Withdrawn Capacity** means Reserved Capacity that has been withdrawn by Transporter in accordance with the LT UIOLI procedures specified in Section 13.6.

## 2.2. Naming conventions

- (a) The variables and parameters used in this document are named according to the following naming conventions, unless indicated otherwise:
- (i) indices to *sum* function (e.g.  $\sum_{indice}$ ), *max* and *min* functions:
    - (A)  $d$  = sum of values of each hour in Gas Day  $d$
    - (B)  $m$  = sum of values of each Gas Day in Gas Month  $m$
  - (ii) indices:  $h$  = hourly;  $d$  = daily;  $m$  = monthly;  $y$  = yearly;  $s$  = Shipper
  - (iii) prefix:  $E$  = Entry Point;  $X$  = Exit Point
  - (iv) suffix prime (') = monthly (allocation); no quote means provisional (allocation)
- (b) In this Network Code:
- (i) words denoting the singular include the plural and vice versa, unless the context requires otherwise;
  - (ii) words denoting individuals or persons include all types of Persons, unless the context requires otherwise;
  - (iii) words denoting any gender include all genders, unless the context requires otherwise;
  - (iv) headings are for ease of reference only and do not affect interpretation and are of no legal effect;
  - (v) references to paragraphs, Sections and Appendices mean paragraphs of, Sections of and the Appendices to this Network Code

- (vi) references to this Network Code include any Modification to this Network Code in accordance with Section 22;
- (vii) references to any other agreements or to any law, statute, rule, or regulation mean the same as amended, modified, or replaced from time to time;
- (viii) references to a Party or any Person include its successors and permitted assigns;
- (ix) the words "include" and "including" are deemed to be qualified by a reference to "without limitation";
- (x) a reduction of a Nominated Quantity, Confirmed Quantity or Allocated Quantity will mean a reduction of the absolute value of such quantity and in comparing any such quantities, the lesser of such quantities will mean the lesser of the absolute values of such quantities;
- (xi) a reference to the Transporter's website means the Transporter's corporate website located at <https://albgaz.al/>; and
- (xii) words, phrases, or expressions that are not defined in this Network Code but that have a generally accepted meaning in the practice of measurement and metering in the international businesses of production, transportation, distribution, and sale of Natural Gas have that meaning.



### 3. REGISTERED PARTIES

#### 3.1. Application to become a Registered Party

- a) Any Person that wishes to become a Registered Party must apply to become a Registered Party by submitting the Application Documents to the Transporter and paying the Registration Fee to the Transporter. A Person will only become a Registered Party following receipt of a Registration Confirmation from the Transporter and a duly executed copy of the Accession Agreement.
- b) Any Person applying to become a Registered Party must deliver the following documents to the Transporter's address, which will be set out in the Registration Form:
  - (i) a completed and signed Registration Form;
  - (ii) all supporting documents specified in the Registration Form and evidence that such Person satisfies one or more of the Credit Limit Criteria; and
  - (iii) a completed and signed Accession Agreement,together, the **Application Documents**.
- c) The Transporter will notify any Person that has submitted the Application Documents of the completeness or incompleteness of those documents by no later than five Business Days after the Transporter's receipt of those documents.
- d) If the notification referred to in paragraph (c) above:
  - (i) contains confirmation from the Transporter that the Application Documents are incomplete, then the application will be rejected but the relevant Person may, at any time, complete and resubmit those documents without the need to pay the Registration Fee; or
  - (ii) contains confirmation from the Transporter that the Application Documents are complete, the Transporter will (acting in its sole discretion) assess whether the relevant Person has met all the requirements to become a Registered Party.
- e) Following receipt of a notification of completeness referred to in paragraph (c) above, the relevant Person must ensure that the Person nominated by it in the Registration Form to manage that Person's communications using Edig@s (which may be a third party professional services firm) passes a communication test to be arranged by the Transporter as part of the application process.
- f) If the Transporter determines that the relevant Person has met all the requirements to become a Registered Party, the Transporter will execute the Accession Agreement and provide written confirmation to the relevant Person (the Registration Confirmation) within 45 Business Days of a notification of completeness referred to in paragraph (c) above, stating:
  - (i) that such Person has been accepted as a Registered Party and entered into the Registry;
  - (ii) the Credit Limit that is applicable to that Person;
  - (iii) a Shipper Account Code to be used by that Person with respect to any purchase of Forward Firm Capacity or Forward Interruptible Capacity; and
  - (iv) separate Shipper Account Codes for each Reverse Route to be used by that Person with respect to any purchase of Reverse Capacity.

- g) Persons that hold Reserved Capacity under an Agreement entered into before the Initial Effective Date and are original signatories to the Framework Agreement will automatically be entered into the Registry as a Registered Party without the need to submit a Registration Form. However, until such time as those Persons provide the supporting documents that are specified in the Registration Form as being required to evidence that Person's achievement of one or more Credit Limit Criteria the Credit Limit applicable to those Persons as Registered Parties will be zero.

### 3.2. Updates to information

- a) Each Registered Party must, no more than 15 Business Days before the start of each Gas Year, provide a notice in writing to the Transporter:
  - (i) confirming that no information provided by that Registered Party in the Application Documents has changed since the last confirmation given by that Registered Party; or
  - (ii) identifying the information provided by that Registered Party in the Application Documents that has changed.
- b) Each Registered Party must, in addition to the obligations set out in paragraph (a) above, provide a notice in writing to the Transporter identifying any material change to the information provided by that Registered Party in the Application Documents, promptly upon becoming aware of any such material change.
- c) Each Registered Party that notifies the Transporter of a change to any of the information provided by that Registered Party in the Application Documents must submit revised versions of the Application Documents that are affected by that change within five Business Days' of that notification and must co-operate with any request that the Transporter may make for further information or documentation relating to that change.

### 3.3. Rights and obligations of Registered Parties

- a) A Registered Party's rights include, but are not limited to, the right to:
  - (i) participate in auctions and purchase Capacity Products in accordance with the procedures set out in Section 6;
  - (ii) trade Capacity Products with other Registered Parties in accordance with Section 7; and
  - (iii) access the Electronic Data Platform and the Capacity Booking Platform.
- b) Each Registered Party must at all times maintain a Credit Limit of not less than the Minimum Credit Limit by continuously meeting one or more of the Credit Limit Criteria unless that Registered Party holds Alternative Credit Support Capacity.
- c) A Registered Party that becomes a Shipper will, as well as being a Shipper, remain a Registered Party for the purpose of this Network Code.

### 3.4. Removal from the Registry

- a) A Registered Party that wishes to cease being a Registered Party may notify the Transporter in writing of its intention to cease being a Registered Party if it no longer has any Reserved Capacity. The Transporter will, on the later of ten Business Days after receipt of such notice or the date on which outstanding amounts payable by the Registered Party have been settled, remove that Registered Party from the Registry and confirm in writing to that Registered Party that it is no longer a Registered Party.

- b) Subject to (c), the Transporter may remove a Registered Party from the Registry and confirm in writing to that Registered Party that it is no longer a Registered Party if:
- (i) that Registered Party ceases to maintain a Credit Limit of at least the Minimum Credit Limit unless such Person holds any Alternative Credit Support Capacity;
  - (ii) an Accession Agreement that such Registered Party is a party to is terminated by the Transporter before the end of its term and that Registered Party is not party to any other Gas Transportation Agreements;
  - (iii) following submission by a Registered Party of any revised Application Documents, the Transporter (acting in its sole discretion) determines that the revised versions of those documents demonstrate that such Registered Party no longer meets its requirements to be a Registered Party as set out above; or
  - (iv) if:
    - A. that Registered Party voluntarily commences any proceeding or files any petition seeking its liquidation, reorganisation, dissolution, winding-up, composition, or other relief (including any petition seeking the postponement of such proceedings or the grant of a moratorium) under any bankruptcy, insolvency, receivership, or similar Laws applicable to that Registered Party or consents to the commencement of any proceeding or the filing of any petition against it under any similar Law;
    - B. any corporate action, legal proceeding or other procedure or step is taken in relation to assignment for the benefit of that Registered Party's creditors in the context of insolvency or it admits in writing its inability to pay its debts generally as they become due, it ceases to make payments on account of its debts generally as they become due or it becomes over-indebted within the meaning of any applicable Laws;
    - C. that Registered Party consents to the appointment of a receiver, trustee, or liquidator over its or any part of its assets or undertakings;
    - D. a person files a petition seeking the liquidation, reorganisation, dissolution, winding-up, composition, or other relief for that Registered Party or the granting of a moratorium with respect to that Registered Party under the provisions of any bankruptcy, insolvency, receivership, or similar Laws applicable to it, and the petition is not dismissed within 60 Days after the filing;
    - E. a court of competent jurisdiction enters an order or decree appointing a receiver, liquidator, or trustee for that Registered Party or any of its assets and the receiver, liquidator, or trustee is not discharged within 60 Days after the date of the order or decree;
    - F. a court of competent jurisdiction enters an order or decree adjudicating that Registered Party to be bankrupt or insolvent or granting a moratorium with respect to that Registered Party, and the order or decree is not stayed or discharged within 60 Days after the date of the order or decree;
    - G. that Registered Party causes or is subject to any event with respect to it which, under the applicable Laws of any jurisdiction, has the analogous effect to any of the events specified in paragraphs (A) to (F) above; or
    - H. any of the circumstances set out in Section 20.2(a).

- c) Where the Registered Party referred to in paragraph (b) above is a licensed entity, the Transporter will liaise with the Regulator to determine the date of removal from the registry or alternatively whether suspension of rights under Section 20 is more appropriate.
- d) The removal of a Person from the Registry is without prejudice to any rights and obligations of that Person as a Shipper or a Registered Party that accrued prior to such removal.
- e) For the avoidance of doubt, references to a Shipper ceasing to be a Party to this Code shall also mean that the Shipper shall cease to be a party to the Framework Agreement and, if applicable, the Shipper's Accession Agreement shall terminate.

## 4. CREDIT ISSUES

### 4.1. Assigning an initial Credit Limit

a) The Transporter will, in respect of each Person that applies to become a Registered Party and that meets one or more of the Credit Limit Criteria, set a Credit Limit for that Person in accordance with Section 4.3 and notify that Person of its Credit Limit in the Registration Confirmation.

b) Persons applying to become a Registered Party must satisfy one or more of the following criteria (together, the Credit Limit Criteria) before being assigned a Credit Limit by the Transporter in accordance with Section 4.3:

- (i) that Person has procured a Standard Bank Letter of Credit in favour of the transporter;
- (ii) that Person has paid at least the Minimum Credit Limit into a Cash Collateral Account; or
- (iii) provided credit support in another form agreed by the authority.

### 4.2. Updating Credit Limits

a) The Credit Limit of a Registered Party may be retested and revised, either upwards or downwards:

- (i) at any time, at the request of that Registered Party, if that Registered Party has put or intends to put new credit support in place that meets one or more of the Credit Limit Criteria;
- (ii) at any time, by the Transporter, if it reasonably believes that a retesting of the Credit Limit currently assigned to a Registered Party would result in a revised Credit Limit being calculated; and
- (iii) as part of an annual retesting of the Credit Limits assigned to all Registered Parties that the Transporter will conduct on or before 30 June in each Gas Year.

b) If the Credit Limit of a Registered Party is to be retested and revised, as described in paragraph (a)(i) above:

(i) the Registered Party that is seeking to have its Credit Limit revised must notify the Transporter in writing that it is seeking to have its Credit Limit revised and detail in that notification the new credit support that meets one or more of the Credit Limit Criteria that is already in place or that the Registered Party intends to put in place;

(ii) the Transporter shall, by no later than ten Business Days after receipt of the notification referred to in paragraph (i) above, notify the Registered Party of:

A. in the case of new credit support that is already in place that meets one or more of the Credit Limit Criteria, the revised Credit Limit that is applied to that Registered Party by the Transporter; or

B. in the case of new credit support that the Registered Party intends to put in place that would meet the Credit Limit Criteria once it is put in place, the revised Credit Limit that will be applied to that Registered Party by the Transporter if the proposed new credit support is put in place;

(iii) after receipt of the notification referred to in paragraph (ii)(B) above, the Registered Party must take all steps that are required to effect the new credit support and once all such steps have been taken, must notify the Transporter that all such steps have been taken, after which the

Transporter must, within ten Business Days, notify the Registered Party of the revised Credit Limit that is applied to that Registered Party by the Transporter.

- c) If the Credit Limit of a Registered Party is to be retested, as described in paragraph (a)(ii) above:
- (i) the Registered Party must co-operate with the Transporter and provide such information within its control as the Transporter may reasonably request for the purpose of retesting that Credit Limit; and
  - (ii) if such testing results in a revision to the Credit Limit, the Transporter must notify the relevant Registered Party of:
    - A. the reasons why the Transporter has decided to retest the Registered Party's Credit Limit; and
    - B. the revised Credit Limit that has resulted from that retesting.
- d) If the Credit Limit of a Registered Party is to be retested and revised, as described in paragraph (a)(iii) above, the Transporter must notify each Registered Party that has had its Credit Limit revised following that retesting of the revised Credit Limit that has resulted from that retesting.
- e) Without prejudice to any other rights or remedies available to the Transporter under this Network Code, if a Registered Party has its Credit Limit revised and, as a result of that revised Credit Limit, its Available Credit is less than zero then such Registered Party must promptly take such steps as are necessary to increase its Credit Limit such that its Available Credit is at least zero.

#### 4.3. Determining the Credit Limit

- a) If a Registered Party or a Person that is applying to become a Registered Party satisfies the Credit Limit Criterion by providing a Bank Letter of Credit, the Credit Limit that will be applied to that Registered Party or Person (or, if applicable, the portion of the Credit Limit that will be attributable to that Credit Limit Criterion) in respect of each such Bank will be:
- (i) if the Bank has a minimum AAA rating, any limit on the amount in Euros that can be demanded under that Bank Letter of Credit; or
  - (ii) if the Bank does not possess a AAA rating, the Credit Limit Percentage multiplied by the amount in Euros that can be demanded under that Bank Letter of Credit where a table of Credit Limit Percentage values will be provided on the Transporter's website.
- b) If a Registered Party or a Person that is applying to become a Registered Party satisfies the Credit Limit Criterion using a Cash Collateral Account, the Credit Limit that will be applied to that Registered Party or Person (or, if applicable, the portion of the Credit Limit that will be attributable to that Credit Limit Criterion) will be the balance standing to the credit of that Cash Collateral Account that is available for application by the Transporter.
- c) If a Registered Party or a Person that is applying to become a Registered Party satisfies the Credit Limit Criterion using an alternative form approved by the Regulator, the Credit Limit that will be applied to that Registered Party or Person (or, if applicable, the portion of the Credit Limit that will be attributable to that Credit Limit Criterion) will be determined in accordance with the approval notice published by the Regulator.
- d) If a Registered Party or a Person that is applying to become a Registered Party satisfies more than one Credit Limit Criteria, the Credit Limit that will be applied to that Registered Party or Person will be the aggregate of the portions of the Credit Limit that are applied to that Registered Party under paragraphs (a), (b) and (c) above (as applicable).

#### 4.4. Initial Available Credit

- a) Prior to reserving Capacity, a Registered Party will be deemed to have Available Credit equal to its Credit Limit.
- b) A Registered Party's Available Credit will be reduced by each quantity of Reserved Capacity (except for Alternative Credit Support Capacity) that such Registered Party books through auction or acquires by way of Assignment in accordance with the calculation set out in Section 4.5.
- c) No Registered Party may book through auction or acquire by Assignment any Reserved Capacity that would reduce its Available Credit to less than zero following the calculation set out in paragraph 4.5 below being made

#### 4.5. Calculation of Available Credit

- a) The Available Credit of a Registered Party will be updated each Gas Day and immediately following:
- (i) that Registered Party booking through auction, or acquiring by Assignment, a Capacity Product (except for Alternative Credit Support Capacity); or
  - (ii) the update of that Registered Party's Credit limit,

in accordance with Section 4.2 in accordance with the following formulae:

$$\text{Available Credit} = \text{Credit Limit} - \text{Indebtedness}$$

where:

Indebtedness means the aggregate (without double-counting) of:

- A. all unpaid amounts set out in a Monthly Statement that the Transporter has issued to the Shipper;
- B. all Monthly Charges for all Reserved Capacity that the Shipper holds for any prior Gas Month (for which a Monthly Statement has not been issued), the current Gas Month and each of the following 12 Gas Months, with a Credit Multiplier applying to each Monthly Charge in respect of Gas Months up to the third Gas Month following the current Gas Month; and
- C. a reasonable estimate of the Monthly Charges arising from Gas Balancing for the current Gas Month.

in each case excluding any Monthly Charges for Alternative Credit Support Capacity.

- b) The Transporter will notify a Registered Party when the Available Credit calculated in accordance with this section is less than [10]% of the Registered Party's Credit Limit.

#### 4.6. Realisation of Credit Support

- a) In the event that the shipper fails to pay any amount payable to the transporter when due, the transporter shall be entitled to draw, encash or collect such amounts from the Credit Support provided pursuant to Section 4.1.
- b) In the case of any such draw, encashment or collection, the shipper shall ensure that the credit support is replaced, replenished or renewed to the satisfaction of the transporter within [seven (7) days] of such draw, encashment or collection.

c) Failure to replace, replenish or renew the Credit Support to the satisfaction of the Transporter shall constitute a material breach for the purposes of Section 19 or Section 20.

#### 4.7. Release of credit support

a) If a Person ceases to be a Registered Party, the Transporter will return to such Person any Bank Letter of Credit procured by such Person and any amounts standing to the credit of a Cash Collateral Account relating to that Person within 30 days of being satisfied that all amounts due and payable by such Person have been irrevocably discharged in full and no further amounts may become due.



## 5. CAPACITY PRODUCTS

### 5.1. Available Capacity as Capacity Products

- a) The Transporter will:
  - (i) offer Available Capacity to Registered Parties to purchase in the form of Capacity Products in accordance with the provisions of this Network Code;
  - (ii) ensure that Available Capacity in relation to each Auction Point is, for each auction, published on the Capacity Booking Platform; and
  - (iii) ensure that the Tariff that is applicable to each Capacity Product that is offered by the Transporter is published on its website.
- b) Purchasing Capacity Products is only open to Registered Parties who are original signatories to the Framework Agreement or have acceding to the Framework Agreement through a duly executed Accession Agreement. The procedure for booking Capacity Products is set out in Section 6.

### 5.2. Forward Firm Capacity

- a) The Transporter will make Forward Firm Long Term Capacity available at each System Point based on the existing available capacity and incremental capacity identified in accordance with Market Tests.
- b) In accordance with the CAM Network Code, the Transporter will offer the following Capacity Products for Forward Firm Short-Term Capacity for purchase by Registered Parties:
  - (i) Forward Firm Yearly Capacity;
  - (ii) Forward Firm Quarterly Capacity;
  - (iii) Forward Firm Monthly Capacity; and
  - (iv) Forward Firm Daily Capacity.
- c) The Transporter will offer Forward Firm Long-Term Capacity for purchase by Registered Parties as multiples of Forward Firm Yearly Capacity;
- d) Forward Firm Capacity is offered independently at each System Point and therefore Registered Parties must separately book Forward Firm Capacity at the required Entry Point(s) and/or Exit Point(s).

### 5.3. Forward Interruptible Capacity

- a) The only Forward Interruptible Capacity product offered by the Transporter is Forward Daily Interruptible Capacity.
- b) Forward Daily Interruptible Capacity will be offered by the Transporter for purchase by Registered Parties at a System Point on a Day Ahead and Within Day basis only when there is no Available Capacity for Forward Firm Capacity at that System Point.
- c) Forward Interruptible Capacity is offered independently at each System Point and therefore Registered Parties must separately book Forward Interruptible Capacity at the required Entry Point(s) and/or Exit Point(s).

#### 5.4. Reverse Capacity

- a) The only Reverse Capacity product offered by the Transporter is Virtual Reverse Capacity at the Fier Interconnection Point.
- b) Virtual Reverse Interruptible Capacity will be offered by the Transporter for purchase by Registered Parties at the Fier Interconnection Point on a Day Ahead basis only when there is no Available Capacity for Forward Firm Capacity at the Exit Point comprised within that Interconnection Point.

## 6. CAPACITY BOOKING

### 6.1. Access to Capacity Booking Platform

- a) Except for Capacity Products allocated prior to the Initial Effective Date, if a Registered Party wants to book Reserved Capacity at an Auction Point it must do so through the Capacity Booking Platform. It is the responsibility of each Registered Party to accept and comply with the access requirements of the Capacity Booking Platform, as set out in the terms and conditions of the Capacity Booking Platform.
- b) For the avoidance of doubt, participation in an Auction to book Reserved Capacity on the Transmission System is only open to Registered Parties who are original signatories to the Framework Agreement or have acceding to the Framework Agreement through a duly executed Accession Agreement.

### 6.2. Auction Calendar

- a) Capacity Products will be offered for subscription through the Capacity Booking Platform in accordance with this Section 6 and according to the Auction Calendar established under the CAM NC which is updated annually and will be published on the Transporter's website.
- b) Not less than [7] days prior to the relevant Auction Date, Shippers may express their intention to participate in the auction by submitting an auction interest form available on the Transporter's website.
- c) The Transporter reserves the right to cancel an auction and allocate capacity in accordance with Section 6.12 where no Shippers have expressed an interest in participating in the auction.

### 6.3. Forward Capacity: Booking

- a) Registered Parties can purchase Capacity Products for Forward Capacity at Auction Points through auctions conducted on the Capacity Booking Platform.
- b) The Transporter will offer the following Capacity Products for Forward Firm Capacity at Auction Points in the following order of priority at each System Point for so long as there is sufficient remaining Available Capacity to accommodate those Capacity Products:
  - (i) Forward Firm Yearly Capacity for the following Gas Year at annual auctions;
  - (ii) Forward Firm Quarterly Capacity for each Gas Quarter in the same Gas Year at rolling quarterly auctions;
  - (iii) Forward Firm Monthly Capacity for the following Gas Month at monthly auctions;
  - (iv) Forward Firm Daily Capacity on a Day-Ahead basis at daily auctions; and
  - (v) Forward Firm Daily Capacity on a Within Day basis at hourly auctions
- c) The Transporter will offer Forward Firm Yearly Capacity at each System Point for each of the following [14] Gas Years (from and including the Gas Year immediately following the Gas Year auctioned under paragraph (b)(i) above) at each annual auction for Forward Firm Yearly Capacity for so long as there is sufficient remaining Available Capacity to accommodate that Forward Firm Yearly Capacity after excluding the capacity that the Transporter must reserve for short-term products in accordance with Article 8 of the CAM Network Code.

- d) The Transporter will offer Forward Daily Interruptible Capacity at Auction Points through a daily auction on a Day Ahead and Within Day basis only if all Available Capacity for Forward Firm Capacity for that System Point and Gas Day has been fully booked.

#### 6.4. Forward Capacity: Bundling

- a) Forward Capacity will be offered as Bundled Capacity at each Interconnection Point, to the extent that capacity is available on both sides of that Interconnection Point. If the amount of a particular Capacity Product for Forward Firm Capacity on offer at an Interconnection Point by the Transporter is different from the amount of capacity on offer by the Adjacent TSO for the same standard capacity product, the lower of the two amounts will be offered as Bundled Capacity and the remaining capacity will be offered as unbundled capacity on the relevant side of the Interconnection Point.
- b) Bundled Capacity at a specific Interconnection Point will be offered through auctions held on the Capacity Booking Platform. Registered Parties can book forward capacity on each side of an Interconnection Point as Bundled Capacity through a single booking procedure for each Interconnection Point.
- c) The Reserve Price of any Forward Capacity offered as Bundled Capacity shall be the aggregate of the Reserve Price and the reserve price for the relevant capacity product offered by the Adjacent TSO in accordance with the tariff rules of the relevant Adjacent TSO.
- d) The Transporter will coordinate with the Adjacent TSOs to maximise Forward Capacity available as Bundled Capacity on offer at each Interconnection Point.

#### 6.5. Reverse Capacity: Booking

- a) Registered Parties can purchase Capacity Products for Reverse Capacity at Auction Points through auctions conducted on the Capacity Booking Platform.
- b) The Transporter will offer the following Capacity Products for Reverse Capacity at Auction Points in the following order of priority for so long as there is remaining Available Capacity:
  - (i) Reverse Interruptible Daily Capacity on a Day-Ahead basis at daily auctions; and
  - (ii) Reverse Interruptible Daily Capacity on a Within Day basis at hourly auctions

#### 6.6. Reverse Capacity: Bundling

- (a) Reverse Capacity will be offered as Bundled Capacity to the extent that capacity is available on both sides of the Interconnection Point.
- (b) Bundled Capacity will be offered through auctions held on the Capacity Booking Platform. Registered Parties can book capacity on each side of the Interconnection Point as Bundled Capacity through a single booking procedure.
- (c) The Reserve Price of any Reverse Capacity offered as Bundled Capacity shall be the aggregate of the Reserve Price set by the Adjacent TSO and the reserve price for the TAP Entry Point offered by the TAP Transporter in accordance with the tariff rules of TAP Transporter.
- (d) The Transporter will coordinate with Adjacent TSOs to maximise Reverse Capacity available as Bundled Capacity on offer at an Interconnection Point.

#### 6.7. Conduct of Auctions

- (a) Auctions for Forward Firm Capacity other than Forward Firm Daily Capacity will apply an ascending clock auction algorithm, enabling Registered Parties to place volume bids against escalating prices

announced in consecutive bidding rounds, starting at the Reserve Price. Ascending clock auctions will be conducted in accordance with the procedures and algorithm set out in the CAM Network Code.

- (b) Auctions for Forward Firm Daily Capacity, Reverse Daily Capacity and Forward Day-Ahead Interruptible Capacity will apply a uniform price auction algorithm, under which there is a single bidding round in which Registered Parties bid price as well as an amount of capacity. Uniform price auctions will be conducted in accordance with the procedures and algorithm set out in the CAM Network Code.
- (c) The Transporter will only accept bids that are, in accordance with Section 4.4, within the Available Credit of a Registered Party.

#### 6.8. Publication of auction results

- (a) Auction results will be published by the Transporter on the Capacity Booking Platform after each bidding round has closed. Registered Parties will be notified on an individual basis of the Reserved Capacity that they have booked at the relevant auction. The Transporter will make available aggregated information on auction results by posting this information on its website.
- (b) For auctions of Forward Firm Capacity and Reverse Capacity other than Forward Firm Daily Capacity and Reverse Daily Capacity, results will be published on the next Business Day following the closing of bidding.
- (c) For Forward Firm Daily Capacity, Reverse Daily Capacity and Forward Day Ahead Interruptible Capacity auctions, results will be published no later than 30 minutes after the closing of bidding.

#### 6.9. Auction Premium

- (a) For Bundled Capacity, if an auction results in an Auction Premium then the Auction Premium will be allocated to the Regulator's Special Fund in accordance with the Joint Opinion according to a percentage allocation that is notified by the Capacity Booking Platform. This percentage allocation will be agreed between the Transporter and the relevant Adjacent TSO and is subject to approval by the relevant NRA. For Capacity Products that are not offered as Bundled Capacity, the full amount of the Auction Premium will be for the Regulator's Special Fund.
- (b) The Transporter's share of any Auction Premium will, together with the Reserve Price, be paid by the relevant Shipper under terms of the Tariff published on the Transporter's website.

#### 6.10. Incremental Capacity Process

- (a) The Transporter will perform Market Tests at least every two years from the Initial Effective Date, in line with Chapter V of the CAM NC using procedures approved by the Regulator and published on the Transporter's website from time to time.
- (b) The Market Test procedures will be specific to the Albanian Transmission System and will be developed taking into account applicable regulations and the requirements of the CAM Network Code.

#### 6.11. Capacity Ratchet

- (a) At a System Point, if in respect of a Gas Flow Day in any Month M a Shipper is allocated a quantity of gas in excess of its' Reserved Forward Capacity at that System Point (a "Ratchet Month"), it shall be liable to pay a Ratchet Charge as calculated in accordance with (iii) below and it shall be allocated and registered as holding an additional amount of Forward Capacity in accordance with the following:
  - (i) the amount by which the Shippers' Allocated Quantity at the System Point exceeds the Shippers' Forward Capacity on any Gas Flow Day shall be a "Ratchet Amount";

(ii) from M+1 the Shipper shall be allocated an additional amount of Reserved Capacity at the System Point to the extent that sufficient remaining Available Capacity has not been booked, equal to the highest Ratchet Amount in the Ratchet Month, such additional Reserved Capacity to be allocated to and registered as held by the Shipper until the end of the Gas Year;

(iii) a Ratchet Charge (or “RC”) will be payable calculated as follows:

$$RC = RA_{\max} \times P \times t$$

where:

$RA_{\max}$  is the highest Ratchet Amount in the Ratchet Month;

P is the Actual Monthly Transmission Charge; and

t is the no of months (including M) since the start of the Gas Year.

(b) Where a Shipper is allocated additional Forward Capacity as a result of the application of this section 6.11 its Reserved Capacity shall be amended such that the increase takes effect from M+1.

#### 6.12. Access to Capacity at System Points that are not Auction Points

- a) Registered Parties can purchase Capacity Products for Forward Capacity at System Points that are not Auction Points by submitting a request to the Transporter.
- b) Requests for Capacity Products under this section 6.12 may only be made in accordance with the timetable published on the Transporter’s website.
- c) A separate request is required for each Capacity Product and System Point.
- d) The request must contain the following information:
  - (i) the System Point;
  - (ii) the Capacity Product;
  - (iii) the quantity of Capacity requested; and
  - (iv) the Registered Party making the request.
- e) Following receipt of the request to purchase Capacity Products, the Transporter will validate the request within one clear Business Day of receiving such request.
- f) The Transporter will allocate transmission system capacity in accordance with the received requests to purchase Capacity Products and in accordance with the Available Capacity at each System Point and independently at each System Point.
- g) The Transporter will only allocate Forward Daily Interruptible Capacity in accordance with this section if all Available Capacity for Forward Firm Capacity for that System Point and Gas Day has been fully booked.
- h) If the Available Capacity exceeds or is equal to the total requested capacity, for an individual System Point the Transporter allocates the capacity in accordance with the requests to purchase Capacity Products.

- i) If the Available Capacity is less than the total requested capacity, for an individual System Point the Transporter allocates the capacity on a First Come First Served basis with capacity allocated in order of receipt with the final request considered being only partially fulfilled until no further Available Capacity.
- j) Registered Parties making a request to purchase Capacity Products in accordance with this section 6.12 acknowledge that Capacity Products for Forward Capacity at System Points that are not Auction Points is made available in accordance with the Tariff published on the Transporter's website.
- k) Registered Parties making requests in accordance with this section 6.12 will be notified on an individual basis of the Reserved Capacity that they have allocated on the next Business Day following the allocation process.

## 7. SECONDARY MARKET

### 7.1. Access to the Secondary Market

- (a) The Secondary Market is the trading of Reserved Capacity between an Offering Shipper and another Registered Party which will take place either as an Assignment or a Transfer.
- (b) The Transporter will facilitate the trading of Reserved Capacity on the secondary market to Registered Parties:
  - (i) in respect of Transfers, using the Capacity Booking Platform; and
  - (ii) in respect of Assignments, following the procedure set out in Section 7.3,
- (c) enabling a Shipper to trade all or part of its Reserved Capacity in accordance with this Network Code.
- (d) If a Registered Party wants to gain access to Reserved Capacity by way of a Transfer, it must do so through the Capacity Booking Platform. It is the responsibility of each Registered Party intending to acquire Reserved Capacity by way of Transfer to accept and comply with the access requirements of the Capacity Booking Platform, as set out in the terms and conditions of the Capacity Booking Platform.
- (e) If a Registered Party wants to accept an Assignment of all or part of some Reserved Capacity, it must do so by completing an Assignment Form in accordance with Section 7.3.

### 7.2. Procedure for Transfers

- (a) The Transporter will procure that the Capacity Booking Platform will support the following procedures for Transfers of Reserved Capacities:
  - (i) Over-the-Counter (OTC) trading, where an Offering Shipper and a Registered Party trade bilaterally;
  - (ii) Call for Orders (CFO), where an Offering Shipper submits a Transfer proposal open to responses of Registered Parties and chooses the response it accepts; and
  - (iii) First Come First Served (FCFS), where an Offering Shipper submits a Transfer proposal open to responses of Registered Parties and automatically accepts responses based on the order in which those responses are received.
- (b) For the Call For Orders procedure, a Shipper can create a list of possible counterparties on the Capacity Booking Platform.
- (c) A Shipper may withdraw its Transfer proposal prior to receiving a response from a Registered Party, but not after.
- (d) If an Offering Shipper and a Registered Party confirm a matching trade made as a Transfer, the Offering Shipper must notify the Transporter through the Capacity Booking Platform. The notification from the Offering Shipper must contain the following information in relation to a Transfer:
  - (i) the System Point;  
the Capacity Product;
  - (ii) the quantity of Reserved Capacity subject to the Transfer and the duration of the Transfer;  
and



- (iii) the Registered Party assuming the rights to the Reserved Capacity subject to the Transfer.
- (e) Following receipt of notification of the Transfer, the Transporter will then validate the Transfer within one clear Business Day of receiving such notification, if the Transfer complies with the conditions for Transfers of Reserved Capacities set out in this Section 7.
- (f) Completed Transfers will be registered and shown on the relevant Capacity Booking Platform.

### 7.3. Procedure for Assignments

- (a) An Offering Shipper wishing to transfer rights and obligations relating to Reserved Capacity through an Assignment and the Registered Party wishing to assume those rights and obligations (the Potential Assignee) shall submit a duly completed Assignment Form to the Transporter not later than 33 Business Days before the proposed date of such Assignment.
- (b) The Transporter must, within two Business Days of receipt of an Assignment Form, confirm to the Offering Shipper and the Potential Assignee whether or not the Assignment Form has been duly completed.
- (c) Following receipt of a duly completed Assignment Form, the Transporter must determine whether the proposed Assignment to the Potential Assignee satisfies the conditions set out in Section 7.4. If, under a Gas Transportation Agreement entered into before the Initial Effective Date, the Transporter's consent is required for an Assignment, the Transporter must exercise that consent in accordance with the terms of that Gas Transportation Agreement.
- (d) The Transporter reserves the right to promptly consult with the Regulator about the potential Assignment. In the event of such consultation, both the Offering Shipper and the Potential Assignee must provide such information within their control as the Transporter may reasonably require in order to facilitate the consultation with the Regulator.
- (e) If the proposed Assignment is in respect of Alternative Credit Support Capacity:
  - (i) the Transporter may require the Potential Assignee to provide such further information as the Transporter reasonably requires in order to assess that Potential Assignee's compliance with the credit support requirements of Section 4 governing the terms of the relevant Reserved Capacity as part of its validation of the proposed Assignment; and
  - (ii) the proposed Assignment will not become effective until the Potential Assignee has satisfied the credit support requirements set out in Section 4.
- (f) The Transporter must, within five Business Days of notifying the Offering Shipper that its Assignment Form has been duly completed, notify the Offering Shipper whether it requires any further information or consultation in accordance with paragraphs (e) or (f).
- (g) The Transporter will notify the Offering Shipper and the Potential Assignee whether or not the Assignment has been accepted by the Transporter by no later than the later of;
  - (i) 23 Business Days after the conclusion of any consultation and the receipt of such further information as the Transporter may require, as notified in accordance with paragraph (g) above; and
  - (ii) 30 Business Days after receipt of the duly completed Assignment Form.
- (h) If the Transporter has not accepted that Assignment and the Transporter will provide reasons for that non-acceptance.
- (i) If the Transporter has determined that the Assignment is successful the Transporter must, with that notification, specify the first Gas Day on which the proposed Assignment will be effective (being

the later of three Business Days after the date of notification and the date specified in the Assignment Form but subject to paragraph (f)(ii) above if applicable).

#### 7.4. Conditions to Secondary Market Trades

- (a) The following conditions apply to trading of capacities on the Secondary Market:
  - (i) Only Registered Parties can trade Reserved Capacity;
  - (ii) Reserved Capacity that was originally allocated as Bundled Capacity can only be resold as Bundled Capacity. Unbundled capacity can only be resold as unbundled capacity (but can be converted into Bundled Capacity by agreement of the relevant TSOs);
  - (iii) The minimum period for an Assignment or Transfer is one Gas Day;
  - (iv) The maximum period for an Assignment or Transfer is the full duration of the Reserved Capacity being traded; and
  - (v) The Transporter will only validate an Assignment of Reserved Capacity (other than Alternative Credit Support Capacity) to a Registered Party which is within the Available Credit for that Registered Party.
- (b) The terms and conditions of the Reserved Capacity are not impacted by trading on the Secondary Market.
- (c) If the Shipper offers an amount of Reserved Capacity for Surrender and on the secondary market, which in aggregate exceeds its Reserved Capacity, the Transporter will reject the trade notification corresponding to the trade on the secondary market.

#### 7.5. Effect of Secondary Market Trades

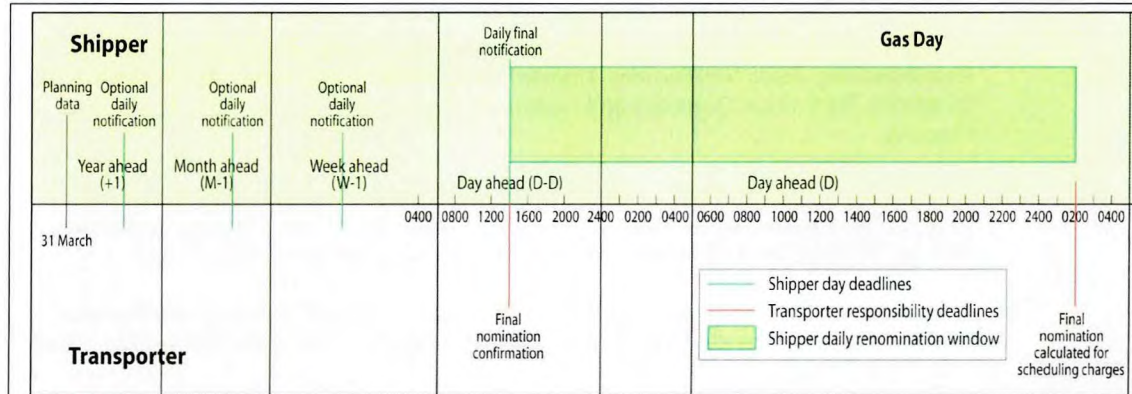
- (d) For any Transferred Capacity, for the duration of the Transfer the Transporter will only accept Nominations, Renominations and Trade Notifications in respect of that Transferred Capacity from the Accepting Party. The Offering Shipper will have no right to make Nominations, Renominations or Trade Notifications in respect of the Transferred Capacity and the Transporter will reject any such nomination or notification received from the Offering Shipper for the duration of that Transfer. Subject to Section 7.6, all other rights and obligations (including payment obligations) in respect of the Transferred Capacity remain with the Offering Shipper and the Offering Shipper will continue to be treated as the "Shipper" in respect of that Transferred Capacity.
- (e) For any Assigned Capacity, for the duration of the Assignment all rights and obligations in respect of that Assigned Capacity will vest in the Registered Party accepting the Assignment of that Assigned Capacity. Without prejudice to any accrued rights or obligations, the Offering Shipper will cease to have any rights and will be released from all obligations in respect of the Assigned Capacity for the duration of the Assignment.

#### 7.6. Notices for Transfers of Reserved Capacity

- (a) For any Transferred Capacity, the following adjustments to the communications provisions in this Network Code will apply for the duration of that Transfer:
- (b) The Transporter will send to the Accepting Party:
  - (i) copies of any:
    - A. Capacity Restriction Notice, Capacity Restriction Termination Notice, Interruption Notice and Interruption Termination Notice; and
    - B. Planned Maintenance Notice and any notices pursuant to Section 11.3 or 11.4;

- at the same time as they are sent to the Offering Shipper to the extent that they relate to the Transferred Capacity;
- (ii) any Confirmed Quantity Notices and any communication in respect of Nominations, Renominations, Trade Notifications, Updated Trade Notifications, Nominated Quantities, Traded Quantities, Provisional Quantities and Confirmed Quantities, in respect of the Transferred Capacity;
  - (iii) copies of any communication in relation to Allocated Quantities or the matters set out in Sections 10.4 or 10.6 in respect of the Transferred Capacity at the same time as they are sent to the Offering Shipper (but without any redaction pursuant to paragraph (c) below); and
  - (iv) at the same time as it sends any Statement to the Offering Shipper, details of the Allocated Quantities in respect of the Transferred Capacity for each Gas Day in the relevant Gas Month;
- (c) the Transporter will not send to the Offering Shipper any of the notices or other communications specified in paragraph (b)(ii) above; and
- (d) For any Transferred Capacity that is Bundled Capacity, the Transporter will exclude from any Statement and any communication in relation to Allocated Quantities in relation to any Transferred Capacity for each Pair of Shippers details of the shipper in the Interconnected System that is receiving Natural Gas from the Accepting Party.

## 8. NOMINATIONS



**Figure 2 – Schematic showing nominations and re-nominations process**

### Notes

1. **Explanation of figure** – The purpose of the above diagram is to provide an example of how the nominations and renominations process works.
2. **Advance nominations** – In many respects the requirement to provide information from one week to up to one year in advance is there to facilitate good planning by the TSO.
3. **Day Ahead and Within Day re-nominations** – These nominations are more important because they arise directly from the requirements of the customers using gas on the network. The objective of the re-nominations is to ensure that shippers/customers give the TSO as much notice as possible, and as accurate nomination as possible.

### 8.1. Double-Sided Nominations

- (a) Nominations in respect of Forward Capacity may be made as either Double-Sided Nominations in the case of all Interconnection Points or Single-Sided Nominations in the case of each Single-Sided Interconnection Point.
- (b) The Transporter must publish on its website a list of the Interconnection Points in respect of which a Single-Sided Nomination will be accepted (each, a Single-Sided Interconnection Point), together with the identity of the Active TSO and the Passive TSO at each Single-Sided Interconnection Point.
- (c) In respect of each Single-Sided Interconnection Point:
  - (i) the Transporter and the Adjacent TSO will determine which of them will be the Active TSO, with the other being the Passive TSO; and
  - (ii) the shipper in a Pair of Shippers that has the reserved capacity for that Pair of Shippers with the Active TSO will become the Active Shipper, with the other being the Passive Shipper.
- (d) A Pair of Shippers may agree to perform Single-Sided Nominations at a Single-Sided Interconnection Point and must notify the Passive TSO of that agreement by the Passive Shipper sending a Joint Nomination Declaration Notice to the Passive TSO, notifying it of the fact that the Passive Shipper authorises the Active Shipper to nominate on behalf of the Passive Shipper and specifying the start date for that authorisation and either the end date for that authorisation or that the authorisation is indefinite.
- (e) (e) In the period from receipt by the Passive TSO of the Joint Nomination Declaration Notice until the date of the expiry (if any) of the authorisation referred to in paragraph (d) above, the Active TSO will be responsible for receiving nominations for a Pair of Shippers from the Active Shipper for both sides of the relevant Single-Sided Interconnection Point, and the Active TSO will send nominations to the Passive TSO. If the Transporter is the Passive TSO, then the nomination received from the Active TSO will be deemed to be the Nominated Quantities received from the relevant Shipper.

### 8.2. Nominations for Reverse Capacity

- (a) Shippers will be assigned separate Shipper Account Codes by the Transporter for Forward Capacity and Reverse Capacity.

### 8.3. Not Used

### 8.4. General Procedure

- (a) It is the responsibility of the Shipper to submit accurate Nominations within the timelines and in accordance with the procedure set out in this Section 8.
- (b) In order to notify the Transporter of the quantities of Natural Gas to be transported using a Shipper's Reserved Capacity, the Shipper sends its Nominations and, if applicable, Renominations to the Transporter, which will be processed according to the following procedure:
  - (i) the Shipper sends a notice to the Transporter with its Nomination for an Entry Point or Exit Point;
  - (ii) the Transporter computes the Shipper's Confirmed Quantity of Natural Gas scheduled to be delivered by or redelivered to the Shipper at that Entry Point or Exit Point; and
  - (iii) the Transporter sends a Confirmed Quantity Notice to each Shipper setting out its Confirmed Quantities at that Entry Point or Exit Point.

### 8.5. Submission of Nominations

- (a) Each Shipper is required to submit separate Nominations for Forward Capacity and Reverse Capacity for each Entry Point and each Exit Point for which it has Reserved Capacity for each Gas Day in accordance with the timetable in Section 8.7. For each Nomination, the Shipper must specify the following:
  - (i) the System Point's identification (i.e. the specific Entry Point or Exit Point in the Transmission System);
  - (ii) the Shipper's Shipper Account Code (which will be different for Forward Capacity and Reverse Capacity);
  - (iii) the counterparty's identification (the shipper account code issued by the Adjacent TSO for the counterparty shipper in the relevant Pair of Shippers on the other side of the Interconnection Point);
  - (iv) the Gas Day to which the Nomination applies;
  - (v) the quantity of Natural Gas to be transported in units of kWh per Gas Day; and
  - (vi) the Nomination type being either a Single-Sided Nomination or a Double-Sided Nomination.
- (b) If a Shipper submits a Nomination as part of a Double-Sided Nomination, it is the responsibility of the Shipper and its counterpart to ensure that the nominations for that Pair of Shippers on either side of the Interconnection Point are equal.

### 8.6. Virtual Trading Point and Trade Notifications

- (a) The Transporter will facilitate the trading of Natural Gas between Shippers by allowing Trades to take place at the Virtual Trading Point. Shippers may effect a trade of title to Natural Gas by submitting Trade Notifications to the Transporter in accordance with the timetable in Section 8.7.
- (b) Natural Gas traded at the Virtual Trading Point can be delivered by a Shipper that has Forward Capacity at an Entry Point and can be re-delivered to a Shipper that has Forward Capacity at an Exit Point. Shippers cannot trade Natural Gas at the Virtual Trading Point that will be delivered or re-delivered using Reverse Capacity and Registered Parties that are not Shippers cannot trade Natural Gas at the Virtual Trading Point.
- (c) Trades between two Shippers at the Virtual Trading Point shall be made through Trade Notifications submitted to the Transporter by both Shippers.
- (d) A Trade Notification shall provide the following information:
  - (i) that it is a notification for a Trade at the Virtual Trading Point;
  - (ii) the Shipper's Shipper Account Code (for Forward Capacity);
  - (iii) the counterparty's Shipper Account Code (for Forward Capacity);
  - (iv) the Gas Day to which the Trade applies; and
  - (v) the quantity of Natural Gas to be traded being a positive quantity for a purchase or a negative quantity for a sale in units of kWh per Gas Day.
- (e) Shippers are responsible for correctly submitting Trade Notifications for the Natural Gas quantities they wish to trade. The Transporter shall not be responsible if the Confirmed Quantities or Allocated Quantities of Shippers at the Virtual Trading Point do not reflect the quantities of Natural Gas that a Shipper has agreed to purchase or sell at the Virtual Trading Point under any gas sales agreement between it and another Shipper.

### 8.7. Timetable

- (a) The following timetable applies to a Shipper submitting Nominations or Trade Notifications to the Transporter:
- (i) the Shipper can submit a Nomination or Trade Notification to the Transporter for a Gas Day at any time after the date falling one calendar year before that Gas Day;
  - (ii) the Shipper must submit a Nomination or Trade Notification to the Transporter for a Gas Day no later than 13.00 UTC (wintertime) or 12.00 UTC (daylight saving) on the immediately preceding Gas Day;
  - (iii) if the Shipper has submitted a Nomination or Trade Notification in respect of a Gas Day then at any time before the Nomination deadline for that Gas Day, the Shipper may submit a new Nomination or Trade Notification to the Transporter, which will override any previous Nominations or Trade Notification for that Gas Day;
  - (iv) following the Nomination deadline for a particular Gas Day, the Transporter performs the Matching Processes as specified in Section 9 using the last Nomination and Trade Notifications received from a Shipper before the Nomination deadline, after which the Transporter notifies the Shipper of its Confirmed Quantities no later than 15.00 UTC (winter time) or 14.00 UTC (daylight saving) on the immediately preceding Gas Day.
- (b) If the Transporter does not receive a valid message with Nominations for an Interconnection Point or Trade Notification for the Virtual Trading Point for a Gas Day by the nomination deadline, the Shipper's Nominated Quantities at that Interconnection Point and/or Traded Quantities at the Virtual Trading Point (as applicable) will be deemed to be zero.

### 8.8. Renominations

- (a) The **Deemed Aggregate Quantity**, in respect of an hour in a Gas Day and a particular Entry Point, Exit Point or the Virtual Trading Point is calculated as:
- (i) for the first hour in that Gas Day, zero; and
  - (ii) for any other hour in that Gas Day, the aggregate of the Deemed Hourly Quantities for each hour in the Gas Day falling before that hour at that Entry Point, Exit Point or the Virtual Trading Point (as applicable).
- (b) The **Deemed Hourly Quantity**, for an hour (H) in a Gas Day and a particular Entry Point, Exit Point or the Virtual Trading Point is calculated as:
- the absolute value of the Shipper's Confirmed Quantities following the Matching Processes that occurs at the end of the renomination cycle falling two hours before hour H at that Entry Point, Exit Point or the Virtual Trading Point (as applicable),
- less
- the Deemed Aggregate Quantity for hour H at that Entry Point, Exit Point or the Virtual Trading Point (as applicable),
- divided by
- the number of hours remaining in that Gas Day from and including hour H.
- (c) After the deadline for notification of its Confirmed Quantities pursuant to Section 8.7(a)(iv), a Shipper may submit Renominations or Updated Trade Notifications in respect of a Gas Day up to three hours before the end of that Gas Day. The Transporter will run an hourly renomination cycle,

in which Renominations and Updated Trade Notifications received during an hour are processed through the Matching Processes at the end of that hour. Any revised Confirmed Quantities resulting from a Renomination or Updated Trade Notification will take effect two hours after the end of the renomination cycle in which the Renomination or Updated Trade Notification is submitted.

- (d) A Shipper's Renomination must ensure that the absolute value of the Nominated Quantities for an Entry Point or Exit Point are not greater than the aggregate of:
  - (i) the Deemed Aggregate Quantity at that Entry Point or Exit Point for the hour falling one hour after the end of the relevant renomination cycle; and
  - (ii) the Reserved Capacity of the Shipper at that Entry Point or Exit Point divided by the total number of hours in the Gas Day and multiplied by the number of hours remaining in the Gas Day from and including the hour falling two hours after the end of the relevant renomination cycle.
- (e) A Shipper's Renomination or Updated Trade Notification must ensure that the absolute value of the Nominated Quantities or Traded Quantities are not less than the Deemed Aggregate Quantity at the relevant Virtual Trading Point, Entry Point or Exit Point for the hour falling one hour after the end of the relevant renomination cycle.



## 9. MATCHING AND CONFIRMATIONS

### 9.1. Initiation of the Matching Process

- (a) After the Nomination deadline and at the end of each Renomination cycle in accordance with Section 8.8(b), the Transporter and each Adjacent TSO will initiate the Matching Process in respect of each Interconnection Point and the Transporter will initiate the Matching Process at the Virtual Trading Point.

### 9.2. Verification of Nominated Quantities and Traded Quantities

- (a) The Shipper is responsible for submitting Nominations that do not exceed its Reserved Capacity and Renominations that comply with the Renomination Limitations. As part of the Matching Processes, the Transporter will first ensure that the Nominated Quantities are consistent with these amounts. For this purpose, the Reserved Capacities for all Capacity Products constituting Forward Capacity will be treated on an aggregate basis at each System Point.
- (b) If a Shipper's Nominations exceed its Reserved Capacity, the Transporter will reduce that Shipper's Nominated Quantities at the relevant Interconnection Point before using them for the purpose of the Matching Process so that they are equal to the Reserved Capacity. If a Shipper's Renomination does not comply with the Renomination Limitation, the Transporter will reject that Renomination and the last valid Nomination or Renomination will apply.
- (c) If as a result of a Capacity Restriction, subject to the provisions of Section 12.2(d), a Shipper's Nominated Quantities are greater than the maximum amount of that Shipper's Reserved Capacity that the Transporter is able to make available to that Shipper, the Transporter will reduce that Shipper's Nominated Quantities before using them for the purpose of the Matching Process so that they are equal to such maximum amount.
- (d) The Shipper is responsible for submitting Updated Trade Notifications that comply with the Renomination Limitations. If a Shipper's Updated Trade Notification does not comply with the Renomination Limitations, the Transporter will reject that Updated Trade Notification and the last valid Trade Notification or updated Trade Notification will apply.

### 9.3. Matching

- (a) During the Matching Process at an Interconnection Point or the Virtual Trading Point the Transporter and the Adjacent TSO, where relevant, will verify that:
  - (i) the identity of the Shipper and its counterparty in each Pair of Shippers as contained in a Nomination is the same as the identity of the shippers notified to the Adjacent TSO, where relevant; and
  - (ii) for each Pair of Shippers, the Nominated Quantities (as may have been adjusted under Section 9.2) for a Shipper at the relevant System Point that identifies delivery to or from the counterparty shipper in that Pair of Shippers is equal to the quantity nominated by that counterparty shipper to the Adjacent TSO, where relevant, for delivery to or from the Shipper.
- (b) The Matching Process will result in Provisional Quantities for each Shipper at each System Point as follows:
  - (i) if the Pair of Shippers is the same and the nominated quantities are equal, then there is a "match" and the Shipper's Provisional Quantities will be equal to its Nominated Quantities (as may have been adjusted under Section 9.2);
  - (ii) if the Pair of Shippers is the same, but the nominated quantities are not equal, then there is a "mismatch" and the Shipper's Provisional Quantities will be the lesser of the Nominated Quantities (as may have been adjusted under Section 9.2) and the quantity nominated to the Adjacent TSO, where relevant; and

- (iii) if the Pair of Shippers is not the same, then there is a "mismatch" and the Shipper's Provisional Quantities will be zero.
- (c) The Transporter will also conduct a matching process at the Virtual Trading Point to verify that:
  - (i) the identity of the Shippers in each Pair of Shippers as contained in two corresponding Trade Notifications is the same; and
  - (ii) for each Pair of Shippers, the Traded Quantities notified by each Shipper for that Pair of Shippers is equal.
- (d) The matching process at the Virtual Trading Point will result in Provisional Quantities for each Shipper as follows:
  - (i) if the Pair of Shippers is the same and the Traded Quantities are equal, then there is a "match" and each Shipper's Provisional Quantities will be equal to the Traded Quantity;
  - (ii) if the Pair of Shippers is the same, but the Traded Quantities are not equal, then there is a "mismatch" and each Shipper's Provisional Quantities will be the lesser of the two Traded Quantities notified; and
  - (iii) if the Pair of Shippers is not the same, then there is a "mismatch" and the Shipper's Provisional Quantities will be zero.

#### 9.4. Confirmed Quantities

- (a) A Shipper's Confirmed Quantities at an Interconnection Point or the Virtual Trading Point will be equal to its Provisional Quantities following the end of all the Matching Processes described above.
- (b) The Transporter will send a Confirmed Quantity Notice to each Shipper with a Confirmed Quantity at an Interconnection Point following the end of the Matching Processes at that Interconnection Point.
- (c) The Transporter will send a Confirmed Quantity Notice to each Shipper with a Confirmed Quantity at the Virtual Trading Point following the end of the Matching Processes.
- (d) At System Points other than those in Section 9.4 (a), if as a result of a Capacity Restriction, subject to the provisions of Section 12.2(d), a Shipper's Nominated Quantities are greater than the maximum amount of that Shipper's Reserved Capacity that the Transporter is able to make available to that Shipper, the Transporter will reduce that Shipper's Nominated Quantities at that System Point so that they are equal to such maximum amount.
- (e) At System Points other than those in Section 9.4 (a), a Shipper's Confirmed Quantity shall be equal to its Nominated Quantity subject to any reductions carried out in accordance with Section 9.4 (d) and the Transporter will send a Confirmed Quantity Notice to that effect.
- (f) At all other System Points not subject to a Capacity Restriction, a Shipper's Confirmed Quantity shall be equal to its Nominated Quantity and the Transporter will send a Confirmed Quantity Notice to that effect.

## 10. BALANCING AND ALLOCATION

### 10.1. Transmission Imbalance

- a) The Transmission Imbalance for a Gas Day  $d$  for a Shipper  $s$  will be calculated by the Transporter according to the following formula:

$$FTI'_{d,s} = \sum FEA'_{d,s} + \sum FXA'_{d,s} + \sum VTPA'_{d,s}$$

Where:

- (i)  $FTI'_{d,s}$  is the Transmission Imbalance for Gas Day  $d$  for Shipper  $s$
- (ii)  $\sum FEA'_{d,s}$  are the Allocated Quantities at each Entry Point for Gas Day  $d$  for Shipper  $s$
- (iii)  $\sum FXA'_{d,s}$  are the Allocated Quantities at each Exit Point for Gas Day  $d$  for Shipper  $s$
- (iv)  $\sum VTPA'_{d,s}$  are the Allocated Quantities at the Virtual Trading Point

and all figures have been adjusted to account for the delivery of Balancing Gas.

### 10.2. Not used.

### 10.3. Daily Imbalance Charge

- a) The Transporter will calculate the Daily Imbalance Charge for each Shipper  $s$  for each Gas Day  $d$  on which that Shipper has Allocated Quantities. The aggregate of the Daily Imbalance Charges for each Gas Day in a Gas Month will be added to or subtracted from (as the case may be) the total amount that is payable by that Shipper in respect of that Gas Month.
- b) The Daily Imbalance Charge is calculated, for each Gas Day  $d$ , as the Transmission Imbalance for Shipper  $s$  for that Gas Day  $d$  multiplied by the Excess Imbalance Gas Price ( $EIGP_d$ ) for that Gas Day in case of a positive Transmission Imbalance and by the Shortfall Imbalance Gas Price ( $SIGP_d$ ) for that Gas Day in case of a negative Transmission Imbalance (each as defined below).
- c) The Excess Imbalance Gas Price ( $EIGP_d$ ) for Gas Day  $d$  is calculated as the lesser of (i) the Excess Balancing Price ( $EBP_d$ ) and (ii) the Gas Reference Price ( $GP_d$ ) (each as defined below), in each case for that Gas Day  $d$ .

$$EIGP_d = \min(EBP_d | GP_d)$$

Where:

- (i)  $EBP_d$  is the lowest price of any sales of Natural Gas by the Transporter on Gas Day  $d$  expressed in Lek/kWh (or, if the Transporter reduces the quantity of Fuel Gas or UFG that it would otherwise purchase as a result of the Transmission Imbalance, the price that the Transporter would otherwise have paid for such quantity of Natural Gas).
- (ii)  $GP_d$  is the reference price for that Gas Day expressed in Lek/kWh.
- d) The Shortfall Imbalance Gas Price ( $SIGP_d$ ) for Gas Day  $d$  is calculated as the greater of (i) the Shortfall Balancing Price ( $SBP_d$ ) and (ii) the Gas Reference Price ( $GP_d$ ) (each as defined below), in each case for that Gas Day  $d$ .

$$SIGP_d = \max(SBP_d | GP_d)$$

Where:

- (i)  $SBP_d$  is the highest price of any purchases of Natural Gas by the Transporter on Gas Day d expressed in Lek/kWh.
- (ii)  $GP_d$  has the meaning set out in paragraph (c) above.
- e) The Transporter will publish on its website the applicable reference price  $GP_d$  for the previous Gas Day together with the list of previous reference prices.
- f) Where for any reason the Transporter is unable to calculate the Excess Imbalance Gas Price ( $EIGP_d$ ) or the Shortfall Imbalance Gas Price ( $SIGP_d$ ) for any Gas Day d, then a default price equal to the arithmetic average of the Excess Imbalance Gas Price ( $EIGP_d$ ) or the Shortfall Imbalance Gas Price ( $SIGP_d$ ) as the case may be on the previous [7] days will be applied.

#### 10.4. Allocation at Interconnection Points

- a) Where an Operational Balancing Agreement is in place and has not been suspended, the Allocated Quantities at an Interconnection Point will be equal to the Confirmed Quantities.
- b) Where an Operational Balancing Agreement is not in place or has been suspended, the Allocated Quantity ( $AQF_S$ ) at an Interconnection Point for Shipper S in the Forward Direction will be calculated using the following proportional allocation rule:

$$AQF_S = (MQ - TCQV) \times \frac{CQF_S}{TCQ}$$

where:

$MQ$  is the aggregate Metered Quantity at that Interconnection Point for that Gas Day

$CQF_S$  is the Confirmed Quantity in the Forward Direction in respect of Shipper S at that Interconnection Point for that Gas Day

$TCQV$  is the aggregate of Confirmed Quantities for any VRF Capacity for all Shippers at that Interconnection Point for that Gas Day

$TCQ$  is the aggregate of the Confirmed Quantities in the Forward Direction for all Shippers at that Interconnection Point for that Gas Day.

- c) The Transporter will notify each Shipper of any change between allocation rules at an Interconnection Point as soon as reasonably practicable.
- d) The Allocated Quantities at any VRF Exit Point that forms part of the Interconnection Point, will be equal to the Confirmed Quantities.

#### 10.5. Allocation at other System Points

- a) The Allocated Quantity ( $AQF_S$ ) at a System Point for Shipper S will be calculated using the following proportional allocation rule:

$$AQF_S = MQ \times \frac{CQF_S}{TCQ}$$

where:

MQ is the aggregate Metered Quantity at that System Point for that Gas Day

$CQF_S$  is the Confirmed Quantity in respect of Shipper S at that System Point for that Gas Day

TCQ is the aggregate of the Confirmed Quantities for all Shippers at that System Point for that Gas Day.

- b) The Transporter will notify each Shipper of any change between allocation rules at a System Point as soon as reasonably practicable.

#### 10.6. Allocation at the Virtual Trading Point

- a) Allocated Quantities at the Virtual Trading Point will be equal to the Confirmed Quantities.

#### 10.7. Provisional allocation

- a) The Transporter will communicate to each Shipper its provisional Allocated Quantities for each Interconnection Point and Virtual Trading Point where the Shipper has Confirmed Quantities, in a form that specifies for the relevant Gas Day the provisional Allocated Quantities taking into account quantities provisionally allocated for hours in the Gas Day that have passed and the Confirmed Quantities for the remaining hour(s) of the Gas Day.
- b) The Transporter will endeavour to send such notification no later than [30 minutes] after the end of each hour in a Gas Day. The Transporter may revise its notification if it is aware of any material error in the provisional Allocated Quantities.
- c) Notifications of a Shipper's provisional Allocated Quantities will be for information only and will not be binding on the Transporter. Final Allocated Quantities will be included in the relevant Monthly Statement.

#### 10.8. Neutrality Arrangement

- a) The Transporter will maintain a notional account (the Neutrality Account) through which it will ensure that it remains financially neutral in respect of balancing activities. The following items will be debited from the Neutrality Account:
  - (i) all costs incurred by the Transporter in purchasing Natural Gas to replace a Transmission Imbalance in respect of any Gas Day;
  - (ii) amounts paid by the Transporter to Shippers in respect of their Daily Imbalance Charges;
  - (iii) amounts paid by the Transporter to Shippers in respect of their Total Scheduling Charges; and
  - (iv) any amounts credited on Monthly Statements by the Transporter in respect of the Neutrality Payment Amount.
- b) The following items will be credited to the Neutrality Account:
  - (i) any revenues (net of related costs) received by the Transporter in selling Natural Gas caused by a Transmission Imbalance in respect of any Gas Day;
  - (ii) amounts received by the Transporter from Shippers in respect of their Daily Imbalance Charges;
  - (iii) amounts received by the Transporter from Shippers in respect of their Total Scheduling Charges; and

(iv) any amounts received by the Transporter in respect of the Neutrality Payment Amount.

#### 10.9. Neutrality Payment Amount

- a) The Transporter will credit an amount of the positive balance or charge an amount of the negative balance on the Neutrality Account as at the end of each Gas Month (the Neutrality Payment Amount) on a monthly basis to Registered Parties that have Allocated Quantities in the relevant Gas Month.
- b) The Neutrality Payment Amount will be allocated for each Gas Month to each relevant Shipper as follows:

$$NPA_S = \frac{A_S}{A_T} \times NPA$$

where:

$NPA_S$  is the amount of the Neutrality Payment Amount to be allocated by the Transporter to a Registered Party that was a Shipper during the relevant Gas Month.

$NPA$  is the Neutrality Payment Amount for that Gas Month.

$A_S$  is the aggregate of the absolute values of Allocated Quantities of that Shipper at all System Points in that Gas Month.

$A_T$  is the aggregate of the absolute values of Allocated Quantities of all Shippers at all System Points in that Gas Month.

- c) The amount of the Neutrality Payment Amount allocated to each relevant Registered Party will be included as a credit or a debt, as applicable, on the Master Statement (and each relevant Monthly Statement) issued to that Registered Party for the relevant Gas Month.

#### 10.10. Balancing Services

- a) The Transporter may procure the purchase or sale of Balancing Gas in accordance with the Balancing Services Operating Procedure.
- b) The Transporter shall use reasonable endeavours to procure the purchase and sale of Balancing Gas upon the most competitive terms and conditions reasonably available.
- c) Where the Transporter identifies the need to establish a Balancing Services Contract, the Transporter shall, in accordance with the Balancing Services Operating Procedure, conduct an annual Tender for the procurement of Balancing Gas Services as a result of which parties, including Shippers and Third Parties, may become members of one or both the Balancing Gas Framework Agreements.
- d) Under the Balancing Gas Framework Agreements, one or more Balancing Gas Contracts will be entered into between the Transporter and the Framework Members.
- e) Nothing herein shall prevent the Transporter from time to time procuring Balancing Gas Services, as may be reasonably necessary to achieve the physical balance of the Transmission System, or any part thereof, by means other than a Tender and using whatever form of Balancing Gas Contract it deems appropriate.
- f) When calling on Balancing Gas Contracts on any given Gas Day the Transporter intends to utilise the Balancing Gas Contracts in accordance with the Ranked Order so that:

- (i) the first-ranked Balancing Gas Contract shall be called on up to the maximum quantity of Balancing Gas available for sale or purchase (as the case may be) under that Balancing Gas Contract;
  - (ii) if there is a further requirement for Balancing Gas, the second-ranked Balancing Gas Contract shall be called on up to the maximum quantity of Balancing Gas available for sale or purchase (as the case may be) under that Balancing Gas Contract; and  
  
so on, utilising the maximum quantity of Balancing Gas specified in each Balancing Gas Contract in Ranked Order.
- g) Notwithstanding section (f) above, the Transporter shall not be required to utilise Balancing Gas Contracts in the Ranked Order in the following operational circumstances:
- (i) when it is preferable for the Transporter due to a time dependent requirement to alter pressures on the Transmission System, to call on one Balancing Gas Contract pursuant to which a large quantity of Balancing Gas can be purchased or sold;
  - (ii) when the location of the balancing action is a priority; and
  - (iii) any other operational reason where the Transporter, acting as Reasonable and Prudent Operators, consider it necessary; and  
  
in such circumstances, the order in which Balancing Gas Contracts are utilised is entirely at the discretion of the Transporter.
- h) The Transporter will communicate with the relevant Balancing Gas Provider to request the purchase or sale of Balancing Gas on any given Gas Day in accordance with the terms of its Balancing Gas Contract.
- i) If a Balancing Gas Provider is unable to take delivery of or make delivery of (as the case may be) the full quantity of Balancing Gas requested by the Transporter in accordance with a Balancing Gas Contract, the Transporter shall call on the next-ranked Balancing Gas Contract in the Ranked Order.
- j) If all the Balancing Gas Contracts have been called upon and there is still an outstanding requirement for Balancing Gas:
- i. the Transporter will return to the top of the Ranked Order and proceed down the Balancing Gas Providers who initially were unable to take delivery of or make delivery of (as the case may be) the maximum quantity of Balancing Gas pursuant to the relevant Balancing Gas Contract, and request each such Balancing Gas Provider to specify what, if any, quantity (which should be more than the minimum contract quantity set out in the Balancing Gas Contract) it is able to take delivery of or make delivery of (as the case may be), and again proceed down the Ranked Order utilising the available quantities; and
  - ii. if this is still insufficient, then the Transporter shall be entitled to:
    - A. request Balancing Gas Providers who have not been able to take delivery of or make delivery of (as the case may be) quantities requested (in Ranked Order) to confirm whether they can offer a quantity less than the minimum contract quantity (as set out in the relevant Balancing Gas Contract); and/or
    - B. make day-ahead requests for Balancing Gas (starting at the top of the Ranked Order),

- k) again, in both cases, utilising the Ranked Order, in order to ensure that the requirement for Balancing Gas is met.

#### 10.11. Balancing Platform

- a) Where the Transporter identifies the need to purchase or sell Short-term Standardized Products, then auctions for the purchase and sale of Short-term Standardized Products by the Transporter shall be carried out on the Balancing Platform of the Transporter.
- b) Shippers may participate in the auctions in accordance with the specific terms and conditions set out in the Balancing Platform Operating Procedure.
- c) The auction shall be announced by the Transporter on the Electronic Data Platform during the Day before, or on the Day, when it is necessary to purchase or sell Balancing Gas, in accordance with the specific provisions of the Balancing Platform Operating Procedure. The Transporter's announcement shall specify the following, as a minimum:
- (i) Whether the auction regards the purchase or sale of a Short-term Standardized Product.
  - (ii) The Quantity to be auctioned.
  - (iii) The type of Short-term Standardized Product to be auctioned.
  - (iv) The deadline for the submission of bids by the Shippers, which may not be shorter than thirty (30) minutes from the time the auction was announced.
  - (v) Any upper and/or lower unit price limits for the bids to be submitted.
- d) The Transporter may organize auctions for both the purchase and sale of Balancing Gas for the same Day.
- e) Balancing Gas shall be purchased by the Shippers who participate in the relevant auction and who have bid the lowest unit price, until the required quantity of Balancing Gas, in accordance with the auction announcement, has been fulfilled.
- f) Balancing Gas shall be sold to the Shippers who participate in the relevant auction and who have bid the highest unit price, until the quantity of Balancing Gas offered has been fulfilled.
- g) At the end of each auction, the Transporter shall publish the results in accordance with the Balancing Platform Operating Procedure.
- h) Successful Shippers will pay, or be paid, in accordance with the Balancing Platform Operating Procedure as part of the monthly invoicing process set out in Section 19.

#### 10.12. Scheduling Charges

- a) A scheduling charge may be payable by a Shipper in respect of each Exit Point (but not at VRF Exit Points) as set out below.
- b) For each Gas Day  $d$ , in respect of an Exit Point, a Shipper's Scheduling Difference shall be determined as:

$$SD = |AQF_S| - |CQF_S| \text{ here:}$$

SD means the Scheduling Difference



$AQF_S$  is the Allocated Quantity in respect of Shipper S at that System Point for that Gas Day

$CQF_S$  is the Confirmed Quantity in respect of Shipper S at that System Point for that Gas Day

- c) For each Gas Day d, in respect of each Exit Point for each Shipper a **Scheduling Tolerance Percentage** shall be determined, expressed as a percentage, as:

$$STP = \frac{100}{\sum C_{VM}} \times (a + b + c + d)$$

where:

a =  $C_{vm} \times C_r$  for Un1;

b =  $C_{vm} \times C_r$  for Un2;

c =  $C_{vm} \times C_r$  for Un3;

d =  $C_{vm} \times C_r$  for Un4;

$C_{vm}$  = the maximum quantity in kWh/d which may reasonably be required to supply all the Shippers demand in the relevant Downstream Load Category at the Exit Point on a Gas Day d as set out in the relevant Downstream Load Statement;

$\sum C_{VM}$  = aggregate of each  $C_{vm}$  of each Downstream Load Category;

Un = the number identifying the Downstream Load Category listed in column (1) of the Exit Point Tolerance Table;

STP means the Scheduling Tolerance Percentage; and

$C_r$  = Downstream Load Category weighting factor listed in column (3) of the Exit Point Tolerance Table.

Exit Point Tolerance Table		
1	2	3
Number identifying Downstream load category	Downstream Load Category	Downstream Load Category weighting
1	Power generation consumers	3%
2 (Large Industrial)	Downstream consumers whose loads are greater than or equal to 1,465,416,000 kWh/annum and are not power generation consumers	3%
3 (Secondary Industrial)	Downstream consumers whose loads are greater than or equal to 733,000 kWh/annum but less than 1,465,416,000 kWh/annum	10%

4 (Protected Customers)	Downstream consumers whose loads are less than 733,000 kWh/annum	20%
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- d) For any Gas Day d in respect of a given Exit Point, a Shipper's **Scheduling Tolerance Quantity** shall be determined as:

$$STQ = STP \times AQF_S$$

STQ means the Scheduling Tolerance Quantity; and

*AQF<sub>S</sub>* is the Allocated Quantity in respect of Shipper S at that System Point for that Gas Day

- e) For any Gas Day d, a Shipper's Scheduling Charge in respect of a given Exit Point shall be determined as:

$$\text{Scheduling Charge} = (SD - STQ \times (5\% \times \text{Gas Reference Price}))$$

- f) A scheduling charge may be payable by a Shipper in respect of each Entry Point as set out below.
- g) For each Gas Day d, in respect of an Entry Point, a Shipper's Scheduling Difference shall be determined as:

$$SD = |AQF_S| - |CQF_S| \text{ here:}$$

SD means the Scheduling Difference

*AQF<sub>S</sub>* is the Allocated Quantity in respect of Shipper S at that System Point for that Gas Day

*CQF<sub>S</sub>* is the Confirmed Quantity in respect of Shipper S at that System Point for that Gas Day

- h) For each Gas Day d, in respect of each Entry Point for each Shipper a **Scheduling Tolerance Percentage** shall as set out in the Entry Point Tolerance Table.

Entry Point Tolerance Table		
1	2	3
Number identifying Entry Point Type	Entry Point Type	STP
1	Interconnection Point	3%
2	Onshore Gas Field	4%
3	LNG Terminal	5%

- i) For any Gas Day d in respect of a given Entry Point, a Shipper's Scheduling Tolerance Quantity shall be determined as:

$$STQ = STP \times AQF_S$$

STQ means the Scheduling Tolerance Quantity; and

$AQF_S$  is the Allocated Quantity in respect of Shipper S at that System Point for that Gas Day

- j) For any Gas Day d, a Shipper's Scheduling Charge in respect of a given Entry Point shall be determined as:

$$\text{Scheduling Charge} = (SD - STQ \times (5\% \times \text{Gas Reference Price}))$$

- k) The "**Total Scheduling Charge**" payable by a Shipper in respect of a Gas Day shall be the sum of its' Scheduling Charges at all System Points.

#### 10.13. Gas Reference Price

- a)  $GP_d$  will be determined in a market based, transparent manner.
- b) The Total Transmission Imbalance, TTI, in respect of Gas Day shall be determined as:

$$TTI_d = \sum FTI_{d,s}$$

- c) At the date of the Code, for that Gas Day in the case of a negative  $TTI_d$ , the Gas Reference Price shall be the Spot Gas Price for that Day as quoted on the Italian Spot Gas Market PSV as published on the ICIS price reporting service plus the daily capacity fee to allow transportation to the Albanian Market from Italy via the Trans Adriatic Pipeline being the Entry Fee at Melendugno and the Exit Fee at Fier as published on the TAP website plus [10]% converted to a price in Lek/kWh using the rate published by the Bank of Albania for that day..
- d) At the date of the Code, for that Gas Day in the case of a positive  $TTI_d$ , the Gas Reference Price shall be the Spot Gas Price for that Day as quoted on the Italian Spot Gas Market PSV as published on the ICIS price reporting service less the daily capacity fee to allow transportation to the Albanian Market from Italy via the Trans Adriatic Pipeline being the Entry Fee at Melendugno and the Exit Fee at Fier as published on the TAP website minus [10]% converted to a price in Lek/kWh using the rate published by the Bank of Albania for that day...
- e) On an annual basis the Transporter will publish a review of the Gas Reference Price and publish a consultation where it reasonably believes an alternative formulation would be in the best interests of Final Customers in Albania.

## 11. PLANNED MAINTENANCE

### 11.1. Maintenance Notifications

- a) The Transporter must carry out Planned Maintenance:
  - (i) acting as a Reasonable and Prudent Operator; and
  - (ii) only at the times specified in the Maintenance Notifications delivered to all Registered Parties by the Transporter under this Section 11, as such Maintenance Notifications may be amended in accordance with Section 11.2.
- b) The Transporter must send a Maintenance Notification to all Registered Parties:
  - (i) in respect of the first Gas Year, on or before the first Gas Day of that first Gas Year;
  - (ii) in respect of each subsequent Gas Year, on or before 30 September in the preceding Gas Year; and
  - (iii) in any event, not less than 42 days before the first Gas Day on which Planned Maintenance is contemplated to take place in that Maintenance Notification.
- c) All Maintenance Notifications must contain the following information in respect of the Gas Year to which they relate:
  - (i) the length of all periods of Planned Maintenance, specifying which Gas Days in that Gas Year are affected by each period of Planned Maintenance;
  - (ii) a list of the Interconnection Points affected by Planned Maintenance on each affected Gas Day specified in paragraph (i) above;
  - (iii) the expected reduction in the Reserved Capacity that the Transporter can make available to Shippers during each affected Gas Day specified in paragraph (i) above; and
  - (iv) any other information that the Transporter considers necessary to provide.
- d) The Transporter must publish all Maintenance Notifications (including all amendments made to Maintenance Notifications under Section 11.2) in accordance with Section 21.
- e) In setting the periods of Planned Maintenance to be included in Maintenance Notifications and carried out during the following Gas Year in accordance with this Section 11.1, the Transporter must, acting in good faith, consider requests to carry out Planned Maintenance at specific times during that following Gas Year made by Registered Parties that have Reserved Capacity in that following Gas Year, if those requests are received by the Transporter before 15 June and the request relates to the Gas Year that immediately follows the date of the request. The Transporter is under no obligation to agree to requests made by a Registered Party under this paragraph (e).

### 11.2. Amendments to Maintenance Notifications

- a) The Transporter must notify all Registered Parties in writing on or before 1 March in each Gas Year:
  - (i) of any amendments to a Maintenance Notification previously sent to all Registered Parties under Section 11.1(b)(i) or Section 11.1(b)(ii) (as applicable) that affect the period from 1 April to and including 30 September in that Gas Year; or

- (ii) that the Maintenance Notification that was previously sent to all Registered Parties under Section 11.1(b)(i) or Section 11.1(b)(ii) (as applicable) remains unchanged in respect of the period from 1 April to and including 30 September in that Gas Year.
- b) The Transporter may amend the period of Planned Maintenance set out in a Maintenance Notice at any time before the date falling 30 days before the first Gas Day on which Planned Maintenance is contemplated to take place in that Maintenance Notification, provided that the Transporter gives not less than 30 days' notice of the start of any revised Planned Maintenance.
- c) All amendments to Maintenance Notifications that are sent to Registered Parties must be accompanied by reasons for the amendments made.

### 11.3. Obligations of the Transporter in respect of Planned Maintenance

- a) Promptly after giving or amending a Maintenance Notification, the Transporter must separately inform each Shipper of the amount of its Reserved Capacity that the Transporter is not able to make available to it at each Interconnection Point for each Gas Day during any period of Planned Maintenance.
- b) The Transporter must use Reasonable Efforts to carry out Planned Maintenance:
  - (i) at the times and on the dates specified in Maintenance Notifications;
  - (ii) during May, June, July or August in each Gas Year; and
  - (iii) at the same times and on the same dates that Adjacent TSOs are carrying out planned maintenance in respect of an Interconnected System.
- c) Any reduction in a Shipper's ability to use Reserved Capacity resulting from Planned Maintenance will take place in accordance with Section 12.

### 11.4. Reducing Planned Maintenance

- a) The Transporter may:
  - (i) reduce the period of any Planned Maintenance; and/or
  - (ii) increase the amount of Reserved Capacity to be made available to Shippers during a period of Planned Maintenance,by giving not less than four full Gas Days' notice of such amendment to affected Shippers.
- b) The Transporter may notify affected Shippers that it is able to:
  - (i) reduce the period of any Planned Maintenance; and/or
  - (ii) increase the amount of Reserved Capacity to be made available to Shippers during a period of Planned Maintenance,

on less than four full Gas Days' notice. If the Transporter gives such notice, each affected Shipper will be entitled to notify the Transporter by no later than 24 hours after such notice that it does not wish to use all or part of the additional Reserved Capacity that the Transporter is able to make available to it. In the absence of such notice from an affected Shipper, the Transporter will make that additional Reserved Capacity available to the Shipper.

- c) Unless a Shipper notifies the Transporter that it does not wish to use an additional amount of its Reserved Capacity (whether in amount, duration or both) in accordance with paragraph (b) above, then the Transporter shall make such additional amount available to that Shipper.
- d) Any additional Reserved Capacity that the Transporter notifies is available in accordance with paragraph (b) above but which a Shipper notifies the Transporter it does not wish to use may be considered by the Transporter to be Available Capacity and offered for booking by Registered Parties in accordance with Section 6.
- e) The Transporter may send each of the notices specified in paragraphs (a) and (b) above in a single notification.
- f) For the purpose of calculating the amount of Planned Maintenance conducted by the Transporter, during any period of Planned Maintenance notified by the Transporter in a Maintenance Notification the Transporter will be deemed not to be making Reserved Capacity available in accordance with the reduction specified in that Maintenance Notification (regardless of whether such Reserved Capacity is made available) unless:
  - (i) that Maintenance Notification is amended in accordance with Section 11.2, in which case this paragraph (f) will only apply to any reduction specified in that amended Maintenance Notification;
  - (ii) the Transporter gives a notice to the relevant Shipper in accordance with paragraph (iii) above, in which case the Transporter will be making Reserved Capacity available in the amount of the additional Reserved Capacity specified in that notice if the Transporter makes such Reserved Capacity available to that Shipper (regardless of whether the Shipper uses that Reserved Capacity); and
  - (iv) the Transporter gives a notice to the relevant Shipper in accordance with paragraph (b) above, and that Shipper notifies the Transporter that it wishes to use all or part of the additional Reserved Capacity, then the Transporter will be making Reserved Capacity available in the amount of the additional Reserved Capacity specified in the notice from the Shipper if the Transporter actually makes such Reserved Capacity available to that Shipper (regardless of whether the Shipper uses that Reserved Capacity).

## 12. CAPACITY REDUCTIONS

### 12.1. General

- a) If the Transporter restricts the use of all or any part of any Reserved Capacity due to a Capacity Restriction or Interruption, it must use its Reasonable Efforts to give at least 45 minutes prior notice to the affected Shippers and in any event give notice as soon as reasonably practicable in the circumstances.

### 12.2. Capacity Restrictions and Planned Maintenance

- a) Any maintenance of the Transmission System that is not Planned Maintenance and that reduces the Transporter's ability to make available Reversed Capacity to Shippers will be considered a Capacity Restriction.
- b) If a reduction of Shippers' use of Reserved Capacity is required as a result of a Capacity Restriction or Planned Maintenance at a System Point, the Transporter must:
  - (i) prioritise the provision at that System Point of:
    - A. Forward Firm Capacity above Reverse Capacity and Forward Interruptible Capacity;
    - B. Reverse Capacity above Forward Interruptible Capacity;
  - (ii) restrict the use of Forward Interruptible Capacity in accordance with Section 12.5 to the extent necessary to allow the Transporter to continue to provide Forward Firm Capacity and Reverse Capacity at that System Point;
  - (iii) if all Forward Interruptible Capacity has been restricted, restrict the use of Reverse Capacity (if relevant) in accordance with Section 12.4 to the extent necessary to allow the Transporter to continue to provide Forward Firm Capacity at that System Point; and
  - (iv) only if all Forward Interruptible Capacity and (if relevant) Reverse Capacity has been restricted, restrict the use of Forward Firm Capacity at that System Point in accordance with Section 12.3,  
  
for as long as that Capacity Restriction or Planned Maintenance is continuing.
- c) If the Transporter restricts the use of Reserved Capacity as a result of a Capacity Restriction, it must promptly:
  - (i) send a Capacity Restriction Notice to all Registered Parties;
  - (ii) inform each affected Shipper of the amount of its Reserved Capacity at the relevant Interconnection Point that the Transporter can make available to it; and
  - (iii) where the Transporter has previously sent a Confirmed Quantity Notice in respect of any Gas Day to which the Capacity Restriction Notice relates, send a new Confirmed Quantity Notice to notify the Shippers of the revised Confirmed Quantities at that Interconnection Point.
- d) Notwithstanding that the Transporter has issued a Capacity Restriction Notice, Shippers may continue to submit Nominations and Renominations for Nominated Quantities of up to the full amount of their Reserved Capacity as if the Capacity Restriction was not in effect. If one or more Shippers submit Nominations or Renominations with Nominated Quantities that are lower than the Reserved Capacity that the Transporter is able to make available to those Shippers in

accordance with the Capacity Restriction Notice, the Transporter will make available to other Shippers an additional quantity of Reserved Capacity equal to the difference between (i) the aggregate of such Nominated Quantities and (ii) the aggregate Reserved Capacity of those under-nominating Shippers as reduced pursuant to the Capacity Restriction Notice. Such additional quantity will be made available by the Transporter to other Shippers that submit Nominations or Renominations which are greater than the amount of Reserved Capacity notified to them in accordance with paragraph (c) above as follows:

- (i) the Transporter will allocate such additional quantity of Reserved Capacity to each Shipper requesting all or part of it pro rata to the Reserved Capacities of such Shippers; and
  - (ii) if the Transporter can make available to such requesting Shipper more of such Shipper's Reserved Capacity than the amount of available Reserved Capacity notified to such Shipper in accordance with paragraph (c) above, the Transporter will be deemed to have made such amount available for the purpose of calculating the Actual Monthly Transmission Charge.
- e) If a Capacity Restriction is continuing as a result of the occurrence of Force Majeure, the Transporter may include in any Capacity Restriction Notice such details in order to establish that it is a Force Majeure event for the purposes of this Network Code. that Force Majeure as it is required to provide under a Gas Transportation Agreement in satisfaction of its requirement to give notice of that Force Majeure under that Gas Transportation Agreement.

#### 12.3. Restriction of Forward Firm Capacity

- a) If the Transporter is required to reduce Forward Firm Capacity at a System Point, it will restrict each Shipper's ability to use Reserved Capacity for Forward Firm Capacity at that System Point on a pro rata basis to each Shipper's Reserved Capacity for Forward Firm Capacity at that System Point.

#### 12.4. Interruption and Restriction of Reverse Capacity

- a) In addition to the circumstances set out in Section 12.2, the Transporter will interrupt Reverse Capacity at the Fier Interconnection Point if the Forward flow of Natural Gas is insufficient to provide the Reverse Capacity at that Interconnection Point.
- b) If the Transporter interrupts Reverse Capacity due to an Interruption, it must:
- (i) promptly send an Interruption Notice to all affected Shippers;
  - (ii) inform each affected Shipper of the amount of its Reserved Capacity at the relevant Interconnection Point that the Transporter can make available to it; and
  - (iii) promptly send a new Confirmed Quantity Notice to notify the Shippers of the revised Confirmed Quantities at that Interconnection Point.
- c) If the Transporter restricts the use of all or any part of any Reverse Capacity at an affected Interconnection Point (whether due to Planned Maintenance, a Capacity Restriction or an Interruption), the Transporter will restrict the use of Reverse Capacity on a pro rata basis;

#### 12.5. Interruption and Restriction of Forward Interruptible Capacity

- a) In addition to the circumstances set out in Section 12.2, the Transporter may interrupt all or any part of any Forward Interruptible Capacity at a System Point if the Nominated Quantities received



by the Transporter are greater than the capacity that the Transporter is able to make available at that System Point.

- b) If the Transporter interrupts Forward Interruptible Capacity due to an Interruption, it must:
- (i) promptly send an Interruption Notice to all affected Shippers;
  - (ii) inform each affected Shipper of the amount of its Reserved Capacity at the relevant System Point that the Transporter can make available to it; and
  - (iii) promptly send a new Confirmed Quantity Notice to notify the Shippers of the revised Confirmed Quantities at that System Point.
- c) If the Transporter restricts the use of all or any part of the Forward Interruptible Capacity at a System Point (whether due to Planned Maintenance, a Capacity Restriction or an Interruption), the Transporter must restrict the use of Forward Interruptible Capacity at that System Point:
- (i) first, in reverse time order, so that Reserved Capacity (being Forward Interruptible Capacity) at that System Point that has the latest Contractual Timestamp will be restricted first and Reserved Capacity (being Forward Interruptible Capacity) at that System Point that has the earliest Contractual Timestamp will be restricted last; and
  - (ii) secondly, pro rata, if two or more Reserved Capacity contracts (being Forward Interruptible Capacity) at that System Point have the same Contractual Timestamp.

#### 12.6. Continuing Capacity Restrictions

- a) If, while a Capacity Restriction is continuing, any of the information provided by the Transporter in a Capacity Restriction Notice that was previously sent by the Transporter in relation to that Capacity Restriction becomes inaccurate, the Transporter must send an updated Capacity Restriction Notice as soon as reasonably practicable after becoming aware of the inaccuracy reflecting information that is then accurate. If the Transporter issues an updated Capacity Restriction Notice which changes the amount of Reserved Capacity that is subject to the Capacity Restriction, the Transporter will also inform each affected Shipper of the amount of its Reserved Capacity at the relevant System Point that the Transporter is now able to make available to it.
- b) The Transporter must, promptly following the termination of a Capacity Restriction, send a Capacity Restriction Termination Notice to all affected Shippers.
- c) The Transporter must no later than three Gas Months after the termination of a Capacity Restriction, provide a report, detailing the reasons for that Capacity Restriction and the relevant actions taken by the Transporter while that Capacity Restriction was continuing, to all affected Shippers and the Regulator.
- d) Any affected Shipper may, up to and including the date that falls six Gas Months after the termination of a Capacity Restriction, request, at its own expense, an audit by an independent auditor of the reasons for that Capacity Restriction and the actions taken by the Transporter while that Capacity Restriction was continuing.

#### 12.7. Continuing Interruptions

- a) If, while an Interruption is continuing, any of the information provided by the Transporter in an Interruption Notice that was previously sent by the Transporter in relation to that Interruption becomes inaccurate, the Transporter must send an updated Interruption Notice to all affected Shippers as soon as reasonably practicable after becoming aware of the relevant inaccuracy reflecting information that is then accurate.

- b) The Transporter must, promptly following the termination of an Interruption, send an Interruption Termination Notice to all affected Shippers.

#### 12.8. Emergencies

- a) The existence of an Emergency under this Code shall be determined by the Transporter, acting as a Reasonable and Prudent Operator, irrespective of the cause of the Emergency, or whether the Transporter or any other person may have caused, or contributed to the Emergency.
- b) Where the Transporter determines that an Emergency exists, it shall declare an Emergency and promptly notify the Regulator and relevant government departments.
- c) An emergency (an "Emergency"):
  - (i) may exist by reason of an escape, or suspected escape, of gas; or
  - (ii) may exist in circumstances in which, in the opinion of the Transporter:
    - A. the safety of the Transmission System is significantly at risk;
    - B. the safe conveyance of gas by the Transmission System is significantly at risk;
    - C. gas conveyed by the Transmission System is at such a pressure or of such a quality as to constitute, when supplied to premises, a danger to life or property;
    - D. where the Transporter's ability to maintain safe pressures within the Transmission System is affected or threatened by an interruption or disruption to the Transmission System, an insufficiency of deliveries of gas to the Transmission System, or by any actual or potential failure of or damage to any part of the Transmission System; or
    - E. in any other circumstances reasonably believed by the Transporter to constitute an Emergency (which, for the avoidance of doubt, includes circumstances upstream of an Interconnection Point); and
  - (iii) shall exist:
    - A. where the Transporter declares an Emergency;
    - B. where a reduction in the quantity of gas available for offtake in respect of downstream consumers whose loads are less than 733,000 kWh/annum occurs.
    - C. When directed by the Ministry responsible for energy in accordance with the Emergency Plan.
- d) An Emergency shall continue until such time as the Transporter determines that the circumstances referred to in this section 12.8 no longer apply, that no further Emergency Steps are required, and that normal operation of the Transmission System and implementation of this Code may be resumed.
- e) Once the Transporter determines that no further Emergency Steps are required, and that normal operation of the Transmission System and implementation of this Code may be resumed the Transporter shall promptly issue a declaration confirming the end of the Emergency.

### 12.9. Emergency Steps

- a) The Transporter may take or require that a Shipper takes such steps ("Emergency Steps") as the Transporter deems, as a Reasonable and Prudent Operator, to be necessary:
- (i) to avert and/or reduce the probability of, or probable scale of, an Emergency;
  - (ii) to overcome or contain an Emergency and/or to avert or reduce the hazard presented by it;
  - (iii) to restore gas supply and normal operation of the Transmission System including making available additional gas at an Interconnection Point; and/or
  - (iv) taking into account any steps that the Regulator or relevant government departments may request the Transporter to take.
- b) Where an Emergency has been declared, any requests which the Transporter makes of Shippers as regards Emergency Steps shall be treated as being made on behalf of the Regulator or relevant government departments.
- c) In view of the importance of the co-ordination of Emergency Steps, a Shipper shall only take Emergency Steps pursuant to a request made by the Transporter.
- d) During an Emergency each Shipper shall:
- (i) co-operate with the Transporter, to the extent within the Shipper's power (and without thereby rendering the Shipper unable to comply with any requirement to take Emergency Steps itself), to enable the Transporter to take Emergency Steps and in so doing comply with the Transporter's instructions and requests as soon as reasonably practicable; and
  - (ii) to the extent within its power, comply with the Transporter's instructions and requests to take Emergency Steps as soon as reasonably practicable.
- e) The Transporter and each Shipper acknowledges that in an Emergency their interests shall be subordinated to the need to take Emergency Steps.
- f) Subject to section 17.1.4, no Emergency Step taken by the Transporter, or at the request of the Transporter, by any Shipper, shall be a breach of any provision of this Code, and in particular the Transporter shall not be in breach of its obligation to accept gas tendered for delivery to the Transmission System at an Entry Point or to make gas available for offtake at an Exit Point to the extent that it is as a result of any such Emergency Step so taken.
- g) The Transporter may on notice to Shippers amend or cancel any Emergency Step.

### 12.10. Emergency Contacts

- a) Each Shipper shall provide to the Transporter:
- (i) a single telephone number and facsimile number, and an email address, at which the Transporter may contact, 24 hours a Day and on each Day of a Gas Year, in an Emergency for any purpose pursuant to this section 10:
    - A. a representative of the Shipper; and
    - B. a representative of any Final Customer at an Exit Point in respect of which a Shipper has an Exit Point Registration; and

- (ii) the name(s), title(s) and addresses of such representatives.
- b) The details required under section 12.10.1 shall be provided by a Prospective Shipper before becoming a Shipper and where a Shipper submits an application for an Exit Point Registration in respect of an Exit Point and shall always be maintained up to date. A Shipper shall notify the Transporter of any change in such details promptly and, where possible, in advance of such change.
- c) Each representative referred to in section 12.10 (a)(i)(A) and (B) above shall be a person having appropriate authority and responsibilities within a Shipper's or a Final Customer's organisation (as appropriate) to act as the primary contact for the Transporter in the event of an Emergency.
- d) If a Shipper does not provide such details, or cannot be contacted when required at the contact point referred to in section 12.10.(a), the Transporter may, having taken any steps to contact the relevant Shipper or Final Customer as would a Reasonable and Prudent Operator and without prejudice to the generality of this section 12, discontinue the offtake by such Shipper of Gas. In such circumstances, the Transporter shall not be liable for and the Shipper shall indemnify the Transporter in respect of, any costs incurred in connection with such discontinued offtake of gas.

#### 12.11. The Transporter to inform Shippers of Emergency

- a) Where an Emergency arises, the Transporter shall, as quickly as is reasonably practical, inform the Shippers which have an Exit Point Registration in respect of an affected Exit Point or an Entry Point Registration in respect of an affected Entry Point of the commencement and, so far as practicable, the nature, extent and expected duration of the Emergency. The Transporter shall, so far as practicable, thereafter keep such Shippers informed of any material changes and developments in respect of the Emergency and shall inform such Shippers as soon as reasonably practicable when the Transporter considers the Emergency is no longer continuing.

#### 12.12. Entry Control in an Emergency

- a) In an Emergency the Transporter may take steps to increase or decrease the delivery and/or rate of flow of gas to an Entry Point by issuing appropriate instructions to the Shippers who in turn shall nominate to their Counterparty Shippers as necessary and/or as requested by the Transporter to the extent practical but at all times using their reasonable endeavours.

#### 12.13. Exit Control in an Emergency

- a) Where Emergency Steps include the reduction or discontinuance of the offtake of gas at an Exit Point, the Transporter shall first seek voluntary reductions by Shippers and, if the Transporter cannot achieve the requisite reduction voluntarily, it shall endeavour to reduce offtake from the Transmission System, in so far as is practicable, in the following order (the "Priority Order"), to the extent that the Transporter believes that gas made available for offtake at the Exit Point is supplied to:
  - (i) power generation consumers;
  - (ii) consumers whose loads are greater than or equal to 1,465,416,000 kWh/annum other than power generation consumers;
  - (iii) consumers whose loads are greater than or equal to 733,000 kWh/annum but less than 1,465,416,000 kWh/annum;
  - (iv) consumers whose loads are less than 733,000 kWh/annum.

- b) The Transporter shall endeavour, in so far as it is practicable, to treat each Exit Point equally within each Final Customer type.
- c) In so reducing offtake, the Transporter shall give due consideration, upon notice from a Shipper and, where practicable, to enable Final Customers to discontinue offtake in such a manner as to preserve so far as possible essential services, or to allow the Final Customer to change to alternative fuels (where practicable).
- d) Where, pursuant to the Emergency, the Transporter instructs a Shipper to give any notification or communication to a Final Customer or supplier, the Shipper shall comply with that instruction.
- e) Without prejudice to the Transporter's ability to take any Emergency Steps, the Transporter may take steps physically to isolate any Exit Point where a Shipper does not comply with any instruction given under this section 12.
- f) The order in which, following an Emergency, offtake of gas at Exit Points is restored shall, so far as is practicable, be the reverse of the Priority Order.

#### 12.14. Consequences of Emergency

- a) The Transporter shall take steps to restore gas transportation and normal operation of the Transmission System as soon as reasonably practicable after an Emergency.
- b) The Transporter shall not impose any Scheduling Charge in respect of any Gas Day d on which an Emergency is declared.
- c) If:
  - (i) a Shipper's compliance with any Emergency Step shall give rise to a Positive Imbalance; and
  - (ii) the Shipper provides evidence that the amount payable to it in accordance with section 10 in respect of Balancing Gas is less than the price which it has paid in respect of the relevant gas (a "Shortfall in Price") and requests that such Shortfall in Price be verified,
- d) the Transporter shall promptly appoint an independent expert to verify the extent to which there was a Shortfall in Price and the Shortfall in Price was suitably evidenced and to notify the Transporter of its findings.
- e) If the independent expert appointed under (d) confirms the claim, then the costs associated with the Shortfall in Price shall be paid from the Neutrality Account for the month in which the Emergency Occurred.
- f) The Transporter and the Shippers acknowledge that during an Emergency it may be necessary for each of them to divert resources from other activities which may potentially result in a temporary impairment of their abilities subsequently to perform their respective obligations pursuant to this Code and acknowledge that any such impairment resulting from such diversion of resources may be regarded as Force Majeure.
- g) A Shipper agrees and acknowledges that all gas used or lost in connection with an Emergency, shall be treated as UFG.

#### 12.15. Audit following an Emergency

- a) The Transporter must no later than three Gas Months after the declaration in 12.8.(e), provide a report, detailing the reasons for that Emergency and the relevant actions taken by the Transporter while that Emergency was continuing, to all affected Shippers and the Regulator.
- b) Any affected Shipper may, up to and including the date that falls six Gas Months after the declaration in 12.8.(e), request, at its own expense, an audit by an independent auditor of the reasons for that Emergency and the actions taken by the Transporter while that Emergency was continuing.

#### 12.16. Emergency procedures

- a) A Shipper shall co-operate with the Transporter in relation to the testing of the Transporter's emergency procedures provided that this shall not extend to a Shipper taking Emergency Steps.

## 13. CONGESTION MANAGEMENT

### 13.1. Surrender

- a) Surrender is the process by which a Shipper may release all or part of its Forward Firm Capacity, (other than Forward Firm Daily Capacity), at a System Point, so that the Transporter can offer the released capacity as Available Capacity in accordance with the procedures specified in Section 5.
- b) Any Forward Firm Capacity released must be of a duration that corresponds to Forward Firm Yearly Capacity, Forward Firm Quarterly Capacity or Forward Firm Monthly Capacity.
- c) A Shipper can only release Forward Firm Capacity corresponding to Forward Firm Yearly Capacity for the next Gas Year to be offered at auction.

### 13.2. Procedure for Surrender

- a) A Shipper who wishes to Surrender Reserved Capacity is required to send a Surrender Request to the Transporter through the Capacity Booking Platform. The Surrender Request must be received by the Transporter no later than 10am on the date falling four Business Days before the date of publication of Available Capacity for the relevant auction in which the Surrendered Capacity will be offered and must specify:
  - (i) the System Point at which Reserved Capacity is being Surrendered;
  - (ii) the amount and Capacity Product of the Reserved Capacity that is being Surrendered;
  - (iii) the duration of the Surrender (corresponding to one of the standard Capacity Products set out above); and
  - (iv) whether the Surrendered Capacity is Bundled Capacity or not.
- b) If a Surrender Request meets the requirements set out in paragraph (a) above, the Transporter must notify the Shipper that submitted the Surrender Request that the Surrender Request has been accepted by no later than 10am on the date falling two Business Days before the date of publication of Available Capacity for the relevant auction in which the Surrendered Capacity will be offered.
- c) A Surrender Request, once sent by a Shipper, cannot be withdrawn, cancelled or amended by that Shipper.
- d) Following notification that the Surrender Request has been accepted by the Transporter:
  - (i) the Surrendered Capacity will be included in the amount of Available Capacity offered by the Transporter in the relevant auctions of Available Capacity, in accordance with procedures specified in Section 5.5; and
  - (ii) the relevant Shipper must pay a fee to the Transporter in the amount specified on the Transporter's website at the time the Surrender Request is accepted.
- e) In any auction for which Surrendered Capacity is offered, the Transporter will:
  - (i) first, allocate Available Capacity that is not Surrendered Capacity or Withdrawn Capacity;
  - (ii) second, allocate Available Capacity that is Surrendered Capacity; and

- (iii) third, allocate Available Capacity that is Withdrawn Capacity.
- f) If more than one Shipper has offered Surrendered Capacity, Surrendered Capacity will be offered in the relevant auctions in time-stamp order so that it will be reallocated in the order in which the Surrender Requests relating to that Surrendered Capacity were received by the Transporter.
- g) Promptly after the conclusion of an auction at which Surrendered Capacity has been offered:
- (i) the Transporter will notify each Shipper with Surrendered Capacity in that auction by email of the quantity of their Surrendered Capacity that has been reallocated in that auction and the quantity of their Surrendered Capacity that has not been reallocated in that auction, in each case promptly after the auction has closed; and
  - (ii) if the Surrendered Capacity was subject to an Auction Premium, the relevant Shipper must pay to the Transporter the amount (if any) calculated in accordance with Section 13.11.
- h) Following each auction at which Surrendered Capacity is offered, the Surrender Request that relates to that Surrendered Capacity will cease to have effect. If any Surrendered Capacity was not reallocated at an auction in full and the Shipper wishes that Reserved Capacity to be offered again at the next auction, it is the Shipper's responsibility to Surrender that Reserved Capacity before the next available auction by sending a new Surrender Request to the Transporter.
- i) The Shipper retains its rights and obligations under this network Code for the Surrendered Capacity until that Surrendered Capacity is allocated by the Transporter to one or more new Shipper(s) (except for any ability of the Shipper to trade that Reserved Capacity in accordance with Section 7), following which that first Shipper will cease to have any rights or obligations in relation to such reallocated Surrendered Capacity for the duration of the Surrender and the amount of Reserved Capacity under this Network Code will be deemed to be reduced by an amount and for a duration equal to such reallocated Surrendered Capacity.

### 13.3. Firm Day-Ahead Use-It-Or-Lose-It (FDA UIOLI)

- a) FDA UIOLI is the process by which the Transporter can limit a Shipper's ability to re-nominate a part of its Reserved Capacity and to offer that capacity as Available Capacity at auctions of Forward Firm Daily Capacity when certain criteria set out in Section 13.4 are met.
- b) The Transporter will monitor auctions for Forward Firm Capacity during each Gas Year to determine if at least one of the conditions in paragraph (c) below for application of FDA UIOLI have been satisfied.
- c) FDA UIOLI is determined separately for each System Point. The Transporter will apply FDA UIOLI in the following Gas Year at any System Point where it observes the occurrence of any of the following contractual congestion events during a Gas Year in respect of Capacity Products for use in that, or in the case of paragraph (i) below any of the subsequent two, Gas Years (each an FDA UIOLI Contractual Congestion Event):
- (i) an Auction Premium for Forward Firm Yearly Capacity;
  - (ii) an Auction Premium for at least two Capacity Products for Forward Firm Quarterly Capacity;
  - (iii) an Auction Premium for at least three Capacity Products for Forward Firm Monthly Capacity; or



- (iv) no Forward Firm Yearly Capacity, Forward Firm Quarterly Capacity or Forward Firm Monthly Capacity was available to be offered at auction at any time during that Gas Year.
- d) The Transporter will apply FDA UIOLI for the Gas Year immediately following the Gas Year in which the FDA UIOLI Contractual Congestion Event has been observed. FDA UIOLI will then continue to apply until it is withdrawn, as described in paragraph 13.5.
- e) The Transporter will make available an annual monitoring report to all Shippers and the Regulator in relation to FDA UIOLI after each Gas Year has ended, containing details of whether an FDA UIOLI Contractual Congestion Event was observed at each System Point and whether FDA UIOLI is to apply at one or more System Points and the start date of any FDA UIOLI application.

#### 13.4. Application of FDA UIOLI

- a) FDA UIOLI will only apply at a System Point to Shippers who on average held 10% or more of maximum Forward Firm Capacity that the Transporter can offer to Registered Parties (taking account of system integrity and operation requirements) at that System Point during the Gas Year in which an FDA UIOLI Contractual Congestion Event was observed.
- b) If FDA UIOLI is applied, affected Shippers are restricted in the extent to which they can submit Renominations of their Reserved Capacity on a firm basis upwards or downwards during the period for Renominations within a Gas Day.
- c) The restrictions on increasing Renominations are:
  - (i) if the Shipper's Nominated Quantity was between 0-80% of their Reserved Capacity, the upwards Renomination on a firm basis is limited to less than or equal to 90% of their Reserved Capacity, and 10% of their Reserved Capacity can only be renominated as if it were Forward Day-Ahead Interruptible Capacity;
  - (ii) if the Shipper's Nominated Quantity was greater than 80% of their Reserved Capacity, the Shipper can renominate half of the un-nominated Reserved Capacity upwards on a firm basis (for example, if the nomination was 90%, the re-nomination cannot be greater than 95%) and the other half (5% in the example) of their Reserved Capacity can only be renominated as if it were Forward Day-Ahead Interruptible Capacity.
- d) The restrictions on decreasing Renominations are:
  - (i) if the Shipper's Nominated Quantity was between 20-100% of their Reserved Capacity, the downwards Renomination is limited to more than or equal to 10% of their Reserved Capacity;
  - (ii) if the Shipper's Nominated Quantity was less than 20%, the Shipper can renominate half of the nominated Reserved Capacity downwards (for example, if the nomination was 10%, the re-nomination cannot be less than 5%).
- e) The Transporter will offer capacity that the Shipper can only renominate as if it were Forward Day-Ahead Interruptible Capacity as Forward Firm Daily Capacity at auctions. This capacity becomes Available Capacity for all Registered Parties to purchase at auction.

#### 13.5. Withdrawal of FDA UIOLI

- a) The Transporter may withdraw the application of FDA UIOLI if it deems that the situation defined in Section 13.3(c) is unlikely to reoccur in the following three Gas Years, based on

findings in the Transporter's annual monitoring report. If this is the case, the Transporter must receive formal approval from the Regulator.

- b) The Transporter will continue to monitor for the occurrence of an FDA UIOLI Contractual Congestion Event following such a decision and re-apply FDA UIOLI if the situation in Section 13.3(c) occurs again.

13.6. Long Term Use It Or Lose It (LT UIOLI)

- a) Without prejudice to the following provisions in respect of LT UIOLI (which will prevail in the event of any inconsistency or dispute over interpretation), the following diagram summarises LT UIOLI:

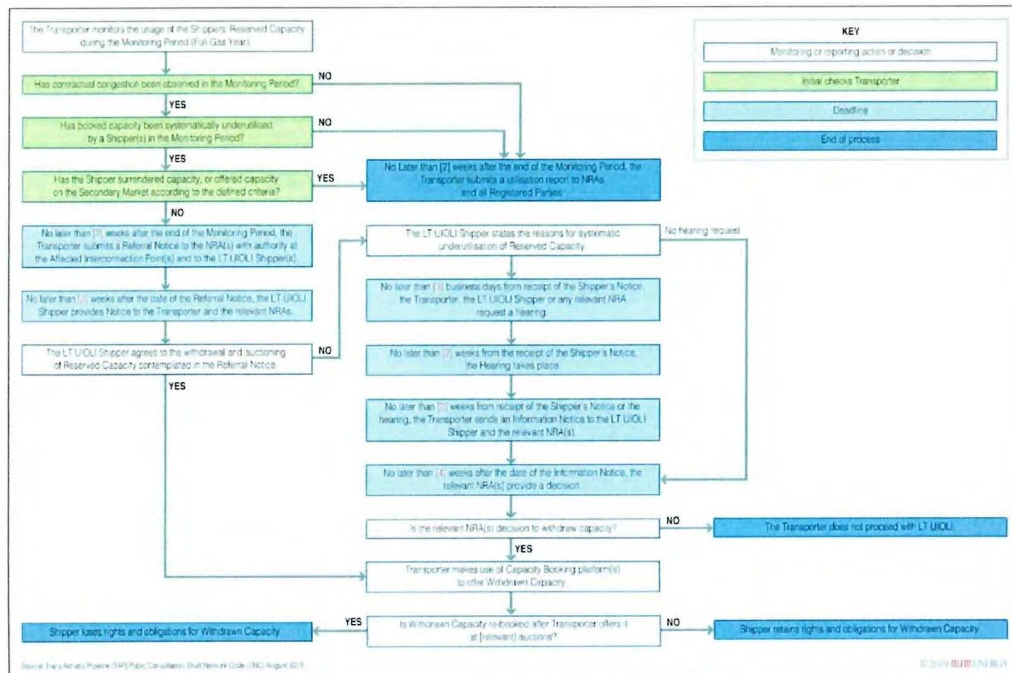


Figure 2 – Schematic of LT-UIOLI

- b) The Transporter will monitor the usage of Shippers' LT UIOLI Capacity Products in each Monitoring Period to determine the Average Utilisation of such Reserved Capacity.
- c) The average utilisation (the **Average Utilisation**) at a System Point in each Semi-Annual Period in a Monitoring Period is calculated as the average (arithmetic mean) of all Allocated Quantities of that Shipper in respect of LT UIOLI Capacity Products at that System Point in that Semi-Annual Period divided by the average (arithmetic mean) of that Shipper's Reserved Capacity constituted by LT UIOLI Capacity Products at that System Point during that Semi-Annual Period. For this purpose, if the Shipper has Reserved Capacity for different Capacity Products, LT UIOLI Capacity Products are assumed to be used prior to any other Capacity Products with a shorter duration.
- d) The Transporter will, no later than two weeks after the end of each Monitoring Period, send an annual utilisation report to all Registered Parties and the Regulator. The utilisation report sent to the Regulator will contain the Average Utilisation for each Shipper and System Point for each

Semi-Annual Period in that Monitoring Period. The utilisation report sent to Registered Parties will contain only the average of the Average Utilisations of all Shippers at each System Point and (if relevant) the Average Utilisation of that Shipper at each System Point.

- e) After the end of a Monitoring Period, the Transporter will only commence the procedure to determine whether LT UIOLI should be applied if it observes the occurrence of any of the following contractual congestion events during the Monitoring Period (each a LT UIOLI Contractual Congestion Event):
- (i) all Forward Firm Yearly Capacity for the following Gas Year was sold out at the relevant auction and an Auction Premium was observed for Forward Firm Yearly Capacity for the following Gas Year; or
  - (ii) all Forward Firm Quarterly Capacity for the following Gas Year was sold out at the relevant auction and an Auction Premium was observed for at least two Capacity Products for Forward Firm Quarterly Capacity for the following Gas Year.

### 13.7. Systematic underutilisation and exclusions

- a) If a LT UIOLI Contractual Congestion Event is observed, the Transporter will submit a notice (a **Congestion Notice**) to the Regulator at the same time as it submits the annual utilisation report under Section 13.6(d).
- b) The Transporter will include the following information in the Congestion Notice:
- (i) a description of the LT UIOLI Contractual Congestion Event including:
    - A. information as to whether the Forward Firm Yearly Capacity for the following Gas Year was sold out at the relevant auction and an Auction Premium was observed for Forward Firm Yearly Capacity
    - B. information as to whether the Forward Firm Quarterly Capacity for the following Gas Year was sold out at the relevant auction and an Auction Premium was observed for at least two Capacity Products for Forward Firm Quarterly Capacity for the following Gas Year.
  - (ii) for each Shipper in respect of LT UIOLI Capacity Products:
    - A. a list of all Surrender Requests submitted by that Shipper during the Monitoring Period, including:
      - I. the System Point at which Reserved Capacity was Surrendered;
      - II. the amount of the Reserved Capacity Surrendered and the Capacity Product;
      - III. the duration of the Surrender;
      - IV. whether the Surrendered Capacity is Bundled Capacity; and
      - V. the amount of Surrendered Capacity that was rebooked and the results of the auctions at which the Surrendered Capacity was offered.
    - B. a list of offers for Transfer of Reserved Capacity to other Registered Parties on the Capacity Booking Platform or offers for Assignment at a price no greater than the Reserve Price of the relevant Capacity Product or Reserved Capacity during the Monitoring Period, including

- I. the System Point related to the Transfer or Assignment;
  - II. the amount of Reserved Capacity offered and the Capacity Product;
  - III. the duration of the proposed Transfer or Assignment;
  - IV. whether the offered Capacity is Bundled Capacity;
  - V. the price at which the offer was made and the respective Reserve Price; and
  - VI. the amount of Reserved Capacity transferred or assigned as a result of the offer.
- C. any other information related to the basis on which the Shipper has attempted to offer the Reserved Capacity to other Registered Parties and/or through Surrender Requests; and
- (iii) the proposed date of the auction at which the Transporter intends to offer any resulting Withdrawn Capacity to Registered Parties, which (subject to any delays to that date that may result from the process described in paragraphs below) should be no later than four Gas Months after the last day of the Monitoring Period.
- c) Based on the information received, the Regulator will only commence the procedure to determine whether LT UIOLI should be applied if one or more Shippers have systematically underutilised their Reserved Capacity constituted by LT UIOLI Capacity Products. Reserved Capacity will be systematically underutilised if the Shipper's Average Utilisation at a System Point has been less than 80% in both Semi-Annual Periods in the relevant Monitoring Period.
- d) The Regulator will take into consideration the basis on which the Shipper has attempted to offer the Reserved Capacity it does not need to other Registered Parties and/or through Surrender Requests. If the following criteria are satisfied in relation to a Semi-Annual Period in the Monitoring Period, then the Regulator will not proceed further with the LT UIOLI procedure:
- (i) the Shipper has submitted Surrender Requests or offered Reserved Capacity for Transfer to other Registered Parties on the Capacity Booking Platform for at least three consecutive Gas Months ahead in that Monitoring Period, for an amount of Reserved Capacity that would result in an Average Utilisation of 80% in that Semi-Annual Period;
  - (ii) any Reserved Capacity offered for Transfer has been offered at a price no greater than the Reserve Price of the relevant Capacity Product; and
  - (iii) any Reserved Capacity offered for Transfer has been offered on a non-discriminatory basis to all interested Registered Parties.

### 13.8. Referral Notice and Appeal

- a) If a LT UIOLI Contractual Congestion Event has been observed and systematic under-utilisation by a Shipper has been observed (the LT UIOLI Shipper) during a Monitoring Period and the criteria above have not been satisfied in relation to that Monitoring Period, the Transporter will submit a notice (a Referral Notice) to the LT UIOLI Shipper (copied to the Regulator) four weeks after receipt of the relevant Congestion Notice.
- b) The Referral Notice must contain the following details:
  - (i) the name of the LT UIOLI Shipper;

- (ii) the System Point where a LT UIOLI Contractual Congestion Event has been observed;
  - (iii) a copy of the annual utilisation report which demonstrates underutilisation of Reserved Capacity by the LT UIOLI Shipper at a System Point referred to in paragraph (ii) above;
  - (iv) the amount of unutilised Reserved Capacity that the LT UIOLI Shipper has made subject to a Surrender Request or offered for Transfer to other Registered Parties on the Capacity Booking Platform;
  - (v) the amount of Reserved Capacity that should be Withdrawn Capacity (which will be the minimum amount of Reserved Capacity that would have needed to have been withdrawn for the Average Utilisation to have been 80% in both Semi-Annual Period in that Monitoring Period) taking into account the amount of unutilised Reserved Capacity that the LT UIOLI Shipper has made subject to a Surrender Request or offered for Transfer on the Capacity Booking Platform; and
  - (vi) the proposed date of the auction at which the Transporter intends to offer the Withdrawn Capacity to Registered Parties, which (subject to any delays to that date that may result from the process described in paragraphs (c) to (j) below) may be no later than four Gas Months after the last day of the Monitoring Period.
- c) The LT UIOLI Shipper will, by no later than two weeks after the date of submission of the Referral Notice, provide notice to the Transporter that it:
- (i) agrees to the withdrawal and auctioning of Reserved Capacity contemplated in the Referral Notice; or
  - (ii) disagrees with the withdrawal and auctioning of Reserved Capacity contemplated in the Referral Notice, in which case, that Shipper must submit an appeal (an Appeal Notice) to the Regulator providing reasons for the systematic underutilisation of its Reserved Capacity at the affected System Points and demonstrate its intended use of that Reserved Capacity in the current Gas Year.
- d) Reasons that a LT UIOLI Shipper may provide for the systematic underutilisation of Reserved Capacity may include, but will not be limited to, the following:
- (i) the Reserved Capacity has been subject to Capacity Restrictions;
  - (ii) the Reserved Capacity is needed to fulfil contractual obligations of the Shipper;
  - (iii) the supply market(s) that the Reserved Capacity is intended for is characterised by high seasonality or variations in demand;
  - (iv) the application of an on-going or recently completed ramp up period to full operations of the upstream Natural Gas facilities which are supplying the LT UIOLI Shipper, and which require the LT UIOLI Shipper to retain Reserved Capacity that is wholly or partially unutilised during that ramp up period; and
  - (v) for operational reasons the LT UIOLI Shipper has retained a reasonable amount of Reserved Capacity (that it ultimately did not utilise) due to uncertainty in respect of the LT UIOLI Shipper's supply of Natural Gas required to fulfil its own contractual obligations.
- e) The LT UIOLI Shipper must include a statement in its notice if it has any objections to the sharing with the Transporter of the information provided by the LT UIOLI Shipper in its notice.

- f) The Regulator will consider the Shipper's justification on a case-by-case basis. The Regulator will assess whether the Shipper has utilised its capacity in a manner consistent with its operational and contractual requirements and take into account any reasonable and relevant commercial considerations or any other reason it sees fit prior to issuing its decision referred to under paragraph (i) below.
- g) The LT UIOLI Shipper may request a hearing with the Regulator by no later than three Business Days following receipt of the notice referred to in paragraph (c) above. The Transporter may also attend the hearing if requested by the LT UIOLI Shipper and/or the Regulator.
- h) The Regulator may decide:
  - (i) to proceed with the withdrawal and auctioning of Reserved Capacity as contemplated in the Referral Notice;
  - (ii) to modify the Referral Notice so that the amount of Reserved Capacity that should be withdrawn from the LT UIOLI Shipper or the date of the auction at which the Transporter intends to auction that Reserved Capacity is amended; or
  - (iii) to cancel the Referral Notice.
- i) The Transporter and all Registered Parties acknowledge that the Regulator has the power to make the final decision either ratifying, amending or rejecting the conclusions set out in the Referral Notice (the Regulatory Decision).
- j) The Transporter will promptly notify the LT UIOLI Shipper of the Regulatory Decision and will, subject to any delays in achieving the projected auction schedule set out in the Referral Notice that may result from the process described in this Section 13.8, implement the withdrawal and auctioning of Reserved Capacity by no later than four Gas Months after the last day of the Monitoring Period.
- k) The Transporter and all Registered Parties agree that the Regulatory Decision will be binding.

### 13.9. Application of LT UIOLI

- a) When applying LT UIOLI, the amount of Reserved Capacity in respect of LT UIOLI Capacity Products to be withdrawn from the Shipper will be the minimum amount of Reserved Capacity that would have needed to have been withdrawn for the Average Utilisation to have been 80% in both Semi-Annual Periods in the relevant Monitoring Period, taking into account Section 13.7(d) and Section 13.8(d). Such amount of Reserved Capacity will be withdrawn during the Gas Year following the Monitoring Period, up to the maximum duration that may be withdrawn within that Gas Year once the process described in Section 13.8 has concluded.
- b) If LT UIOLI is applied, the relevant Shipper must pay a fee to the Transporter in the amount specified on the Transporter's website from time to time.
- c) The Transporter will offer the Withdrawn Capacity in the next available auctions for Forward Firm Quarterly Capacity. The Transporter will also offer the Withdrawn Capacity in any available auctions for Forward Firm Monthly Capacity for any Gas Month that falls before the first Gas Quarter included in the Forward Firm Quarterly Capacity auctions in which the Withdrawn Capacity is offered. Withdrawn Capacity is offered in auctions after Surrendered Capacity and if not booked in full will be allocated between Shippers with Withdrawn Capacity in the relevant auction pro rata to their Withdrawn Capacity.
- d) Promptly after the conclusion of an auction at which Withdrawn Capacity has been offered:

- (i) the Transporter will notify each Shipper with Withdrawn Capacity in that auction of the quantity of their Withdrawn Capacity that has been reallocated in that auction promptly after the auction has closed; and
  - (ii) if the Withdrawn Capacity was subject to an Auction Premium, the relevant Shipper must pay to the Transporter the amount (if any) calculated in accordance with Section 13.11.
- e) The LT UIOLI Shipper retains its rights and obligations (including the right to submit Nominations for that Withdrawn Capacity) under this Network Code for the Withdrawn Capacity until that Withdrawn Capacity has been re-booked by one or more Shipper(s), following which that first Shipper will cease to have any rights or obligations in relation to such reallocated Withdrawn Capacity and the amount of Reserved Capacity under this Network Code will be deemed to be reduced by an amount and for a duration equal to such reallocated Withdrawn Capacity.
- f) Following the auctions at which the Withdrawn Capacity is auctioned in accordance with paragraph (c) above, the Shipper will retain its rights and obligations for any Withdrawn Capacity that has not been allocated, and such Reserved Capacity will no longer be considered to be Withdrawn Capacity.

#### 13.10. LT UIOLI not Confidential Information

- a) If LT UIOLI is applied, the Transporter will need to reallocate such capacity in accordance with Section 13.9. The following information will therefore not be considered to be confidential and, in particular, does not constitute "Confidential Information" for the purpose of this Network Code:
- (i) the contents of any Congestion Notice, Referral Notice or utilisation report;
  - (ii) the amount of Reserved Capacity that is under consideration for withdrawal from that LT UIOLI Shipper;
  - (iii) the contents of any Regulatory Decision; and
  - (iv) the amount of Withdrawn Capacity and the identity of the LT UIOLI Shipper.

#### 13.11. Auction Premium

- a) If:
- (i) an amount of Surrendered Capacity or Withdrawn Capacity that was subject to an Auction Premium as part of the Tariff is reallocated to another Registered Party in accordance with this Section 13 and the procedures set out in Section 5; and
  - (ii) any Reserved Capacity under which such Surrendered Capacity or Withdrawn Capacity is reallocated is subject to an Auction Premium that is less than the Auction Premium applying to that Surrendered Capacity or Withdrawn Capacity,

then the Shipper with the Surrendered Capacity or Withdrawn Capacity must pay to the Transporter for each such reallocated Reserved Capacity an amount equal to the total unrecoverable Auction Premium, calculated as:

$$AP = [P_{old} - P_{new}] \times \frac{RC \times D}{365}$$

where:

AP is the total amount payable by the Shipper to the Transporter in respect of unrecoverable Auction Premium for Reserved Capacity.

$P_{old}$  is the Auction Premium applicable to the Surrendered Capacity or Withdrawn Capacity.

$P_{new}$  is the Auction Premium applicable to the reallocated Reserved Capacity.

RC is the aggregate amount of Surrendered Capacity or Withdrawn Capacity that is reallocated as part of that Reserved Capacity.

D is the total duration of the reallocated Reserved Capacity in Gas Days.



## 14. FUEL GAS

### 14.1. Fuel Gas

- a) The Transporter will act as a Reasonable and Prudent Operator in its use of Fuel Gas.
- b) The Transporter will purchase Fuel Gas according to a transparent and market-based procedure published on the Transporter's website. The procedure will be based on the Transporter running a competitive tender for the supply of Fuel Gas on a periodic basis, but not less frequently than annually, for supply over the relevant period.
- c) The Transporter may from time to time, at its discretion, update the procedure referred to in paragraph (b) above if the updated version of that procedure remains transparent and market-based after that update has taken place.
- d) The Transporter may satisfy its obligation to purchase Fuel Gas under paragraph (b) above by purchasing or selling a quantity of Natural Gas that corresponds to the aggregate of UFG (which may be either a positive or negative quantity), Fuel Gas (which will be a positive quantity) and the aggregate of all Transmission Imbalances (which may be either a positive or negative quantity).
- e) If the Transporter does not have available to it all the information required to calculate the Fuel Gas Price for a particular Gas Month by the time it is required to issue the relevant Monthly Statements, the Transporter will include in each Monthly Statement the Fuel Gas Price based on the most accurate information then available to it. The Transporter will as soon as reasonably possible and not later than the next Annual Statement sent to each applicable Registered Party, include a reconciliation of the amount paid in the relevant Monthly Statement and the amount that should have been paid based on the finally determined Fuel Gas Price calculated on the basis that such information had been made available in time for the relevant Monthly Statement.

14.2. Not Used

14.3. Not Used

14.4. Not Used

### 14.5. Fuel Gas Metering

- a) The Transporter must ensure that Fuel Gas used at the Fuel Gas Facilities is metered by the Metering Equipment at that Fuel Gas Facility.
- b) The Transporter must keep a record of Fuel Gas use at the Fuel Gas Facilities for each Gas Day and publish the Metered Quantities of Fuel Gas used at each Fuel Gas Facility on the Electronic Data Platform at the end of each Gas Month.

## 15. THIS SECTION NOT USED

## 16. UFG

### 16.1. Purchase and sale of UFG

- a) The Transporter will purchase or sell a quantity of Natural Gas that corresponds to UFG according to a transparent and market-based procedure published on the Transporter's website. The procedure will be based on the Transporter running a competitive tender for the supply of UFG at an Interconnection Point or the Virtual Trading Point on a periodic basis, but not less frequently than annually, for supply over the relevant period.
- b) The Transporter may from time to time, at its discretion, update the procedure referred to in paragraph (a) above if the updated version of that procedure remains transparent and market-based after that update has taken place.
- c) The Transporter may satisfy its obligation to purchase UFG under paragraph (a) above by purchasing or selling a quantity of Natural Gas that corresponds to the aggregate of UFG (which may be either a positive or negative quantity), Fuel Gas (which will be a positive quantity) and the aggregate of all Transmission Imbalances (which may be either a positive or negative quantity).
- d) If the Transporter does not have available to it all the information required to calculate the UFG Price or the UFG Cost for a particular Gas Month by the time it is required to issue the relevant Monthly Statements, the Transporter will include in each Monthly Statement the UFG Price and the UFG Cost based on the most accurate information then available to it. The Transporter will as soon as reasonably possible and not later than the next Annual Statement sent to each applicable Registered Party, include a reconciliation of the amount paid in the relevant Monthly Statement and the amount that should have been paid based on the finally determined UFG Price and/or UFG Cost calculated on the basis that such information had been made available in time for the relevant Monthly Statement.

### 16.2. Amounts payable in respect of UFG

- a) If UFG in relation to a Gas Month is positive, an amount will become due and payable from the Transporter to each Shipper in respect of UFG sold by the Transporter during that Gas Month. That amount will be calculated by multiplying:
  - (i) UFG that is sold by the Transporter and allocated to the relevant Shipper according to the provisions of Section 16.4; by
  - (ii) the UFG Price per kWh minus the UFG Cost per kWh in relation to the UFG sold by the Transporter.
- b) If UFG in relation to a Gas Month is negative, an amount will become due and payable from each Shipper to the Transporter in respect of UFG purchased by the Transporter during that Gas Month. That amount will be calculated by multiplying:
  - (i) UFG that is purchased by the Transporter and allocated to the relevant Shipper, calculated according to the provisions of Section 16.4; by
  - (ii) the UFG Price per kWh plus the UFG Cost per kWh in relation to the UFG purchased by the Transporter.

### 16.3. Calculation of UFG

- a) The total UFG for a Gas Month will be calculated by the Transporter in accordance with the following formula.

$$UFG = I_T - W_T - F_T - LM - LFM - LE - \Delta_Q$$

Where

$I_T$  is the sum of the Metered Quantities of Natural Gas in kWh delivered into the Transmission System at all System Points during that Gas Month.

$W_T$  is the sum of the Metered Quantities of Natural Gas in kWh re-delivered from the Transmission System at all System Points during that Gas Month.

$F_T$  is the total quantity of Fuel Gas used by the Transporter during that Gas Month.

$LM$  is the quantity of Natural Gas in kWh that is lost from the Transmission System during that Gas Month as a result of all Planned Maintenance and Unplanned Maintenance performed by the Transporter, as calculated by the Transporter.

$LFM$  is the quantity of Natural Gas in kWh that is lost from the Transmission System during that Gas Month as a result of the occurrence of Force Majeure, as calculated by the Transporter.

$LE$  is the quantity of Natural Gas in kWh that is lost or gained by the Transmission System during that Gas Month as a result of the occurrence of an Emergency as calculated by the Transporter.  $\Delta_Q$  is the difference between the total volume of Natural Gas in kWh in the Transmission System at the start of the first Gas Day of that Gas Month and at the end of the last Gas Day of that Gas Month, calculated as follows:

$$\Delta_Q = Q_2 - Q_1$$

where:

$Q_1$  – is the total volume of Natural Gas in kWh in the Transmission System calculated by the Transporter at the start of the first Gas Day of that Gas Month.

$Q_2$  is the total volume of Natural Gas in kWh in the Transmission System calculated by the Transporter at the end of the last Gas Day of that Gas Month.

### 16.4. Allocation of UFG to Shippers

- a) Positive or negative UFG for a Gas Month may be allocated by the Transporter to each Shipper in accordance with the following formula:

$$UFG_S = \frac{A_S}{A_T} \times UFG$$

where:

$UFG_S$  is the quantity of UFG to be allocated by the Transporter to a Shipper in respect of all System Points.

UFG is the total quantity of UFG for that Gas Month, as calculated under Section 16.3.

$A_S$  is the aggregate of the absolute values of Allocated Quantities of that Shipper at all System Points in that Gas Month.

$A_T$  is the aggregate of the absolute values of Allocated Quantities of all Shippers at all System Points in that Gas Month.

## 17. METERING

### 17.1. Metering Equipment

- a) The quantity and quality of Natural Gas delivered to, consumed by and redelivered by the Transporter will be measured for operational and fiscal reasons. The Metering Equipment relevant to the measurement of Natural Gas for the Transmission System (including those owned and operated by the Transporter and those owned and operated by an Adjacent TSO) are set out in 0 of Appendix 1.
- b) The Transporter must, acting as a Reasonable and Prudent Operator, ensure that:
  - (i) all Metering Equipment that is necessary for the Transporter to comply with applicable Law including the Metering Code and its obligations under this Network Code is installed in the Transmission System, a Final Customer's premises or an Interconnected System;
  - (ii) all Metering Equipment that is required to be operational is continuously operated, and its performance is monitored;
  - (iii) all Metering Equipment is Validated and Calibrated with a frequency that is at least that specified in the requirements of paragraphs (A) to (C) below;
  - (iv) all Metering Data is Verified, recorded and kept for at least five years after it is generated; and
  - (v) logs of all Calibrations, Verifications and Validations that have taken place are produced and kept for at least five years after their production,

in each case, in accordance with the requirements of:

- A. firstly, the Metering Code;
- B. secondly, the technical specifications of the Transmission System and/or any relevant Interconnected System; and
- C. thirdly, the applicable Metering Equipment Technical Specifications,

and, in the case of conflict between any of the requirements set out in paragraphs (A) to (C) above, the Transporter must ensure compliance with the requirement that ranks highest in that list.

- c) Without prejudice to the obligations on the Transporter under paragraph (b) above, it is acknowledged the Transporter may procure compliance with such obligations by entering into contractual arrangements with an Adjacent TSO or other relevant service provider to fulfil those obligations on its behalf.
- d) For the avoidance of doubt, if when carrying out meter calibration or validation under this section 17, evidence is detected that the meter is damaged or has been interfered with by the Final Customer, the provisions of the respective legislation shall be applied.

### 17.2. Correction of inaccurate Metering Data

- a) If, at any time, the Transporter becomes aware that the Metering Data that was intended to be metered by the Metering Equipment has not been metered or has been inaccurately metered for a period of time, the Transporter must promptly:

- (i) ensure that the Metering Equipment is Validated and, to the extent necessary, adjusted or repaired so as to resume accurate metering; and
  - (ii) take such action as is necessary to replace any missing or incorrect Metering Data with corrected data or default values.
- b) The Transporter will act as a Reasonable and Prudent Operator in determining the procedures to replace missing or incorrect Metering Data and may rely on the advice of third-party experts. The procedures that the Transporter uses to determine corrected or default data include in order of preference:
  - (i) if available, use of data from additional standby / check meters installed by the Transporter or an Adjacent TSO (as applicable, being the party who does not have responsibility for the Metering Equipment at the relevant Interconnection Point);
  - (ii) calculation of flow by interpolation;
  - (iii) extrapolation of the last valid flow data;
  - (iv) simulation of missing data by balancing of the upstream and downstream networks; and
  - (v) using historical data at the same pressure, temperature, and compressor/regulator modes.
- c) The period for which any replacement values will apply will be either:
  - (i) the period during which the Metering Data were not metered or inaccurately metered, if known; or
  - (ii) the period between the date on which the last Verification of Metering Data occurred and the date on which the adjustment or repair of the Metering Equipment as required by paragraph (a)(i) above, was completed,subject to any limit on such period provided in an Agreement established in accordance with Section 25.3.
- d) If any Metering Data is corrected in accordance with this Section 17.2:
  - (i) if that Metering Data affects Natural Gas delivered at an Interconnection Point:
    - A. the Transporter will liaise with the relevant Adjacent TSO to determine if the correction can be absorbed between the Transporter and the Adjacent TSO in accordance with any Interconnection Agreement or Operational Balancing Agreement then in effect at that Interconnection Point (or as otherwise agreed between the Transporter and the Adjacent TSO) without any need to revise the Allocated Quantities; and
    - B. if it is not possible to absorb the correction in accordance with paragraph (A) above, the Allocated Quantities will be revised for each Gas Day on which replacement values apply in accordance with the proportional allocation rule in Section 10.4(b); and
  - (ii) the Transporter must, to the extent necessary, update any affected Statements in accordance with Section 19.3.

### 17.3. Requests for Verification

- a) If a Registered Party that is or was, at the relevant time, a Shipper or an Final Customer reasonably believes that any Metering Equipment is not, or was not, at any time since the date falling three months before the most recent Verification, accurately metering the Metering Data, that Registered Party may request copies of all Calibration, Validation and Verification logs relevant to the period and Metering Equipment under consideration. The Transporter must provide all such logs in relation to the relevant Metering Equipment and period within two weeks of such request.
- b) Following receipt and review of the information provided under paragraph (a) above, the relevant Registered Party or Ende User may, if it certifies to the Transporter that it reasonably believes there is a material error in the relevant Metering Data, provide notice to the Transporter that it requires the Transporter to Verify that Metering Data.
- c) Following receipt of a notice referred to in paragraph (b) above, the Transporter must:
  - (i) ensure that the required Verification is carried out as soon as reasonably practicable and provide that Registered Party or Final Customer with at least five Business Days' notice of the time and location of each step of the Verification;
  - (ii) ensure that the required Verification is carried out in compliance with the requirements set out in Section 17.1(b)(A) to (C); and
  - (iii) no later than four weeks after the end of the required Verification, ensure that a report stating whether the relevant Metering Equipment subject to the Verification is and was operating accurately and in compliance with the Metering Equipment Technical Specifications or not and, if relevant, specify any resulting actions to be taken by the Transporter.
- d) If the Verification concludes that:
  - (i) the Metering Equipment is and was functioning accurately, compliant with the Metering Equipment Technical Specifications, the Registered Party or Final Customer requesting that Verification must promptly reimburse the Transporter for all costs and expenses that the Transporter or any of its employees or contractors incurred in connection with that Verification and the production of the report; or
  - (ii) the Metering Equipment is not or was not functioning accurately, the Transporter will be responsible for any costs or expenses that the Transporter or any of its employees or contractors incurred in connection with that Verification and the production of the report.
- e) A Registered Party or Final Customer that requires a Verification has the right to have its personnel present during the Verification, provided that such Registered Party or Final Customer has included, in its notice given under paragraph (b) above, confirmation that it intends to have its personnel present and the names and contact details of those personnel. The Registered Party or Final Customer is responsible for ensuring that its personnel comply at all times that they are present with all applicable site security and safety, insurance, confidentiality and legal requirements of the Transporter and/or a relevant Adjacent TSO.
- f) If an inspection, audit or investigation of the Transmission System by any public, national or metrological authorities takes place during any period of Verification scheduled in accordance with this Section 17.3, that inspection, audit or investigation will take priority over that Verification and the Transporter may delay that Verification as is necessary to accommodate that inspection, audit or investigation.



- g) If the Transporter does delay a Verification in accordance with paragraph (f) above, it must reschedule that Verification as soon as reasonably practicable following the conclusion of the relevant inspection, audit or investigation and give the relevant Registered Party or Final Customer at least five Business Days' notice of the time and location of each step of the rescheduled Verification.

#### 17.4. Obligation to install Metering Equipment

- a) Under the Law on the Natural Gas Sector, the Transporter is responsible for all metering activity and the service of meter reading on the Transmission System.
- b) The metering system installed by, or on behalf of, the Transporter at a Final Customer's premises will be the property of the Transporter.
- c) The Transporter may contract independent operators to carry out metering activity and / or the provision of services related to meter reading on the Transmission System.
- d) The Transporter shall ensure that Final Customer shall have access at any time to read and monitor of natural gas metering equipment. Such service shall be provided free of charge.
- e) Nothing in the Code shall prevent a Shipper or Final Customer installing check metering or metering equipment for Final Customer billing purposes so long as the installation of such equipment does not interfere with the Transporter's metering activities and the fitting of the equipment complies with all relevant safety regulations.

## 18. REDISTRIBUTION

### 18.1. General

- a) This Section 18 sets out the implementation of the principles for the calculation and allocation of amounts required to be redistributed in accordance with the Tariff published on the Transporter's website.

### 18.2. Regulator's special fund

- a) In accordance with Point 10 of Section 4.7 of the Joint Opinion, the amount to be transferred to the special fund of the Regulator for each Revenue Receipt Period is calculated as follows:

$$RA_{a_t} = AMC_{mtp_t} + AMC_{rftp_t}$$

where:

$RA_{a_t}$  is the amount to be transferred to the special fund at the disposal of the Authorities for Revenue Receipt Period  $t$

$AMC_{mtp_t}$  is the aggregate amount received by the Transporter within the Revenue Receipt Period  $t$  from the portion of Actual Monthly Transmission Charges attributable to an auction premium payable pursuant to the Market Test procedures

$AMC_{rftp_t}$  is the aggregate amount received by the Transporter within the Revenue Receipt Period  $t$  from the portion of Actual Monthly Transmission Charges attributable to an auction premium for Commercial Reverse Capacity.

$t$  Denotes the Revenue Receipt Period

- b) The Transporter will transfer all such amount to the special fund of the Regulator in accordance with the instructions of the Regulator.

## 19. INVOICING

### 19.1. Master Statement

- a) The Transporter will send to each Registered Party that has any amount that is due to or from such Registered Party in a particular Gas Month under this Network Code a Master Statement by no later than the tenth Day after the end of such Gas Month.
- b) The Master Statement will include each of the Monthly Statements that the Transporter is required to send to that Registered Party under paragraph (e).
- c) In addition, the Master Statement will set out details of the following amounts for the relevant Gas Month (to the extent applicable):
  - (i) any reduction on that Registered Party's ability to use its Reserved Capacity as a result of a Capacity Restriction;
  - (ii) the Allocated Quantities for that Registered Party in respect of each of its Shipper Account Codes at each Interconnection Point and the Virtual Trading Point for each Gas Day in the relevant Gas Month;
  - (iii) the Neutrality Payment Amount credited to or payable by that Registered Party;
  - (iv) the Daily Imbalance Charge for each Gas Day in that Gas Month for that Registered Party;
  - (v) any fee payable in relation to Surrendered Capacity in accordance with Section 13.2(d);
  - (vi) any fee payable in relation to Withdrawn Capacity in accordance with Section 13.9(b);
  - (vii) any amount to compensate the Transporter for unrecoverable Auction Premium in accordance with Section 13.11; and
  - (viii) the aggregate UFG allocated to that Registered Party and the applicable UFG Price per kWh and UFG Cost per kWh.
- d) In addition to the Master Statement, the amounts set out in paragraph (c) above (or the relevant proportion of them) will be set out in the Monthly Statement to which they relate or to which this Network Code has allocated them and such amounts will be payable in accordance with the terms of this Network Code .
- e) Monthly Statements will be prepared to cover the following activities:
  - (i) Transportation Services including Ratchet adjustments;
  - (ii) UFG;
  - (iii) Neutrality;
  - (iv) Balancing Gas; and
  - (v) Ad Hoc Invoicing

providing a clear indication of the fee or fees payable either by the Registered Party to the Transporter or by the Transporter to the Registered Party, as the case may be, and the Due Date by which payment should be made.

- f) Each Monthly Statement will specify:
- (i) the identity of the Shipper;
  - (ii) the Period to which the Monthly Statement relates;
  - (iii) the Monthly Statement Type;
  - (iv) the amount in respect of each item on the Monthly Statement;
  - (v) the Due Date;
  - (vi) the amount of taxes (if any) payable in respect of each Invoice Item;
  - (vii) a unique number by which the Monthly Statement can be identified

and provide such supporting detail as the Registered Party may require in order to validate the fees payable.

### 19.2. Annual Statement

- a) Each Annual Statement will (if relevant) set out the details and amount of any payment required in accordance with Section 14.1(e) or 16.1(d).
- b) In addition, each Annual Statement will also contain details of the following amounts (if any) to be redistributed to the relevant Registered Party:
  - (i) the amount of any redistribution of revenues from Forward Day-Ahead Interruptible Capacity applicable to that Registered Party in accordance with Section 18; and
  - (ii) the amount of any redistribution of other revenues applicable to that Registered Party in accordance with Section 18.
- c) If a payment is required from the Shipper to the Transporter under paragraph (a) above, the Registered Party will pay such amount in accordance with the terms of this Network Code.
- d) The Transporter will credit any positive amount specified in paragraph (b) above against amounts payable under the terms of this Network Code.

### 19.3. Correction of Monthly Statements

- a) If any Metering Data in respect of a Gas Month for which a Master Statement has been sent is subsequently corrected in accordance with Section 17 then the Transporter must:
  - (i) revise each Statement (including any Annual Statement) affected by the relevant Metering Data so that it reflects the corrected Metering Data; and
  - (ii) send to each affected Registered Party as soon as reasonably practical the updated Statements together with a reconciliation against the previously issued Statements, showing in particular:
    - A. any changes to the Allocated Quantities, Neutrality Payment Amount allocation, Daily Imbalance Charge, Fuel Gas allocation, UFG allocation, Electric Power Cost Estimate allocation, Actual Electric Power Cost allocation and amount of any redistribution;

- B. the aggregate amount payable by the Transporter to the Registered Party, or the aggregate additional amount payable by the Registered Party to the Transporter, as applicable, as a result of the correction of the Metering Data, the update of the relevant Statement and the reconciliation of amounts due and payable under the updated Statement with the amounts that were due and payable under the original Statement.
- b) If the revised Statements provided under paragraph (a)(ii) above result in an aggregate additional payment from the Registered Party to the Transporter, the Registered Party will pay such amount in accordance with the terms of this Network Code.
- c) If the revised Statements provided under paragraph (a)(ii) above result in a payment being required from the Transporter to the Registered Party, the Transporter will credit such amount against amounts payable under this Network Code.

#### 19.4. Billing procedures, timings etc?

- a) The Transporter will submit in respect of a Month 'm' following Final Settlement, and not later than the [tenth (10<sup>th</sup>)] Business Day of "m+1", Monthly Statements relating to the services detailed in Section 19.1 (e).
- b) In the event of an Emergency the Transporter shall use its reasonable endeavours to submit the Monthly Statements identified in (a) to Shippers within [fifteen (15)] Business Days of the dates provided for in (a) in respect of a Month in which an Emergency occurred or where an Emergency exists in relation to the last Balancing Period in a Month, within five (5) Business Days of the Code Re-start Date.
- c) There is no requirement to submit an Ad Hoc Monthly Statement by any specific date in a Month and the Transporter may submit more than one such Monthly Statement in respect of any Month.
- d) Notwithstanding (a), the Transporter may, at any time (before or after the Shipper Discontinuance Date) after submitting to a Shipper a Termination Notice submit any Monthly Statement to the Shipper in respect of any month (or part thereof) ending at or before the time at which the Transporter submits such Monthly Statement in accordance with this paragraph.
- e) Where the Transporter has submitted a Termination Notice to a Shipper, all amounts payable by the Shipper to the Transporter or by the Transporter to the Shipper (irrespective of whether the Monthly Statement in which such amounts are shown was submitted before or after the date of the Termination Notice) shall be immediately payable.
- f) The amounts under each Monthly Statement shall be paid by the Shipper to the Transporter or (as the case may be) the Transporter to the Shipper on or before the Due Date.
- g) Where a Monthly Statement contains amounts payable by and to a Shipper only the net amount shall be payable (the "Net Invoice Amount").
- h) Where any amount payable under a Monthly Statement is not paid on or before the Due Date, the payee shall pay interest at the Applicable Interest Rate + [five (5)] percent, on the unpaid amount from the Due Date until the Day on which payment is made.
- i) Paragraph (h) shall not be construed as permitting late payment of any amount.
- j) Where interest is payable in accordance with this Section, interest:
- (i) shall accrue on a daily basis and on the basis of a 365 day year; and

- (ii) will be compounded to the extent and by virtue of being invoiced in an Ad Hoc Monthly Statement, the late payment of which will itself be subject to interest in accordance with paragraph (h).
- k) The "Applicable Interest Rate" is the rate of interest, expressed as a percentage rate per annum, used in respect of amounts overdue for payment, or subject to repayment, under the Code and shall be a rate equivalent to Euribor ate plus [6%] for the period which the interest accrues.

## 20. SUSPENSION

### 20.1. Suspension of rights and Transportation Services

- f) If, at any time, any of the circumstances set out in Section 20.2(a) apply in relation to a Registered Party, the Transporter may by notice to that Registered Party and the Regulator suspend some or all of the rights of that Registered Party under this Network Code from the date and time specified in that notice until the start of the first Gas Day that immediately follows the date on which such circumstances cease to exist.
- g) The notice of suspension referred to in paragraph (a) above must:
  - (i) contain details of the applicable circumstances set out in Section 20.2(a);
  - (ii) set out which rights are suspended; and
  - (iii) state the date and time from which the Transporter intends to suspend the rights of that Registered Party and (if applicable) the Transportation Services.
- h) This Section 20 is in addition to the Transporter's termination and suspension rights under the General Terms and Conditions.
- i) Where the Registered Party referred to in paragraph (a) above is a licensed entity, the Transporter will liaise with the Regulator to determine what rights may be suspended and may, for the avoidance of doubt, issue more than one suspension notice suspending rights sequentially.

### 20.2. Circumstances triggering a suspension

- a) The circumstances that will entitle the Transporter to take the actions referred to in Section 20.1(a) in relation to a Registered Party are:
  - (i) the Transporter would be subject to criminal or civil liability as a result of that the Transporter's relationship with that Registered Party or its Affiliate;
  - (ii) that Registered Party is in breach of a material provision of the code including those relating to the payment of amounts under the Code;
  - (iii) that Registered Party is in persistent breach of any provision of the code other than those provisions covered by 20.2 a) iii);
  - (iv) that Registered Party suspends payment of its debts or admits its inability to pay its debts as they fall due or is declared insolvent under the terms of the applicable law; or
  - (v) the provision of Natural Gas by that Registered Party to the Transporter would subject the Transporter or another Shipper accepting redelivery of Natural Gas from the Transporter to criminal or civil liability

## 21. COMMUNICATIONS

### 21.1. Order of priority of communications

- a) This Section 21 is subject to any contrary provision of this Network Code that describes how a particular communication should be made.
- b) All communications under and in connection with this Network Code must be made in the Albanian and English languages.
- c) Communications under and in connection with this Network Code must be made as follows if there is no generalised unavailability of those means of communication:
  - (i) in relation to operational communications between the Transporter and Shippers, using software used by the Transporter that supports communication through Edig@s;
  - (ii) in relation to communications between the Transporter and Registered Parties and communications between Registered Parties in each case in connection with the booking and trading of Capacity Products at Auction Points, using the Capacity Booking Platform;
  - (iii) in relation to communications between the Transporter and Registered Parties and communications between Registered Parties in each case in connection with matters not referred to in paragraphs (i) or (ii) above, using the Electronic Data Platform; and
  - (iv) in relation to operational data as stipulated under Annex I of Regulation 715/2009 that allows Shippers to gain effective access to the system, using the Transporter's website.
- d) If there is generalised unavailability of the software used by the Transporter that supports communication through Edig@s, operational communications under and in connection with this Network Code between the Transporter and Shippers must be made using the Electronic Data Platform.
- e) Subject to paragraph (d) above, if there is generalised unavailability of any of the means of communication referred to in paragraph (a) above, communications under and in connection with this Network Code must be made in the following order of priority:
  - (i) by email using the templates and email addresses published on the Transporter's website at the time of that unavailability arising (or, for a Shipper, the e-mail address specified in its Registration Form or such updated address as may have been notified to the Transporter); and
  - (ii) by fax using any templates and fax numbers published on the Transporter's website at the time of that unavailability arising, followed, in the case of each such fax, by a telephone call to the Transporter at the telephone number published on the Transporter's website at the time of that unavailability arising, notifying the Transporter that the fax has been sent to it.
- f) Any communications made using a means of communication referred to in paragraph (a), (d) or (e) above will be deemed to have been made in writing for the purposes of this Network Code.
- g) If there is generalised unavailability of any of the means of communication referred to in paragraph (a), (d) or (e) above, the Transporter will inform all affected Shippers and Registered Parties (as applicable) of the fact that such unavailability is on-going and for the duration of that period of unavailability, the Transporter will only accept communications made using the next available means of communication specified in paragraph (d) or (e) above.



- h) Once a period of generalised unavailability of any of the means of communication referred to in paragraph (a), (d) or (e) above has ended, the Transporter will notify all Shippers and Registered Parties (as applicable) that the period of unavailability has ended and, from the date of that notification, communications may resume using the first available means of communication specified in paragraph (a), (d) or (e) above.
- i) Each Registered Party must ensure that the Person that it nominated in the Registration Form to manage that Registered Party's communications (or any successor Person notified by that Registered Party to the Transporter) is available to contact on a continuous basis. A Registered Party may nominate a third-party professional services firm to perform this function.

#### 21.2. Edig@s

- a) The Transporter will notify all Registered Parties in writing if an updated version of Edig@s has been released or if an updated version of the software supporting Edig@s has been released. Each Registered Party must ensure that it has downloaded and will be able to use that updated version of Edig@s or the software supporting Edig@s as the case may be by a date that falls no later than 6 months after the date of that notification of the Transporter.

#### 21.3. Electronic Data Platform

- a) The Transporter will use Reasonable Efforts to make the Electronic Data Platform available to all Registered Parties that request access to the Electronic Data Platform.
- b) Any Registered Party that accesses the Electronic Data Platform must ensure that its personnel (or Persons managing communications on its behalf) possess the technical competence and experience necessary to accurately communicate using the Electronic Data Platform. Only Persons that have passed a communication test will be permitted to communicate using the Electronic Data Platform on behalf of a Registered Party.
- c) The Transporter will make Reasonable Efforts to provide technical and testing support to new Registered Parties seeking to access the Electronic Data Platform.
- d) The Transporter will provide all Registered Parties that request access to the Electronic Data Platform with unique user identifications and passwords in order to facilitate the access of such Registered Parties to the Electronic Data Platform.
- e) The Transporter will make a user manual for the Electronic Data Platform available on its website and will use Reasonable Efforts to keep that user manual updated from time to time.

#### 21.4. Communications Catalogue

- a) The Transporter shall make available a Communications Catalogue setting out, in relation to the communications channels described in this Chapter:
  - (i) Hardware and software protocols for access;
  - (ii) File formats;
  - (iii) A comprehensive file list; and

Other technical information to allow Shippers to communicate effectively with the Transporter and other Shippers.

## 22. MODIFICATION

### 22.1. Modification of the Network Code

- a) This Network Code may be modified from time to time in accordance with the procedures set out in this Section 22. The circumstances in which this Network Code may be modified include, but are not limited to:
- (i) when the Transporter is required to, or elects to, make available Expansion Capacity;
  - (ii) when the Transporter intends to construct, or make operational, additional System Points;
  - (iii) when there is a change in the Interconnected Systems that requires a change to be made to the procedures in this Network Code for the Transporter to comply with its obligations under the Interconnection Agreements, the Operational Balancing Agreements and this Network Code.
  - (iv) when there is a change in Law, which affects the procedures in this Network Code or requires a modification of this Network Code for the Transporter to comply with its obligations under this Network Code;
  - (v) upon a lawful request from the Regulator; or
  - (vi) any other situation which the Transporter determines, acting as a Reasonable and Prudent Operator, has resulted in it being necessary or desirable to update or modify the Network Code in order to facilitate the provision of Transportation Services.

### 22.2. Submission of Modification Requests

- a) The Transporter, a Registered Party or the Regulator may, at any time, submit a proposal for the Modification of this Network Code by sending a Modification Request to the Transporter.
- b) Each Modification Request, must:
- (i) specify the name of the entity making the Modification Request, its registered address and the name, email address and telephone number of a contact person that is responsible for the Modification Request in the entity making the Modification Request;
  - (ii) contain as full a description as possible of the amendments to the Network Code that are being proposed, together with a description of the technical, operational or commercial reasons why those amendments are being proposed;
  - (iii) Identify which of the Applicable Objectives set out in Section 22.3 would be better met by the Modification Proposal; and
  - (iv) specify a proposed date on which the proposed amendments should take effect, taking into account the time required to amend the Network Code and, in the case of proposed amendments that may affect the operation of the Transmission System, taking into account the time required to implement any required changes to the operation of the Transmission System.

### 22.3. Evaluation of Modification Requests

- a) The Transporter must acknowledge receipt of a Modification Request submitted to the Transporter by any of the Persons referred to in Section 22.2(a) (the Submitting Person) by no later than [seven] days after receipt.
- b) The Transporter must, no later than [14] days after the later of:
  - (i) acknowledging receipt of a Modification Request; and
  - (ii) where applicable, the receipt of the latest supplementary information requested under paragraph (d) below, notify the Submitting Person if it either:
    - A. will progress the Modification Request, in which case, the Transporter must provide the Submitting Person with an estimated timeframe for implementation of the amendments proposed in the Modification Request; or
    - B. rejects the Modification Request, in which case, the Transporter must provide reasons for its rejection to the Submitting Person and the Regulator.
- c) In making its decision on whether to progress or reject a Modification Request under paragraph (b) above, the Transporter must consider:
  - (i) the consistency of the amendments proposed in the Modification Request with the Law applicable to the Transmission System and the Exemption; and
  - (ii) whether a similar, or substantially similar, Modification Request has previously been submitted and evaluated in accordance with this Section of the Network Code.
- d) Subject to paragraph (e) below, at any time before the deadline referred to in paragraph (b)(i) above, the Transporter may request supplementary information or explanations from the Submitting Person in respect of the Modification Request and the Submitting Person must promptly provide such information or explanations that are within its control or confirm to the Transporter that such information or explanations are not within its control.
- e) Following the first request for information or explanation made under paragraph (d) above in relation to a Modification Request, the Transporter may make subsequent requests for information or explanation in relation to that Modification Request notwithstanding the deadline referred to in paragraph (b)(i) above.
- f) Modification Requests that have not been rejected by the Transporter will be evaluated by the Modification Panel at the next meeting following the Transporter's decision to progress the Modification Request.
- g) The Modification Panel shall assess the Modification Request against the Applicable Objectives in order to decide if the Modification should be made.
- h) Where the Modification Panel believes that further analysis is required before reaching a final decision on the Modification Request, it may constitute a Modification Group composed of representatives of Shippers and the Transporter together with such experts as it deems necessary in order to more fully investigate the issue.
- i) The Applicable Objectives that any Modification Request should be assessed against are whether the Modification would better provide for the:

- (i) Efficient and economic operation of the Transmission System, including discouraging misuse of the Transmission System;
- (ii) Coordinated, efficient and economic operation of all or part of the Transmission System;
- (iii) Efficient discharge of the licensee's obligations;
- (iv) Securing of effective competition;
- (v) Provision of reasonable economic incentives for Shippers to ensure that security of supply standards are met;
- (vi) Promotion of efficiency in the implementation and administration of the code; and
- (vii) Compliance with relevant law, rules and regulations.

than the existing Network Code wording.

#### 22.4. Public consultation of Modification

- a) If, under Section 22.3(b), the Transporter progresses a Modification Request made by a Submitting Person, the Transporter must prepare a Modification Proposal for public consultation, summarising the proposed amendments to the Network Code, the supporting rationale for those amendments, discussions of the Modification Panel and any Modification Group and an estimated timeframe for implementation of those amendments.
- b) The Transporter must publish the Modification Proposal on its website for a consultation period lasting for a minimum of [30] consecutive days and a maximum of [45] consecutive days, as deemed appropriate by the Modification Panel depending on the nature and complexity of the proposed amendments to the Network Code contained in the Modification Proposal.
- c) The Transporter must make an online response form available together with the publication of the Modification Proposal and must collect any feedback submitted by the following Persons in response to the Modification Proposal:
  - (i) any Registered Party; and
  - (ii) any Adjacent TSO.

#### 22.5. Approval process

- a) After the end of the consultation period referred to in Section 22.4(b), the Transporter must consider any feedback received by it under Section 22.4(b) in response to the Modification Proposal and prepare its final decision on whether to amend the Network Code and how to amend the Network Code within [28] days after the end of that consultation period (the Transporter's Final Decision).
- b) The Transporter will, on or before the deadline referred to in paragraph (a) above, submit the following documents to the Regulator in order for them to assess the Transporter's Final Decision:
  - (i) the Modification Request;
  - (ii) the Modification Proposal;

- (iii) any feedback received by the Transporter on the Modification Proposal during the consultation period referred to in Section 22.4(b); and
  - (iv) the Transporter's Final Decision.
- c) The Transporter will request, at the same time as it submits the documents referred to in paragraph (b) above, that the Regulator either:
  - (i) provide the Transporter with ratification of the Transporter's Final Decision including the implementation date; or
  - (ii) request the Transporter to reconsider and modify the Transporter's Final Decision.
- d) Should the Regulator request that the Transporter's Final Decision be reconsidered and modified, the Transporter will modify it and submit the modified Transporter's Final Decision to the Regulator and request that the Regulator take either of the actions specified in paragraphs (i) or (ii) above in relation to that modified Transporter's Final Decision.

#### 22.6. Amendment of the Network Code

- a) Following its receipt of a ratification decision from the Regulator under Section 22.5(c), the Transporter must amend the Network Code in accordance with that ratification decision.
- b) On the Implementation Date, the Transporter must publish the modified Network Code on its website, together with a notice summarising the contents and purpose of the amendments made to the Network Code.
- c) Any amendment to the Network Code made in accordance with this Section 22 will be binding on the Transporter and all Registered Parties once published under paragraph (b) above.

#### 22.7. Modification Panel

- a) The Modification Panel shall consist of:
  - (i) The independent chairperson appointed by the [Authority/transporter];
  - (ii) Two Representatives of each of the transporter(s);
  - (iii) Five (5) shipper Two representatives of the shippers; and
  - (iv) Such other parties as the Authority shall may, from time to time, direct.
- b) The Modification Panel shall consider the proposed modifications and undertake such other functions in relation to the modifications to the code as the Authority may direct from time to time.
- c) The Modification Panel shall consider each proposed modification and consult with any third party who the Modification Panel shall deem appropriate and with any person whom the authority shall direct, in relation to each proposed modification.
- d) Secretariat support to the Modification Panel will be provided by the Transporter and shall be an allowable expense for the purposes of determining the Tariff.

#### 22.8. Urgent Modifications

- a) The Transporter or Shipper may submit to the Authority that a proposed modification is urgently required in order to:

- (i) Comply with any legal requirement or change in law or regulation affecting the Transmission System;
  - (ii) Comply with the consequences of changes to the normal operation of the gas pipeline transportation system and/or any connected system; and/or;
  - (iii) Take into account experience in the operation, maintenance and/or use of the gas pipeline transportation system and of transportation systems generally, good industry practice and/or changes in technology.
- b) Where the Authority is satisfied that the proposed modification is urgently required, the Authority may refer the proposed modification to the Code Modification Panel and direct that the timing and processing of the modification given in this Section should be varied in such manner as it deems fit after stating the reasons thereof.

## 23. NOT USED

## 24. REGISTRATIONS

### 24.1. System Exit Point Register

- a) The Transporter shall establish and maintain, or procure the maintenance of, a register ("System Exit Point Register") containing details of each System Exit Point in accordance with this Section.
- b) In respect of each System Exit Point the System Exit Point Register will record the details to be submitted in respect of such point in an Exit Point Registration Notice.
- c) For the purposes of the Code, a "Registered Shipper" in respect of a System Exit Point is the Shipper in whose name the System Exit Point is registered in the System Exit Point Register.
- d) The gas offtaken from the Transmission System at a System Exit Point will be attributed to the Registered Shipper; and the Registered Shipper accepts for the purposes of the Code responsibility for the offtake of the gas at the System Exit Point by itself or such other person (whether or not authorised by the Registered Shipper).
- e) The Transporter will be responsible for providing the Exit Point Registration Notice in accordance with Section 24.2 for those System Exit Points where natural gas leaves the Transmission System and enters a Distribution System or an Interconnected System.

### 24.2. Exit Point Registration Notice

- a) Without prejudice to paragraph (d), before a Shipper offtakes gas from the Transmission System at a System Exit Point (irrespective of whether or not such Shipper is the first Shipper to do so):
  - (i) the Shipper shall submit to the Transporter a notice ("Exit Point Registration Notice") in accordance with paragraph (b); and
  - (ii) the Transporter shall have notified the Shipper that it has accepted the Exit Point Registration Notice.
- b) An Exit Point Registration Notice shall, without prejudice to paragraph (d), specify in respect of the relevant System Exit Point:
  - (i) the Meter Identification Number for the Meter Installation;
  - (ii) the address at which the Meter Installation is located and the location of the Meter Installation at the address;
  - (iii) the identity of the Shipper (and the Shipper ID) submitting the notice and in the case of a notice submitted under Section 24.3, the identity of the Registered Shipper, evidence that the Registered Shipper is agreeable to the transfer of the System Exit Point and the date from which the transfer is to have effect (which shall not be earlier than the date provided for in Section 24.3));
  - (iv) the type of Meter Installation(s) installed at the System Exit Point;
  - (v) the reason for submitting the notice (in accordance with Section 24.3);
  - (vi) the date on which gas was, or is proposed to be, first offtaken by the Shipper from the Transmission System at the System Exit Point; and



- (vii) the date on which the connection to the Transmission System at the System Exit Point was, or is proposed to be, commissioned.
- c) The Transporter:
- (i) may reject an Exit Point Registration Notice which does not comply with the requirements of paragraph (b); and
  - (ii) shall notify the Shipper whether it has accepted or rejected the notice not later than three (3) Business Days following submission of the notice by the Shipper.
- d) Where a Shipper submits an Exit Point Registration Notice for the purposes of Section 24.3, the notice shall specify the identity of the Shipper, the Shipper ID, the Meter Identification Number and the details in respect of which those recorded in the System Exit Point Register are no longer accurate.

### 24.3. Notification

- a) A Shipper shall be required to submit an Exit Point Registration Notice:
- (i) in accordance with paragraph 24.2;
  - (ii) where the Shipper submitting the notice wishes to replace the existing Registered Shipper as such (and the existing Registered Shipper is agreeable to the same);
  - (iii) where any of the details in an earlier submitted Exit Point Registration Notice (where previously submitted by the Shipper) are no longer accurate; and
  - (iv) where it is proposed that the offtake of gas at the System Exit Point be discontinued.
- b) A Shipper shall submit an Exit Point Registration Notice to the Transporter:
- (i) in the case of paragraph (a)(i), not later than ten (10) Business Days before the first Day on which the Shipper proposes to offtake gas at the System Exit Point;
  - (ii) in the case of paragraph (a)(ii), not later than five (5) Business Days before the first Day on which the Shipper proposes to become the Registered Shipper in respect of the System Exit Point;
  - (iii) in the case of paragraph (a)(iii), not later than five (5) Business Days before the first Day on which the Shipper wishes to change the details recorded on the System Exit Point Register; and
  - (iv) in the case of paragraph (a)(iv), not later than five (5) Business Days before the Day from which the Shipper proposes that the offtake of gas at the System Exit Point be discontinued.
- c) For notices submitted not in accordance with the timelines stated in paragraphs (b) and without prejudice to paragraph 24.2, the Transporter may exercise discretion of approval on a case by case basis.
- d) Following submission of an Exit Point Registration Notice which is not rejected by the Transporter, the Transporter shall:
- (i) amend the System Exit Point Register to reflect the details set out in the Exit Point Registration Notice;

- (ii) notify the Shipper submitting the notice that the System Exit Point Register has been amended; and
  - (iii) in the case of paragraphs (b)(ii) to (b)(v), notify, where applicable, the existing Registered Shipper that the System Exit Point Register has been amended.
- e) Where a Shipper submits an Exit Point Registration Notice which is rejected by the Transporter, the Shipper may, without prejudice to the Transporter's rights under paragraph 24.2, resubmit such notice.

#### 24.4. Data

- a) The Transporter shall keep all data to be held, or shall procure that all data shall be held, on the System Exit Point Register in accordance with this Section for a period of five (5) years.

## 25. ENTRY & EXIT REQUIREMENTS

### 25.1. Purpose

- a) The provisions of this Section shall apply in respect of the delivery of gas into the Transmission System at Transmission System Entry Points.
- b) The provisions of this Section shall apply in respect of the offtake of gas from the Transmission System at System Exit Points.
- c) Shippers delivering gas into the Transmission System at a Transmission System Entry Point or offtaking gas from the Transmission System at a System Exit Point shall comply with the relevant requirements of this Section.
- d) Nothing in the Code confers on any person any entitlement to have any pipeline, plant or other installation connected to the Transmission System for the purposes of delivering gas into the Transmission System or offtaking gas from the Transmission System.

### 25.2. Measurement Provisions

- a) Each Shipper acknowledges that the GCV, quantity and characteristics of gas delivered or made available for delivery into or offtaken or made available for offtake from (by Shippers in aggregate) the Transmission System at any System Point and the compliance or non-compliance with the applicable Gas Entry Conditions or Offtake Requirements in respect thereof, will be established by the Transporter and/or the Adjacent TSO in accordance with the applicable Measurement Provisions and by means of the Measurement Equipment, and each Shipper agrees to be bound (for the purposes of the Code) by what is so established.
- b) The quantity of Gas recorded at a System Point shall be the aggregate volume measured by the Measurement Equipment multiplied by the GCV at such System Point.

### 25.3. System Entry Requirements

- a) A Shipper may not deliver gas into the Transmission System at any Transmission System Entry Point unless there is in force an agreement between the Transporter and the Adjacent TSO, containing, without limitation, System Entry Provisions which specify requirements (for the purposes of this Code) in respect of the delivery of gas into the Transmission System applicable in respect of that Transmission System Entry Point.
- b) The agreement referred to in (a) may contain provisions other than System Entry Provisions.
- c) The existence of an Agreement shall not relieve Shippers of any obligation under this Code, and the Transporter shall not be required (for itself or for the benefit of any Shipper) to secure in an agreement any remedy against the Adjacent TSO nor to take steps to enforce any provision of such an agreement.
- d) Subject to paragraph (e) , the Transporter shall publish the System Entry Provisions and, subject to paragraph 25.6, Local Operating Procedures applicable at any Transmission System Entry Point which is connected to an Interconnected System, but shall not be required to provide to any Shipper or Applicant Shipper any other details of a System Entry Agreement.
- e) Paragraph (d) shall not apply to any particular provision of the System Entry Provisions applicable pursuant to Section 25.4 or Local Operating Procedures, where the disclosure of such provision would be materially prejudicial to the commercial interests of the Adjacent TSO or where the provision or procedure contains personal or confidential information relating to individuals or refers to any other agreement to which the Adjacent TSO is party.

#### 25.4. Amendment of System Entry Provisions

- a) Subject to Section 25.5, the System Entry Provisions in respect of any Transmission System Entry Point which is connected to an Interconnected System may not be modified other than by agreement between the Transporter and the relevant Adjacent TSO.
- b) Subject to Section 25.5, the Transporter shall not agree to any modification of the System Entry Provisions except with the consent in writing of all Shippers who at the date when such amendment is to take effect have Reserved Capacity Rights entitling them to deliver gas at the relevant Transmission System Entry Point which is connected to an Interconnected System.
- c) Such System Entry Provisions may (in accordance with the provisions of the relevant Agreement) be amended without the consent of any Shipper insofar as may be required to enable:
  - (iv) the Transporter; or
  - (v) the relevant Adjacent TSO, to comply with any Legal Requirement.
- d) The Transporter shall notify all Shippers holding Capacity entitling them to deliver gas at the relevant Transmission System Entry Point which is connected to an Interconnected System of any modification to the System Entry Provisions not later than the date upon which such modification becomes effective.

#### 25.5. System Entry Provisions

- a) System Entry Provisions shall:
  - (i) identify the Interconnected System (by name, location or otherwise);
  - (ii) specify the Transmission System Entry Point(s);
  - (iii) specify for the Transmission System Entry Point, the Measurement Provisions in accordance with Section 25.2 and the Local Operating Procedures in accordance with paragraph 25.8; and
  - (iv) identify (by description or diagram, or both) the point at which gas is delivered into the Transmission System.
- b) System Entry Provisions may specify (unless separately specified) Local Operating Procedures in accordance with paragraph 4.4.
- c) System Entry Provisions shall, without limitation, include:
  - (i) procedures by and standards to which the Interconnected System is to be maintained, repaired and operated, but only insofar as such procedures and standards are material to the ability of the Transporter to safely, efficiently and economically operate the Transmission System or to comply with any Legal Requirement or Directive;
  - (ii) terms entitling the Transporter and the Adjacent TSO to have access to each other's facilities for the purposes of verification of compliance with the requirements of the System Entry Provisions, or requiring them to procure and facilitate a technical audit of such compliance;
  - (iii) terms according to which, and circumstances in which, it is permitted to deviate or depart from any other System Entry Provision;

- (iv) any other terms or conditions which may be appropriate for the purposes of (but consistent with the terms of) this Code in respect of the delivery of gas into the Transmission System or (in relation to such delivery) the Interconnected System;
  - (v) procedures applicable to gas flows in the event of any emergency circumstances affecting the Transporter or the Adjacent TSO; and
  - (vi) the circumstances in which the Transporter shall be entitled to refuse to accept the delivery of gas by Shippers into the Transmission System at the relevant Transmission System Entry Point including, without limitation, where the System Entry Provisions are not for the time being complied with or are incapable of being complied with (other than as a result of a failure by the Transporter to perform).
- d) System Entry Provisions may differ as between different Transmission System Entry Points which are connected to Upstream Facilities.

#### 25.6. Local Operating Procedures

- a) The "Local Operating Procedures" in respect of a Transmission System Entry Point which is connected to an Interconnected System are procedures for communication, the exchange of information and co-ordination between the Transporter and the Adjacent TSO in connection with the operation of the Interconnected System and the part of the Transmission System at which it is connected, including as appropriate and without limitation:
- (i) safety procedures;
  - (ii) maintenance and repair procedures;
  - (iii) emergency procedures;
  - (iv) asset ownership and site boundaries;
  - (v) nomenclature to be used (to identify plant);
  - (vi) diagrams to be exchanged and displayed on site;
  - (vii) names and phone numbers of key authorised personnel; and
  - (viii) rights of access to the Interconnected System site for the Transporter.
- b) Except with the prior written consent of the Adjacent TSO, the Transporter shall not and shall not be required to provide to any Shipper any information provided by the Adjacent TSO under the Local Operating Procedures.
- c) The Transporter may rely on the information provided to it by the Adjacent TSO in operating and planning the operation of the Transmission System and for the purposes of ensuring the Safe and Reliable Operation of the Transmission System.

#### 25.7. Delivering Shippers and delivered gas

- a) The "Gas Entry Conditions" in respect of all Transmission System Entry Points are limits or other requirements as to the composition, pressure, temperature and other characteristics of gas delivered into, or made available for delivery into the Transmission System at the Transmission System Entry Points.

- b) Subject to any applicable new or changed Legal Requirement (which shall result in an amendment of the Gas Entry Conditions), Gas Entry Conditions may include limits, prohibitions or requirements in respect of the properties which shall be in compliance with the common gas specifications for the Transmission System set out in Appendix 4.
- c) Subject to Section 10, where gas is delivered by more than one Shipper into the Transmission System at a Transmission System Entry Point during a Balancing Period each such Shipper shall be deemed to have delivered gas with the same characteristics as that delivered, or made available for delivery, at such Transmission System Entry Point by each other Shipper.

#### 25.8. Compliance with Gas Entry Conditions

- d) For the purposes of this paragraph 25.8:
- e) "Off-Specification Gas" is gas delivered or made available for delivery at a Transmission System Entry Point, in respect of which any of the relevant Gas Entry Conditions are not or were not complied with; and
- f) In accordance with this paragraph 25.8, each Shippers shall ensure that all gas made available by the Shipper for delivery at a System Entry Point shall comply with the relevant Gas Entry Conditions are or, where not complied with, is dealt with in accordance with this section and shall promptly notify the Transporter as soon as it becomes aware that natural gas has been, is being or will be made available for delivery on its behalf fails to comply with the relevant Gas Entry Conditions.
- g) In accordance with this paragraph 25.8, the Transporter shall ensure that all gas made available by Shippers for delivery at a System Entry Point shall comply with the relevant Gas Entry Conditions are or, where not complied with, is dealt with in accordance with this section.
- h) If gas is delivered or tendered for delivery at an Entry Point which does not comply with the Gas Specification ("Off-Specification Gas") the Transporter may, from time to time, until such time as the gas so delivered or tendered for delivery complies with the Gas Specification, in its discretion:
  - (i) refuse to accept or take such action as it considers appropriate to prevent delivery or continued delivery of all or part of such Off-Specification Gas; or
  - (ii) subject to any Legal Requirement or the instruction from the Regulator or Government Ministry, accept delivery of all or part of such Off-Specification Gas.
- i) The Transporter's rights under paragraph (j) shall not be prejudiced if it accepts the delivery of gas which it is aware is Off-Specification Gas.
- j) Where, on any Day, Off-Specification Gas is delivered to the Transmission System at an Entry Point each Shipper which receives an Allocation at that Entry Point shall pay to the Transporter the proportion that its Allocation at the Entry Point on the Day bears to the sum of all Shippers' Allocations at the Entry Point on the Day of the amount set out in paragraph (k). Where only one Shipper has Allocations at an Entry Point on a Day it shall bear all of this amount.
- k) The amount referred to above shall be all costs and expenses reasonably incurred by the Transporter as a result of the delivery of Off-Specification Gas, including those incurred:
  - (i) in cleaning any part of the Transmission System or rectifying any other damage to it caused by the acceptance of Off-Specification Gas;

- (ii) in taking reasonable measures to secure that the Transmission System can be operated in accordance with applicable Legal Requirements or Recognised Standard notwithstanding the delivery or continued delivery of such Off-Specification Gas; and/or
  - (iii) in taking any measures which are reasonably required to bring such Off-Specification Gas within the Gas Specification.
- l) When the Transporter first becomes aware that Off-Specification Gas is being, or has been, delivered to the Transmission System at an Entry Point on any Day, the Transporter shall as soon as reasonably practicable notify the Shippers specifying:
  - (i) the Day or Days on which Off-Specification Gas was delivered to the Transmission System;
  - (ii) reasonable details of the respect in which the gas did not comply with the Gas Specification;
  - (iii) reasonable details of the costs and expenses referred to in paragraph (k) and the person to whom and purposes for which, they were incurred; and
  - (iv) the total quantity of Off-Specification Gas.
- m) No failure by the Transporter so to notify any Shipper shall affect the Transporter's rights under this section 25.8.

#### 25.9. Offtake Connections

- a) The Transporter shall develop, publish and comply with its obligations under a Code Subsidiary Procedure entitled "Operating Procedure for Gas Connection" which shall prescribe the processes, timeframes, technical, regulatory and documentary requirements, and deliverables for the connection of the gas installation of a Final Customer at an Exit Point.
- b) A Shipper shall not be entitled to offtake gas from the Transmission System at an Exit Point unless such Shipper holds capacity issued pursuant to Section 6 relating to such Exit Point.
- c) A Shipper shall not be entitled to offtake gas at an Exit Point unless such Shipper is registered in relation to such Exit Point in accordance with Section 24.
- d) A Shipper wishing to offtake gas at an Exit Point for the first time shall apply to the Transporter in relation to such Exit Point in accordance with the Operating Procedure for Gas Connection and this paragraph. The Transporter may, following an assessment by the Transporter of such application by the Shipper, including as to whether sufficient capacity exists in the Transmission System to meet the flow and pressure requirements requested by such Shipper in its application, confirm the application of the Shipper in relation to such Exit Point specifying inter alia the following:
  - (i) the identity of the Shipper and the Shipper ID;
  - (ii) the Exit Point which such registration relates to;
  - (iii) where applicable, the name of the Final Customer and the address of the Relevant Final Customer's Facility connected at such Exit Point;
  - (iv) the exact point of offtake from the Transmission System;
  - (v) summary information of gas plant and equipment installed at such Exit Point;

- (vi) the minimum required offtake pressure at such Exit Point (“Minimum Required Offtake Pressure”); and
- (vii) the maximum instantaneous flow rate at which such Shipper is permitted to offtake gas at such Exit Point (“Maximum Instantaneous Rate of Offtake”).

#### 25.10. Entitlements under the Act

- a) Nothing in the Code shall prevent the Transporter from exercising any entitlement or discharging any duty under the Act or pursuant to its Transporter’s Licence or any other Legal Requirement which may involve the disconnection of, or refusal to convey gas to, or to allow gas to be conveyed to, any premises.
- b) Where under the Act or pursuant to the Transporter’s Licence, the Transporter is not required to connect or to maintain a connection, or has exercised or is entitled to exercise any right to disconnect, or is required to disconnect, any premises, or (having disconnected them) is not required to re-connect any premises, or is entitled to refuse to convey gas to or to allow gas to be conveyed to any premises, the Transporter shall not be in breach of its obligation to make gas available for offtake from the Transmission System at the relevant System Exit Point(s).
- c) The Transporter shall inform the Registered Shipper at a System Exit Point as soon as reasonably practicable after exercising an entitlement (as described in paragraph (b)) to disconnect or refuse to convey gas or allow gas to be conveyed.

#### 25.11. Offtake Requirements

- a) For the purposes of this Code, and subject to paragraph (b), the “Offtake Requirements” in respect of a System Exit Point are the limits or other requirements as to composition, pressure, temperature and other characteristics of gas offtaken from the Transmission System at that System Exit Point.
- b) Subject to any applicable new or changed Legal Requirement (which shall result in the amendment of the Offtake Requirements) the Offtake Requirements shall be in compliance with the common gas specification parameters set out in Appendix 4.
- c) “Offtake Pressure” is the nominal pressure of gas made available for offtake from the Transmission System at a Transmission System Exit Point or Connected System Exit Point.
- d) The Transporter shall make Gas available for offtake from the Transmission System at an Exit Point and/or at an Interconnection Point at a minimum pressure (“Transmission Minimum Pressure”) as measured at the relevant Exit Point of not less than [xx] bar.
- e) Subject to paragraph (f), the Transporter shall make gas available for offtake at a Transmission System Exit Point or Interconnection Point at the Transmission Minimum Pressure.
- f) A Shipper shall not:
  - (i) vary the rate of offtake gas from any Exit Point by more than the ramp rate in respect of that Exit Point set out in Appendix 4; or
  - (ii) exceed the Maximum Offtake Rate in respect of any Exit Point as set out in Appendix 4.
- g) If a Shipper does so:
  - (i) offtake at a rate which exceeds such ramp rate; or



- (ii) exceed such Maximum Offtake Rate;

the Transporter may take any steps available to it to secure a reduction in the rate of the offtake of gas from the Transmission System at the Exit Point by the Shipper or discontinue it.

- h) The Transporter shall not be in breach of its obligation to make gas available for offtake from the Transmission System Exit Point if such failure is due to any reason not attributable to the acts or omission of the Transporter, including where the overall pressure in the Transportation Network falls below its normal operating pressure.
- i) The Transporter shall use reasonable endeavours to notify Shippers as soon as reasonably practicable after the Transporter becomes aware that the Offtake Pressure of Gas available at the System Exit Point has decreased or will decrease below the Transmission Minimum Pressure.
- j) Nothing in this paragraph 25.11 shall be construed as requiring the Transporter to make gas available for offtake at a Transmission System Exit Point at any nominal pressure requested by the Registered Shipper).
- k) The Transporter shall only be required to make gas available for offtake at a Transmission System Exit Point at a uniform rate.

#### 25.12. Gas Specification on exit

- a) Provided that all gas delivered into the Transmission System is in accordance with the Gas Specification, the Transporter shall endeavour to make gas available for offtake in accordance with the Gas Specification.
- b) If all gas delivered into the Transmission System is in accordance with the Gas Specification, but does not conform to the Gas Specification when made available for offtake by a Shipper from the Transmission System at an Exit Point ("Off-Specification Gas"), the Shipper may, from time to time, until such time as the gas so made available for offtake complies with the Gas Specification, in its discretion:
  - (i) offtake or continue to offtake such Off-Specification Gas; or
  - (ii) decline to offtake or to continue to offtake such Off-Specification Gas.
- c) Where Off-Specification Gas has been offtaken on any Day from the Transmission System, the liability of the Transporter to each Shipper shall be limited to an amount determined in accordance with paragraph (d).
- d) The amount payable by the Transporter to a Shipper under this section 25.12 shall be the lesser of:
  - (i) any reasonable costs and expenses properly incurred by the Shipper as a result of the offtake of Off-Specification Gas by the Shipper at an Exit Point; and
  - (ii) an amount equal to x million Lek.

## 26. SYSTEM PLANNING

### 26.1. Preparation of the Transmission Network Development Plan

- a) By 30 June of each year, the Transporter will draw up, and present for public consultation, a Draft Transmission Network Development Plan for the next ten (10) years.
- b) For the purposes of preparation of the Draft Transmission Network Development Plan, the Transporter must take into consideration:
  - (i) the information for the natural gas market participants, as well as information on the main transmission infrastructure that needs to be built or upgraded over the next 10 (ten) years;
  - (ii) contain all the investments already approved and identify new investments which have to be executed in the next three years;
  - (iii) provide for a time frame for all investment projects.
- c) When elaborating the Transmission Network Development Plan, the Transporter shall make reasonable assumptions about the production, supply, consumption and exchanges of natural gas with other countries, taking into account investment plans for surrounding networks as well as investment plan for the storage facilities and LNG re-gasification.
- d) The Regulator shall examine whether the Transmission Network Development Plan and, if it finds that not all investment needs are identified during the consultation process, may require the Transporter to amend and/or change its Transmission Network Development Plan.
- e) The Regulator shall approve the Transmission Network Development Plan by 31 October and continue to monitor and evaluate the implementation of the Transmission Network Development Plan.

### 26.2. Provision of Information to the Transporter

- a) For the design, development and the operation of the Transmission System, in accordance with this Section or following a request by the Transporter, by 31st March of each Year:
  - (i) Natural Gas consumers whose facilities are directly connected to the NNGTS and the Operators of Distribution Networks must provide the Transporter with their best possible estimates per Year and for the next ten (10) Years regarding the Maximum Daily Quantity and the Annual Quantity of Natural Gas required for their needs.
  - (ii) Operators of Distribution Networks must provide the aforementioned information regarding the servicing of consumers' needs who are connected or who will be connected thereto, as well as the number of existing and future connections, per Distribution Network Exit Point and per category of natural gas consumption, as a minimum for the consumption categories of heating for residences and businesses, the rest of the household and business sector, the industrial sector and motoring. They must also provide the aforementioned information for every Month of the following Year.
  - (iii) The Users must provide the Transporter with their best possible estimates per Year and for the next ten (10) Years regarding the Maximum Daily Quantity and the Annual Quantity of Natural Gas which they will transmit through the Transmission System as follows:
    - A. per existing or future Entry Point,

- B. per existing or future Exit Point,
  - C. per existing or future Interconnection Point, for the transit of Natural Gas.
- b) The information provided to the Transporter as per this Article shall be used as data for the design and development of the Transmission System and they shall be deemed confidential. The estimates to be provided as per paragraph (a) shall not be binding for the providers of the information or for the Transporter. The Transporter is responsible for providing the Regulator with access to this data.

## 27. GENERAL

### 27.1. Governing Law

- a) This Network Code and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be interpreted and construed in accordance with Albanian law, excluding ....

### 27.2. Liability

- a) The Transporter, to the maximum extent permitted by Law, will have no liability, whether for breach of contract, tort or otherwise for any loss, damage or other liability that any Person has incurred under or in connection with this Network Code unless caused by the Transporter's wilful default.

### 27.3. Disputes to be resolved Jointly by the NRAs

- a) A dispute that falls within the scope of the joint decision issued pursuant to section 4.8.2 of the Final Joint Opinion will be resolved in accordance with that joint decision.

### 27.4. Disputes relating to the Network Code

- a) In the event of any dispute between the Transporter and a Registered Party (the Parties) in relation to this Network Code that does not fall within Section 27.3, the Parties must, within 10 days of service of a written notice from one Party to the other Party (a Dispute Notice), hold a meeting in an effort to resolve the dispute. Each Party must send a representative to attend that meeting who has authority to resolve the dispute. If the dispute is not resolved within 30 days after service of a Dispute Notice, whether or not a meeting has been held, then paragraphs (b) to (f) below will apply.
- b) If a dispute arises of an essentially technical nature regarding the professional judgments pertaining to measurements quantities, excess/shortfall delivered to the shipper determined as a result of reconciliation of gas and other technical disputes which cannot be resolved between the Parties pursuant to (a) above, then a technical expert mutually appointed by the parties will be referred the dispute for resolution within 30 days of the referral. In the event that the parties do not agree on the appointment of the technical expert within thirty (30) days, any party may request the Authority for the appointment of the technical expert and the appointment made by the Authority shall be binding upon the parties. The representatives of the parties must be given an opportunity to represent their case before the technical expert.
- c) If a dispute under the Code cannot be settled through the processes described in paragraphs (a) or (b), any party to a dispute has the right to refer the dispute to the Authority in accordance with the Regulation For Handling The Complaints Submitted By The Customers And Settling The Disputes Between The Licensee, On Power And Natural Gas Sectors.
- d) Any dispute not otherwise resolved pursuant to paragraphs (a) to (c) above will be exclusively and finally settled under the Rules of Arbitration of the International Chamber of Commerce as in force on the date on which the request for arbitration is filed in accordance with those Rules (the Rules).
- e) The number of arbitrators will be three, appointed in accordance with the Rules.
- f) The seat or legal place of arbitration will be Vienna.
- g) The language of the arbitral proceedings will be English. All documents submitted in connection with the proceedings will be in the English language, or, if in another language, accompanied by an English translation.

- h) Service of any request for arbitration made pursuant to this Section 27.4 will be by registered post at, in the case of the Transporter, the Transporter's corporate address as published on the Transporter's website at that time and, in the case of a Registered Party, at the most recent address of that Registered Party that has been notified to the Transporter by that Registered Party under this Network Code.

#### 27.5. Tax etc.

- a) Users are responsible for delivering natural gas or LNG to the Transporter and the Transporter is responsible for keeping it free from any material lien, as well as any taxes, duties, stamp duties or other rights for the benefit of the State or third parties, as well as any other expense related to the production, collection, processing and supply thereof, arising in the course of or prior to its delivery or transportation through the Transmission System.
- b) Each User agrees that it will be bound by any agreement made (whether before or after the entry into force of the Code) between the Transporter and any tax authority as to the treatment for taxation purposes of obligations to pay amounts (pursuant to the Code) in respect of Charges between the Transporter and any User.
- c) The Transporter shall deduct from all payments made by or through it any deductions (including withholdings) as are required by law, including for the purposes of VAT, and any such agreement as is referred to in 27.5 (b).
- d) If any such deductions are made, the Transporter shall take such further actions as are required by law and any such agreement as is referred to in 27.5 (b), including making payments and returns to the tax authorities and promptly issuing certificates.
- e) Each User shall, for the purposes of enabling the Transporter to charge and pay the correct amounts in respect of VAT and other taxes and of enabling the Transporter to account for the correct amounts of VAT and other taxes, notify the Transporter such information about that Party relating to VAT and other taxes as the Transporter requests.

#### 27.6. Confidentiality

- a) In this Code,
- (i) "Confidential Information" means:
- A. in relation to the Transporter:
- I. any information relating to the affairs of a Shipper; or
- II. the terms of any ancillary agreements (other than the Code) in relation to each Shipper; and
- B. in relation to the Shipper, any information relating to the Transporter or another Shipper, or the terms of any ancillary agreements (other than the Code),
- obtained in connection with this Code, other than its terms, which for the avoidance of doubt includes (but is not limited to) information obtained from/by an Adjacent TSO or the Capacity Platform Operator;
- (ii) "Disclosing Party" means the Party disclosing Confidential Information to a Receiving Party;

- (iii) "Permitted Purpose" means any purpose related to a Party's participation in this Code including in relation to the preparation of the Transmission System Development Plan; and
    - (iv) "Receiving Party" means the Party to which Confidential Information is disclosed by a Disclosing Party.
  - b) A Receiving Party shall not, except as provided in paragraph (b) and (d), disclose any Confidential Information to any other person, or use any Confidential Information other than for the Permitted Purpose, without the prior written consent of the Disclosing Party.
  - c) Paragraph (b) shall not apply to any Confidential Information which:
    - (i) at, or after, the time of disclosure becomes part of the public domain (other than by reason of a breach of this Code by the Receiving Party);
    - (ii) is known by the Receiving Party at the time it obtains the Confidential Information (save where the information is known by the Receiving Party as a result of it having previously been disclosed by the Disclosing Party to it);
    - (iii) is lawfully acquired by the Receiving Party from a third party otherwise than in breach of an obligation of confidentiality;
    - (iv) is required to be disclosed to an Adjacent Transporter at an Interconnection Point.
  - d) A Receiving Party may disclose Confidential Information without the prior written consent of the Disclosing Party:
    - (i) to any employees, officers, directors, professional advisors and consultants of the Receiving Party to the extent that the disclosure is necessary in connection with the Permitted Purpose;
    - (ii) to any of its Affiliates, or any person holding more than 25% of the issued share capital of the Receiving Party or any of that persons Affiliates, to the extent that the disclosure is necessary in connection with the Permitted Purpose;
    - (iii) to any bona fide prospective transferee of more than 25 % of the issued share capital of the Receiving Party or any of its Affiliates;
    - (iv) to any bank or financial institution from which the Receiving Party is seeking or obtaining finance to the extent that the disclosure is necessary in connection with such finance;
    - (v) to any person appointed as Expert pursuant to this Code to the extent reasonably necessary for the performance of his duties to the extent required by law or by the order of any court having competent jurisdiction over the Receiving Party or the regulations of a recognised stock exchange or requested by any Competent Authority; and
    - (vi) to the extent required by law or by the order of any court having competent jurisdiction over the Receiving Party or the regulations of a recognised stock exchange or requested by any Competent Authority.
  - e) A Receiving Party shall:

- (i) ensure that any person to whom the Receiving Party discloses information under paragraph (d) (i) to (vi) complies with the obligations of paragraphs (a) to (g) as if that person were a Party to the fullest extent practicable; and
  - (ii) obtain from any person to whom the Receiving Party discloses information under paragraph (d) (iii) to (v) an undertaking in favour of the Disclosing Party to do so.
- f) The Transporter may disclose Confidential Information without the prior written consent of the Disclosing Party to:
  - (i) (a) an Adjacent Transporter where such disclosure is provided for or contemplated by this Code or the Interconnection Agreement; and
  - (ii) (b) the Capacity Platform Operator and section 6 shall apply.
- g) Whether a Party ceases or continues to be bound by this Code its obligations of confidentiality under this Code shall remain in force in relation to any Confidential Information until such information is in the public domain or acquired, known or developed by the relevant Receiving Party in accordance with paragraph (c).
- h) Any data which is processed, recorded or maintained in respect of the Transmission System shall belong to the Transporter, and subject to the provisions of this Code, the Transporter may use such data in such manner as the Transporter sees fit including providing data to the Transparency Platform established by ENTSOG.
- i) If a Shipper provides the Transporter with data the Shipper hereby grants to the Transporter a perpetual non-exclusive, royalty free licence in respect of such data and all intellectual property rights in it to use, copy and adopt and deal with such data for purposes of the performance and implementation of this Code and other purposes contemplated by this Code but not otherwise. Paragraph (h) applies to any data derived from such data and all compilations created by or on behalf of the Transporter of such data.
- j) If the Transporter provides or makes available data to a Shipper, the Shipper shall be entitled to use such data without charge for the purposes of the performance and the implementation of this Code and for other purposes contemplated by this Code, but not otherwise.

#### 27.7. Assignment

- a) Subject to paragraph (d) and (e) a Shipper may assign its rights under this Code:
  - (i) to an Affiliate (the definition of Affiliate shall be amended for these purposes so that a shareholding of 33 1/3% shall be considered to be control of the Shipper), provided that the assigning Shipper shall continue to be bound by and liable under this Code;
  - (ii) subject to section paragraph (e) with the prior agreement in writing of the Transporter, which shall not unreasonably be withheld, to any person.
- b) Except as provided in paragraph (a), or otherwise expressly provided in this Code, a Shipper shall not assign or transfer and shall not purport to assign or transfer any of its rights or obligations under this Code.
- c) No assignment shall be made to a person unless, where the assigning Shipper has an Entry Point Registration or an Exit Point Registration in respect of an Interconnection Point or an Exit Point on the Transmission System, that person is appropriately licensed;

- d) Where a Shipper assigns its rights under this Code to a person (including a 33 1/3% Affiliate) pursuant to paragraph (a) it shall be a condition precedent to such assignment that such person shall:
  - (i) enter into an agreement in the Prescribed Form with the Transporter agreeing to be bound by this Code;
  - (ii) satisfy the requirements of section 3.1 (b) of this Code.
- e) Where a Shipper assigns its rights under this Code to a person pursuant to section paragraph (a) the assigning Shipper shall be released from its obligations under this Code arising after the time at which the assignment is effective but shall remain liable for any obligations accruing up to such time.
- f) A reference in this Code to a Shipper shall include a reference to that Shipper's assigns.

#### 27.8. Force Majeure

- a) The contracting parties are released from their obligations for non-fulfilment or late fulfilment of their obligations, if the non-fulfilment, or late fulfilment is the result of Force Majeure, in terms of the Law on Natural Gas Sector.
- b) For the avoidance of doubt, the Force Majeure which causes the release from obligations which the parties have accepted under this Network Code has to relate solely to the functioning of the transmission system and/or availability of transmission system capacity.
- c) A Force Majeure event that relates to gas in any way (including for example the quality, availability or shortage of gas) does not release the Transporter or the Shipper from other obligations accepted under the terms of the Network Code.
- d) In the event of Force Majeure, the contracting party affected by force majeure has to notify the other contracting party without delay on the occurrence of circumstances which he considers to be a Force Majeure and on the steps he is undertaking in order to mitigate or remove the consequences of Force Majeure.
- e) If, due to Force Majeure, the delay in fulfilment, or the inability to fulfil contractual obligations of one party lasts longer than 30 consecutive days the contracting parties will, as soon as possible, begin negotiations in order to find a solution which is acceptable to both contracting parties.
- f) In the event of an agreement not being reached, within an additional 15-day deadline, both parties have the right to withdraw from the Network Code, in the case of a Shipper, or deregister the Shipper in the case of the Transporter.

#### 27.9. Title to Gas

I can't find anything in the Law that defines this for Albania.

What's the current situation for the gas produced in the onshore fields?

Not explicit in the TAP code but trades are trades of title at the Virtual Trading Point – which obviously you couldn't do if you had given Title to the Transporter.

Difficult to understand the translation of the Croatian code – the translator uses the terms “takeover” or “take over”, the precise meaning of which isn't immediately apparent to a native English speaker.



In the Greek code, risk passes to the Transporter but not Title as far as I can tell – I had to check with a Greek speaker as there's clearly an error in the English translation.

In the UK, Title and Risk transfer to the Transporter and back to the relevant shipper at exit.

# APPENDIX 1: THE TRANSMISSION SYSTEM

## PART 1: SYSTEM DESCRIPTION

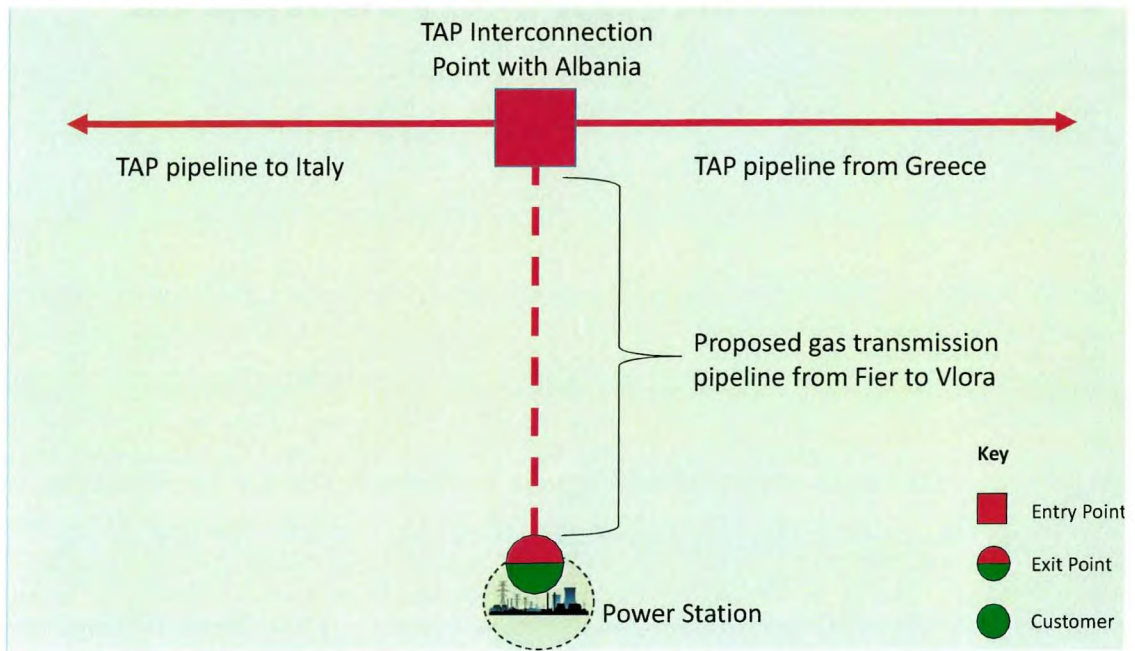


Figure 4 – Schematic of the gas transmission system

PART 2: METERING EQUIPMENT

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## APPENDIX 2: INTERCONNECTION POINTS

Table A: Interconnection Points and Entry Points and Exit Points in relation to Forward Capacity

Table B: Entry Points and Exit Points in relation to Reverse Capacity

## APPENDIX 3: REGISTRATION FORM

Can use the TAP form as a starting point but better to construct one of your own choosing.

## APPENDIX 4: NATURAL GAS SPECIFICATION

Presumably the TAP Gas Spec as this will be the origin of the majority of gas in the system.

Some thought needs to be given to the spec of indigenous gas and whether the TAP spec will encompass it. Particularly important is Fier is to be a true TAP Entry Point in the future.

## APPENDIX 5: OPERATING PROCEDURE FOR GAS CONNECTION

- a) Procedure to establish new connections of Final Customers to the Transmission System.
- b) Transporter to highlight spare capacity on Transmission System in Ten Year Plan
- c) Any person can apply for a new connection on form x. Form includes:
  - (i) Shipper or investor details
  - (ii) Location of Final Customer site
  - (iii) Location of connection if known
  - (iv) Max daily and annual consumption for next 5 years.
  - (v) Max and min pressures required
  - (vi) Date required
- d) Transporter to carry out design study in accordance with tariff on website/in this procedure. Applicant to pay fee for design study.
- e) TSO provides conclusions of study including quotation for cost of connection split into:
  - (i) local connection costs; and
  - (ii) costs of any network reinforcement.
- f) Quotation valid for [2] years.
- g) Applicant right to request market test if believes others also interested in capacity at that location.
- h) Applicant right to appeal results to Regulator.
- i) If applicant wishes to initiate connection, pays connection fees and provide security for forward capacity created by connection.
- j) Security for connection to equal [25%] of annual forward capacity fees, repayable on a successful Exit Point registration.
- k) Connection work carried out by Transporter or approved contractor [are there any issues regarding connection competition to be aware of?].
- l) Transporter to inform applicant of date for final testing of connection prior to commercial gas flow.
- m) At least [30] days prior to commercial operation, a shipper or customer must complete site registration procedures in accordance with Section 24 of the Code.

