

CODE OF OPERATIONS
PART J.1

INVENTORY PRODUCT SERVICE

VERSION 5.05

**Comprises version 5.04 published as of May 2023
incorporating the following Modifications**

- (1). Modification A111: Oxygen Upper Limit**
- (2). Modification A113: Revision of Wobbe Index Parameters**
- (3). Modification A114: Classification of Gas Points with a design MHQ of 100,000 kWh**
- (4). Modification A115: Removal of Tolerances at RNG Entry Points**
- (5). Modification A116: Removal of Residual Tolerances**
- (6). Modification A117: Supplier of Last Resort (SoLR) Arrangements**
- (7). Modification A118: Central Grid Injection and RNG Entry Point Arrangements**

Part J.1

1. Inventory product service.....1

1. INVENTORY PRODUCT SERVICE

1.1 Overview

1.1.1 The Transporter may, ancillary to the provision of transportation services in respect of Shippers Natural Gas in the Transportation System, make available to Shippers capacity at the VIP. Shippers shall be required to have booked I/C Inventory Space pursuant to a I/C Inventory Agreement and be a Registered Shipper at the Moffat Entry Point in order to submit VIP Nominations

1.1.2 A Shipper shall be entitled to reserve I/C Inventory Space pursuant to an I/C Inventory Agreement in accordance with the provisions of Section 1.

1.1.3 I/C Inventory Space reservations shall become effective from the I/C Inventory Space Booking Effective Date of any relevant I/C Inventory Agreement.

1.2 I/C Inventory Space and I/C Inventory Agreement Application

I/C Inventory Space

1.2.1 A Shipper shall not be entitled to inject Natural Gas at the VIP or withdraw Natural Gas from the VIP on a Day unless the Shipper is party to a I/C Inventory Agreement, and has booked I/C Inventory Space in respect of the Day and otherwise in accordance with this Code;

1.2.2 The Shipper shall cease to be the holder of the I/C Inventory Space at the end of the I/C Inventory Space Booking Period of the I/C Inventory Agreement or as otherwise provided in accordance with this Code and any relevant Ancillary Agreement.

1.3 I/C Inventory Agreement and I/C Inventory Space Application

1.3.1 A Shipper shall apply to the Transporter for I/C Inventory Space and the I/C Inventory Agreement in accordance with a methodology published by the Transporter with the approval of the Commission (the “**I/C Inventory Space Booking Methodology**”);

1.3.2 The Transporter may reject an application for I/C Inventory Space and the I/C Inventory Agreement submitted pursuant to Section 1.3.1 if:

- (a) the Shipper is (or would otherwise be) in breach of this Code and/or any Ancillary Agreement; or
- (b) (to the extent that) the application for I/C Inventory Space and the I/C Inventory Agreement would, if accepted, require financial security or an increase in the amount in respect of which financial security is to be provided by the Shipper to the Transporter as determined in accordance with the Financial Security Policy and the Shipper has not provided the

required financial security so as to comply with the Financial Security Policy and/or the I/C Inventory Space Booking Methodology.

- 1.3.3 Where the Transporter accepts the I/C Inventory Space and/or I/C Inventory Agreement application (in whole or in part) in accordance with the I/C Inventory Space Booking Methodology the Transporter shall issue to the Shipper the I/C Inventory Agreement which shall specify the I/C Inventory Space Booking Effective Date, the I/C Inventory Space Booking Period, the I/C Inventory Space (as determined in accordance with the I/C Inventory Space Booking Methodology) or as otherwise agreed between the Transporter and the Shipper.
- 1.3.4 On receipt by the Transporter not less than five (5) Business Days prior to the I/C Inventory Space Booking Effective Date (or within such other period as may be agreed with the Transporter) of the I/C Inventory Agreement duly executed by the Shipper in the form as issued by the Transporter each of the Shipper and Transporter shall be bound by such I/C Inventory Agreement and I/C Inventory Space shall be reserved by the Shipper from the I/C Inventory Space Booking Effective Date as specified in the I/C Inventory Agreement.
- 1.3.5 Notwithstanding the execution by a Shipper of a I/C Inventory Agreement the Shipper shall not be entitled to exercise any rights in respect of the I/C Inventory Space or any other rights pursuant to the Code in connection therewith unless and until such Shipper has been set up on BGT Systems to access the appropriate online I/C Inventory Space screens. The Shipper shall however remain liable for all I/C Inventory Space Charges in respect of the I/C Inventory Space booked pursuant to the I/C Inventory Agreement and all financial obligations associated with such I/C Inventory Space.

1.4 I/C Inventory Charges

- 1.4.1 Charges in respect of I/C Inventory Space and its utilisation (“**I/C Inventory Space Charges**”) shall be determined by the Transporter in accordance with any Legal Requirement or direction of the Commission and published by the Transporter from time to time with the approval of the Commission.
- 1.4.2 A Shipper which has booked I/C Inventory Space shall be liable to pay to the Transporter I/C Inventory Space Charges in accordance with the provisions of the Code.
- 1.4.3 I/C Inventory Space Charges will be calculated on a monthly basis and invoiced in accordance with Part I (*Legal and General*) Section 11 (*Invoicing and Payment*).
- 1.4.4 A Shipper shall comply with the requirements of the Financial Security Policy with respect to I/C Inventory Space.

1.5 Termination

- 1.5.1 The provisions of Part I (*Legal and General*) Section 4 (*Termination*) shall apply to the termination of an I/C Inventory Agreement and an I/C Inventory Booking and for such purposes the I/C Inventory Agreement and the I/C Inventory shall be a Capacity Booking within the meaning of this Code.
- 1.5.2 If at the expiry or termination of the I/C Inventory Space Booking (the “**First I/C Inventory Booking**”) the Shipper’s VIP Utilisation is not zero then:
- (a) If the Shipper has entered into an I/C Inventory Agreement and booked I/C Inventory Space in respect of an I/C Inventory Space Booking Period which commences immediately on the expiry of the First I/C Inventory Booking then the VIP Utilisation shall be and form part of the VIP Utilisation of the Shipper at the commencement of such immediately consecutive I/C Inventory Space Booking Period (save to the extent that such VIP Utilisation exceeds the Shipper’s Available I/C Inventory Space pursuant to such booking); and/or
 - (b) If the Shipper has not entered into an I/C Inventory Agreement in respect of an immediately succeeding I/C Inventory Space Booking Period, or if the amount of I/C Inventory Space booked by the Shipper is less than the VIP Utilisation at the expiry of the First I/C Inventory Booking then such VIP Utilisation (or the excess of such VIP Utilisation (as the case may be)) shall be treated as a positive Second Tier Imbalance Quantity and shall accordingly be cashed out at the Second Tier Imbalance Price which shall be payable out of the Disbursements Account.