

Interconnector (UK) Limited



IUK Access Code

ISSUE 6

CONSULTATION DRAFT

OCTOBER 2018

Contents

SECTION A INTRODUCTION.....	1
1. IUK Access Code	1
2. Transportation Services	1
3. Nominations and Matching Procedures	1
4. Allocations.....	1
5. Balancing and Trade Notifications	1
6. Charging	1
7. Measurement.....	1
8. Quality Requirements and Operating Conditions	1
9. Constraint Management, Maintenance and Interruption	1
10. IUK Information System	2
SECTION B TRANSPORTATION SERVICES	3
1. Transportation Services	3
2. Characteristics of Capacity	5
3. Obtaining and Releasing Capacity.....	6
4. Applying or Bidding for Offered Capacity	6
5. Capacity Allocation and Registration	7
6. Surrender of Capacity	9
7. Capacity Transfers.....	13
8. Capacity Assignment	15
9. Capacity Conversion.....	16
ANNEX B-1 CAPACITY AUCTION RULES.....	19
1. Relationship between the Capacity Auction Rules and the JBP Rules.....	19
2. Role of the Joint Booking Platform Operator.....	19
ANNEX B-2 LTUIOLI PROCEDURES	23

ANNEX B-3 IMPLICIT ALLOCATION RULES.....	25
1. Implicit Allocation Rules and IAP Terms and Conditions	25
2. Role of the Implicit Allocation Partner.....	25
3. Payment	28
4. General.....	28
5. Market Conduct	28
SECTION C NOMINATIONS AND MATCHING PROCEDURES.....	29
1. Nominations and Renominations	29
2. Nomination Matching	32
3. Contractual Congestion Management.....	34
4. Miscellaneous	36
SECTION D ALLOCATION OF GAS	38
1. Steering Differences and Operational Balancing Agreement	38
2. Allocation where an OBA applies.....	38
3. Allocation where an OBA does not apply	38
4. Reporting by IUK	40
SECTION E BALANCING AND TRADE NOTIFICATIONS	41
1. Balancing.....	41
2. Balancing Calculation	41
3. Balancing Charges	42
4. Trade Notifications.....	43
5. Rights of a Shipper in relation to Natural Gas.....	43
SECTION F CHARGING	44
1. Charges, Payments and Rebates.....	44
2. Charging Statement.....	44
3. Initial Registration Fee and Monthly Administration Fee	45

4.	Monthly Charge.....	45
5.	Capacity Charges.....	46
6.	Re-Allocated Capacity Payments	47
7.	Buy-back Payments.....	48
8.	Balancing Charge.....	48
9.	Commodity Charge	49
10.	Net OS Revenue Account	49
SECTION G MEASUREMENT		50
1.	Measurement.....	50
2.	Measurement Facilities.....	50
3.	Maintenance and Calibration.....	50
4.	Measurement Errors	51
SECTION H QUALITY REQUIREMENTS AND OPERATING CONDITIONS		52
1.	Entry Conditions.....	52
2.	Exit Conditions	53
3.	Changes to NTS or FTS Specifications	54
ANNEX H-1 QUALITY REQUIREMENTS AND OPERATING CONDITIONS		55
SECTION I INTERRUPTION, CONSTRAINTS AND MAINTENANCE		57
1.	Interruption.....	57
2.	Transportation System Constraints.....	58
3.	AT System Constraints	58
4.	Maintenance	59
SECTION J		61
IUK INFORMATION SYSTEM		61
1.	Use of the System	61
2.	Changes to and Availability of the IUK Information System	62

3.	Conditions of Use of Equipment and/or Access to the IUK Information System	62
4.	Copyright, Trade Marks and Other Intellectual Property Rights relating to the System	63
5.	Data Protection	64
6.	Indemnity	65

SECTION A INTRODUCTION

1. IUK Access Code

This IUK Access Code sets out the terms and conditions that govern the Transportation Services IUK provides to Shippers and the access to and use of Capacity in the Transportation System by Shippers.

2. Transportation Services

Section B sets out the Transportation Services IUK provides to Shippers in relation to the Transportation System.

3. Nominations and Matching Procedures

Section C contains provisions governing how a Shipper may make Nominations and Renominations in respect of Quantities of Natural Gas to be delivered to or redelivered from the Transportation System and the rules on how such Nominations are matched.

4. Allocations

Section D contains provisions governing how IUK shall allocate for a Shipper Natural Gas that such Shipper has nominated for delivery to or redelivery from the Transportation System.

5. Balancing and Trade Notifications

Section E contains provisions governing balancing of Quantities of Natural Gas delivered to or redelivered from the Transportation System by a Shipper and the trading of Quantities of Natural Gas between Shippers.

6. Charging

Section F sets out all charges payable by a Shipper to IUK and payments and rebates that may be made by IUK to a Shipper.

7. Measurement

Section G contains provisions governing the measurement of Quantities Natural Gas delivered to and redelivered from the Transportation System.

8. Quality Requirements and Operating Conditions

Section H contains provisions governing the quality of Natural Gas to be delivered and redelivered from the Transportation System.

9. Constraint Management, Maintenance and Interruption

Section I contains provisions on constraints and interruption in the Transportation System and maintenance of the Transportation System.

10. IUK Information System

Section J contains the provisions governing a Shipper's access to and use of the IUK Information System.

**SECTION B
TRANSPORTATION SERVICES**

1. Transportation Services

1.1 (a) IUK shall offer Shippers services for the use, transfer, assignment, surrender, conversion, and buy-back of Entry Capacity and Exit Capacity in the Transportation System in accordance with this Section B (“the **Transportation Services**”).

(b) IUK shall make available Entry Capacity and Exit Capacity as Offered Capacity (as defined in paragraph 1.2 of this Section B) and where such capacity is allocated to a Shipper it shall be held by a Shipper as part of that Shipper’s Registered Capacity (as defined in paragraph 1.3 of this Section B).

1.2 “**Offered Capacity**” consists of the total amount of one or more of the following types of Entry Capacity and/or Exit Capacity that IUK makes available under an Allocation Mechanism (as defined in paragraph 1.4 of this Section B) and allocates in the order of priority set out below:

(a) “**Unsold Capacity**” being the total amount of Entry Capacity, in respect of an Entry Point, and/or the total amount of Exit Capacity, in respect of an Exit Point, in the Transportation System that is not held by a Shipper and that is not required to be withheld by IUK and includes Released Capacity (as defined in paragraph 9.7(b) of this Section B);

(b) Surrendered Capacity (as defined in paragraph 6.3.2 of this Section B);

(c) Entry Capacity or Exit Capacity of a Shipper that has been suspended or has ceased to be a Shipper;

(d) “**OS Capacity**” being Entry Capacity or Exit Capacity made available from oversubscription; and

(e) Entry Capacity or Exit Capacity (if any) that is additional to Capacity made available under any of sub- paragraphs (a), (b), (c) and (d).

1.3 The “**Registered Capacity**” of a Shipper in respect of an hour in a Gas Day at an:

(a) Entry Point, is the total amount of Entry Capacity; and

(b) Exit Point, is the total amount of Exit Capacity;

registered on the IUK Information System that is available for use by the Shipper for a Capacity Period, comprised of the Contracted Capacity (defined in paragraph 5.2 below) and any Capacity re-designated under paragraph 3.9 of this Section B subject to any adjustments under paragraph 5.3 (b) to (h) of this Section B for that hour where applicable.

The amount of Registered Capacity that a Shipper is shown as holding on the IUK Information System at an Entry Point or Exit Point at a particular time is a final and conclusive record of the amount of Registered Capacity the Shipper holds at that Entry Point or Exit Point at that time.

A Shipper's Capacity available for Capacity Transfers, Surrender Notices, LTUIOLI Notices, applications for conversion, re-allocation of Capacity and Nominations is its Registered Capacity (as defined above).

- 1.4 IUK may make available Offered Capacity under an "**Allocation Mechanism**", being:
- (a) a "**Subscription Process**" that is a mechanism, approved by the Regulator(s), under which IUK invites Shippers to subscribe for and be allocated Offered Capacity that is Firm or Interruptible, for specified Capacity Products, for a specified Capacity Period at an Entry Point or an Exit Point, at such time and under such rules ("**Subscription Rules**") as IUK determines;
 - (b) a "**Capacity Auction**" that is an auction of Offered Capacity that is Firm or Interruptible, for specified Capacity Products, for a specified Capacity Period at an Entry Point or an Exit Point, that IUK makes available on the electronic platform IUK has designated for holding such Capacity Auctions and such other functions as IUK specifies (the "**Joint Booking Platform**"), as further described in the "**Capacity Auction Rules**" set out in Annex B-1;
 - (c) "**Overnomination**" that is a mechanism under which IUK may make available Interruptible Offered Capacity as a Within Day Capacity Product and in respect of which Shippers may apply to IUK to subscribe for and be allocated such Interruptible Offered Capacity at an Entry Point or an Exit Point by submitting a Nomination which results in the Shipper's Total Nomination Quantities exceeding the Shipper's Firm Registered Capacity at such Entry Point or Exit Point for an hour on Gas Day D in accordance with such rules IUK determines ("**Overnomination Rules**"); or
 - (d) "**Implicit Allocation**" that is a mechanism under which IUK makes available Offered Capacity at an Entry Point or an Exit Point that is allocated to a Shipper by an Implicit Allocation Partner at the same time as such Shipper enters into a transaction for a corresponding quantity of Natural Gas with a person other than IUK as further described in the "**Implicit Allocation Rules**" set out in Annex B-3.
- 1.5 The Subscription Rules for a Subscription Process shall be set out in an annex to this Section B or such other document as IUK specifies and may include the following (without limitation):
- (a) the conditions a Shipper must satisfy to be eligible to apply (if any);
 - (b) the application process for a Shipper, including requirements for the validity of applications or bids, whether applications may be amended or withdrawn or may have to be re-submitted;
 - (c) the period during which a Shipper may make an application or bid;
 - (d) the Capacity Product(s) a Shipper may apply or bid for and the Capacity Period(s) during which they are available;
 - (e) the amount of Offered Capacity that a Shipper may apply or bid for;
 - (f) the Entry Points and the Exit Points at which Capacity Product(s) are made available;
 - (g) the reserve price (whether indicative or actual) for Capacity Product(s);

- (h) how applications are accepted by IUK and how Capacity Product(s) are allocated to a Shipper.

2. Characteristics of Capacity

2.1 The “**Class**” of Offered Capacity and Registered Capacity is:

- (a) “**Firm**” where it is not subject to curtailment, except under Section I; or
- (b) “**Interruptible**” where it is additional to Firm Capacity and is subject to curtailment, including under paragraph 1.1 of Section I.

2.2 Offered Capacity is made available to a Shipper and Registered Capacity is held by a Shipper for a duration in time, a (“**Capacity Product**”), as specified in the applicable Allocation Mechanism and is:

- (a) “**Annual**” where it relates to a Gas Year;
 - (b) “**6 Monthly**” for any two consecutive Quarters;
 - (c) “**Quarterly**” for a Quarter;
 - (d) “**Monthly**” for a Month;
 - (e) “**Daily**” for a Gas Day;
 - (f) “**Within Day**” for part of a Gas Day;
- each a “**Standard Capacity Product**”; and
- (g) for any other duration in time as specified in an Allocation Mechanism, where approved by the Regulator(s) (“**Non-Standard Capacity Product**”).

2.3 A “**Capacity Period**” is the period from a specified start time (expressed as the start of an hour on a Gas Day) to a specified end time (expressed as the start of an hour on a Gas Day) in respect of which a Capacity Product is allocated to a Shipper under a Capacity Transaction (defined in paragraph 5.2 below).

2.4 Offered Capacity is either:

- (a) “**Bundled**” where it is made available by IUK (in respect of which there is Equivalent Adjacent TSO Capacity made available by the Adjacent TSO) and can only be applied for and allocated together with such Equivalent Adjacent TSO Capacity under an Allocation Mechanism;
- (b) “**Unbundled**” where it is made available by IUK and is applied for and allocated separately from Equivalent Adjacent TSO Capacity.

2.5 For the purpose of paragraph 2.4 of this Section B, “**Equivalent Adjacent TSO Capacity**” is an amount of available capacity in an AT System that, in relation to Offered Capacity that IUK makes available under an Allocation Mechanism:

- (a) consists of the same amount of Capacity;

- (b) is Firm;
 - (c) is the same Capacity Product;
 - (d) is for the same Capacity Period; and
 - (e) is offered at the same Entry Point or Exit Point,
- as the Offered Capacity.

3. Obtaining and Releasing Capacity

- 3.1 A Shipper may apply for or submit a bid for Offered Capacity under an Allocation Mechanism.
- 3.2 A Shipper may apply to surrender its Registered Capacity in accordance with paragraph 6 of this Section B or be required to surrender its Registered Capacity in accordance with Annex B-2.
- 3.3 A Shipper may transfer all (and not part of) its rights in respect of all or part of its Registered Capacity to another Shipper, a **“Capacity Transfer”**, in accordance with paragraph 7 of this Section B.
- 3.4 A Shipper may assign all (and not part of) its rights, liabilities and obligations in respect of all or part of its Contracted Capacity (as defined in paragraph 5.2 below) to another Shipper, a **“Capacity Assignment”**, in accordance with paragraph 8 of this Section B.
- 3.5 A Shipper may submit a Buy-Back Offer to release Registered Capacity in accordance with paragraph 3.1 of Section C.
- 3.6 IUK has the right to implement Forced Buy-Back in respect of a Shipper’s Registered Capacity in accordance with paragraph 3.2 of Section C.
- 3.7 IUK has the right to re-allocate Surrendered Capacity or the Registered Capacity of a Shipper that has been suspended or has ceased to be a Shipper, by making available such Capacity as Offered Capacity under an Allocation Mechanism.
- 3.8 A Shipper has the right to convert its capacity in accordance with paragraph 9 of this Section B.

4. Applying or Bidding for Offered Capacity

- 4.1 A Shipper may, where it is eligible under the applicable Subscription Rules, Capacity Auction Rules, Overnomination Rules or Implicit Allocation Rules apply for or submit a bid for Offered Capacity under an Allocation Mechanism.
- 4.2 A Shipper’s application or bid for Offered Capacity shall comply with the applicable Subscription Rules, Capacity Auction Rules, Overnomination Rules or Implicit Allocation Rules for the Allocation Mechanism.
- 4.3 The validity, amendment or withdrawal of and the re-submission of an application or bid for Offered Capacity under an Allocation Mechanism is governed by the applicable Subscription Rules, Capacity Auction Rules, Overnomination Rules or Implicit Allocation Rules.

5. Capacity Allocation and Registration

5.1 Allocation

Where an application made or a bid submitted by a Shipper for Offered Capacity is accepted under an Allocation Mechanism, a Shipper shall be allocated an amount of Offered Capacity as Entry Capacity at an Entry Point or Exit Capacity at an Exit Point:

- (a) as Firm or Interruptible;
- (b) as a specified Capacity Product;
- (c) for a specified Capacity Period; and
- (d) for a specified price expressed in p/(kWh/h)/h ("**Contracted Capacity Price**"), being:
 - (i) where the Allocation Mechanism was a Capacity Auction, the IUK Reserve Price of the specified Capacity Product and the IUK Auction Premium (if any);
 - (ii) where the Allocation Mechanism was a Subscription Process, the SP Clearing Price;
 - (iii) where the Allocation Mechanism was by Overnomination, the applicable Overnomination price;
 - (iv) where the Allocation Mechanism was an Implicit Allocation Mechanism, the applicable Implicit Allocation Price;
 - (v) where a Shipper has obtained Entry Capacity or Exit Capacity under a Capacity Assignment, the Contracted Capacity Price that applied to such Assigned Capacity when it was allocated to the Capacity Assignor.

5.2 Capacity Transaction

The allocation of Offered Capacity to a Shipper under paragraph 5.1 of this Section B and a Capacity Assignment to a Shipper that is a Capacity Assignee under paragraph 8 of this Section B each gives rise to a legally binding transaction (a "**Capacity Transaction**") between IUK and the Shipper in respect of such Capacity ("**Contracted Capacity**"), the details of which will be recorded in a Confirmation.

5.3 Registration

5.3.1 IUK shall register a Shipper as holding Capacity on the IUK Information System as set out below:

- (a) IUK shall for a Capacity Transaction concluded between IUK and a Shipper under paragraph 5.2 of this Section B:
 - (i) register a Shipper on the IUK Information System as holding the allocated or assigned amount of Entry Capacity at the specified Entry Point or Exit Capacity at the specified Exit Point with all other details of the Capacity Transaction referred to in paragraph 5.1 of this Section B and allocate a unique reference number for the Capacity Transaction; and

- (ii) include the allocated or assigned amount of Entry Capacity or Exit Capacity in the Registered Capacity of such Shipper; and
 - (iii) where the Capacity Transaction is a Capacity Assignment, deduct the Assigned Capacity from the Registered Capacity of the Capacity Assignor.
- (b) Where IUK gives effect to a Capacity Transfer under paragraphs 7.1 to 7.6 (inclusive) of this Section B, IUK shall, subject to the provisions of paragraphs 7.1 to 7.6 (inclusive) of this Section B:
 - (i) register the Capacity Transferee on the IUK Information System as holding the Transferred Capacity at the specified Entry Point or Exit Point and all other details of the Capacity Transfer;
 - (ii) include the Transferred Capacity in the Registered Capacity of the Capacity Transferee;
 - (iii) deduct the Transferred Capacity from the Registered Capacity of the Capacity Transferor.
- (c) Where a Capacity Transferee is suspended or ceases to be a Shipper under paragraph 7.7 of this Section B, and IUK has given a notification under paragraph 7.7(b) of this Section B to the Capacity Transferor referred to in paragraph 7.7(b) of this Section B, IUK shall:
 - (i) register the Capacity Transferor on the IUK Information System as holding the Transferred Capacity at the specified Entry Point or Exit Point, as Firm or Interruptible, for the remainder of the Transfer Period;
 - (ii) include the Transferred Capacity in the Registered Capacity of the Capacity Transferor;
 - (iii) deduct the Transferred Capacity from the Registered Capacity of the Capacity Transferee.
- (d) Where Capacity is re-allocated from a Surrendering Shipper or a suspended Shipper to another Shipper (whether due to it being Surrendered Capacity or Capacity of a suspended Shipper), IUK shall deduct the Re-Allocated Capacity from the Registered Capacity of the Surrendering Shipper or suspended Shipper and register it as being held by the other Shipper.
- (e) Where Capacity is re-allocated from a Surrendering Shipper or a suspended Shipper to another Shipper (whether due to it being Surrendered Capacity or the Capacity of a suspended Shipper) and the Shipper that holds the Re-Allocated Capacity ceases to be a Shipper or is suspended, IUK shall:
 - (i) register on the IUK Information System the Surrendering Shipper or suspended Shipper that previously held such Capacity as holding such Capacity at the specified Entry Point or Exit Point and as Firm or Interruptible;
 - (ii) include such Capacity in the Registered Capacity of the Surrendering Shipper or suspended Shipper that previously held such Capacity; and

- (iii) deduct the Capacity from the Registered Capacity of the Shipper that had been re-allocated such Capacity.
 - (f) Where IUK accepts Buy-Back Offers under paragraph 3.1 of Section C, IUK shall by three (3) hours after the Offer Deadline, reduce the Registered Capacity for each Shipper in respect of which IUK has accepted Buy-back Offers in accordance with paragraph 3.1 of Section C.
 - (g) Where IUK accepts an application for capacity conversion under paragraph 9.9 of this Section B IUK shall deduct the amount of the Released Capacity from the Registered Capacity of the Shipper.
- 5.3.2 A Shipper may apply to IUK in writing to request Capacity allocated to such Shipper as Unbundled Capacity be recorded as subject to a bundling arrangement, where such Shipper (acting as an ATS Shipper) requests simultaneously, that the Adjacent TSO records the Equivalent Adjacent TSO Capacity related to such Capacity as being subject to such bundling arrangement. Such request shall specify the Capacity Transaction, the Capacity Product, amount of Registered Capacity and the Entry Point or Exit Point in relation to the Registered Capacity.
- 5.3.3 A Shipper is responsible for recording its Registered Capacity as Bundled and complying with any obligation to maintain such Capacity as Bundled or to notify any other person that such Capacity is Bundled where it enters into a transaction related to such Capacity on the Secondary Market.
- 5.3.4 Subject to paragraph 5.3.2 of this Section B, IUK has no obligation to record a Shipper's Registered Capacity as Bundled on the IUK Information System.
- 5.4 Adjacent TSO**
- 5.4.1 IUK has no responsibility for or liability in respect of:
- (a) the allocation of any Equivalent Adjacent TSO Capacity as Bundled Capacity under an Allocation Mechanism;
 - (b) the availability, allocation, withdrawal, surrender, buy-back, transfer or assignment of any Equivalent Adjacent TSO Capacity in an Allocation Mechanism;
 - (c) rejection of a request by an Adjacent TSO to bundle Equivalent Adjacent TSO Capacity.
 - (d) any action or omission of, or activity or process undertaken by the Adjacent TSO;
 - (e) any delay in or any errors in information provided from the Adjacent TSO to IUK;
 - (f) any unauthorised disclosure by the Adjacent TSO of information IUK provides to the Adjacent TSO.
- 6. Surrender of Capacity**
- 6.1 Voluntary Surrender**
- 6.1.1 Any Shipper may make its Firm Registered Capacity available for surrender by submitting a "**Surrender Notice**" to IUK. A Surrender Notice shall specify:

- (a) the amount of Firm Registered Capacity being made available for surrender, the specified Entry Point or Exit Point and the specified Capacity Product (the "**Voluntarily Surrendered Capacity**");
- (b) the start time (at the beginning of a Gas Day) and the period that the Voluntarily Surrendered Capacity is available for surrender being no less than one (1) Gas Day;
- (c) where IUK permits such Surrender Notice to be submitted to IUK by the Joint Booking Platform, any other information that the Joint Booking Platform Operator requires.

6.1.2 A Shipper shall not submit a Capacity Transfer Request or Capacity Assignment Notice in respect of Voluntarily Surrendered Capacity after giving a Surrender Notice under paragraph 6.1.1 of this Section B and such Voluntarily Surrendered Capacity shall continue to be Registered Capacity of such Shipper until re-allocated and registered to another Shipper under paragraph 5.3(d) or (e) of this Section B.

6.1.3 A Surrender Notice may only be submitted, amended or withdrawn with regard to Voluntarily Surrendered Capacity for a Gas Day, before the Surrender Deadline.

6.2 Long Term Use It Or Lose It

6.2.1 Where, following the application of the procedures set out in the Annex B-2, (the "**LTUIOLI Procedures**"), Regulator(s) require IUK to withdraw all or any part of the Firm Registered Capacity of a Shipper pursuant to the LTUIOLI Regulations on the basis that such Registered Capacity has been systematically underutilised, IUK shall give notice to the applicable Shipper, a "**LTUIOLI Notice**", specifying:

- (a) the amount of Firm Registered Capacity to be withdrawn and the specified Entry Point or Exit Point (the "**LTUIOLI Capacity**");
- (b) the period for which LTUIOLI Capacity is subject to withdrawal; and
- (c) anything else specified by the Regulator(s) in connection with the withdrawal of such LTUIOLI Capacity.

6.3 Re-Allocation of Voluntarily Surrendered Capacity or LTUIOLI Capacity

6.3.1 A Shipper giving a Surrender Notice, or to whom a LTUIOLI Notice is given, is a "**Surrendering Shipper**".

6.3.2 Following receipt of a Surrender Notice or the issue by IUK of a LTUIOLI Notice, for each Gas Day of the period of surrender of any Voluntarily Surrendered Capacity as specified in the Surrender Notice, or for each Gas Day for which any LTUIOLI Capacity is to be withdrawn pursuant to the LTUIOLI Notice, IUK may make available for re-allocation as Offered Capacity, the Voluntarily Surrendered Capacity or (as the case may be) the LTUIOLI Capacity, (the "**Surrendered Capacity**") under an Allocation Mechanism.

6.3.3 A Surrendering Shipper shall not be entitled to impose any limitations or conditions on the terms on which IUK shall offer the Surrendered Capacity for re-allocation or on the amount of Surrendered Capacity which may be re-allocated at any time.

6.3.4 IUK shall give notice of any Re-Allocated Capacity to the Surrendering Shipper as soon as possible after such re-allocation and with respect to the Surrendering Shipper:

- (a) paragraph 5.3(d) of this Section B will apply;
- (b) IUK shall, subject to paragraph 6.3.6 of this Section B, be released and discharged from all obligations and liabilities under this Agreement towards the Surrendering Shipper with respect to the Re-Allocated Capacity for the period of re-allocation;
- (c) the Surrendering Shipper shall remain liable to IUK for the payment of the full amount of the Capacity Charges which are attributable to the Re-Allocated Capacity; and
- (d) the Surrendering Shipper shall receive a Re-Allocated Capacity Payment where paragraph 6 of Section F applies.

6.3.5 Where Surrendered Capacity is not re-allocated to any Shipper(s) in accordance with this paragraph 6.3 of this Section B such Surrendered Capacity shall continue to be Registered Capacity of the Surrendering Shipper and the Surrendering Shipper shall be liable to IUK for all obligations and liabilities in respect of the Surrendered Capacity, including the Capacity Charges.

6.3.6 Where Surrendered Capacity has been re-allocated and the Shipper that has been allocated the Re-Allocated Capacity ceases to be a Shipper or is suspended (“**Defaulting Shipper**”) then IUK shall notify the Surrendering Shipper that with effect from date of such suspension or cessation of the Shipper that held the Re-Allocated Capacity:

- (a) the Surrendered Capacity reverts to and shall be treated as held by the Surrendering Shipper and the Surrendering Shipper hereby consents to the same;
- (b) the Re-Allocated Capacity shall cease to be Re-Allocated Capacity and shall be Surrendered Capacity;
- (c) paragraph 5.3(e) of this Section B will apply to such Capacity; and
- (d) IUK shall cease to be liable to make any Re-Allocated Capacity Payments for such Capacity.

For the purpose of this paragraph 6.3.6 the Surrendering Shipper is the last Shipper in order of time that made a surrender of Capacity prior to its re-allocation.

6.3.7 Where the Surrendered Capacity of more than one Surrendering Shipper has been re-allocated to a Defaulting Shipper, this paragraph 6.3.6 shall apply to each other Surrendering Shipper in respect of the amount of its Surrendered Capacity that was re-allocated to the Defaulting Shipper.

6.3.8 Where:

- (a) Surrendered Capacity is available for a Gas Day or a period of Gas Day(s) from more than one Surrendering Shipper; and
- (b) the amount of Surrendered Capacity available for that period exceeds the amount of Capacity available for re-allocation for that period, the Surrendered Capacity of those Surrendering Shippers is re-allocated as Re-Allocated Capacity in the following order of priority:

- (i) Voluntarily Surrendered Capacity shall be re-allocated in priority to LTUIOLI Capacity;
- (ii) Voluntarily Surrendered Capacity shall be re-allocated according to the time of receipt by IUK of the applicable Surrender Notice (priority being given to Voluntarily Surrendered Capacity under the earlier Surrender Notice); and
- (iii) LTUIOLI Capacity shall be re-allocated according to the time of service by IUK of the applicable LTUIOLI Notice (priority being given to LTUIOLI Capacity under the earlier LTUIOLI Notice).

6.4 Re- Allocation of Capacity of a suspended Shipper or a former Shipper

6.4.1 Where a Shipper's access is suspended and IUK offers such Shipper's Capacity for re-allocation as Offered Capacity under an Allocation Mechanism:

- (a) such Shipper shall not be entitled to impose any limitations or conditions on the terms on which IUK shall offer such Capacity for re-allocation or on the amount of Capacity which may be re-allocated at any time;
- (b) where such Capacity is re-allocated to another Shipper IUK shall give notice of any Re-Allocated Capacity to the suspended Shipper as soon as possible after such re-allocation and with respect to the suspended Shipper:
 - (i) paragraph 5.3(d) of this Section B shall apply;
 - (ii) IUK shall be released and discharged from all obligations and liabilities under this Agreement towards the suspended Shipper with respect to the Re-Allocated Capacity for the period of re-allocation;
 - (iii) the suspended Shipper shall remain liable to pay IUK all amounts which are due and payable to IUK and outstanding as at the date of such suspension or that fall due during the period of any suspension (except where IUK exercises its right to draw on credit support provided in respect of the suspended Shipper to satisfy payment of all such amounts) and the full amount of Capacity Charges attributable to the Re-Allocated Capacity;
 - (iv) the suspended Shipper shall only receive Re-Allocated Capacity Payments under paragraph 6 of Section F, where Clause 6.3 of the IUK Access Agreement applies.

6.4.2 Where Registered Capacity of a suspended Shipper is not re-allocated to any Shipper(s) it shall continue to be Registered Capacity of the suspended Shipper and the suspended Shipper shall be liable to IUK for all obligations and liabilities in respect of such Capacity, including the Capacity Charges.

6.4.3 Where Capacity of a suspended Shipper has been re-allocated and the Shipper that has been re-allocated the Re-Allocated Capacity becomes a Defaulting Shipper then IUK shall notify the suspended Shipper that with effect from date of such cessation:

- (a) the Re-Allocated Capacity reverts to and shall be treated as being held by the suspended Shipper and the suspended Shipper hereby consents to the same;

- (b) the Re-Allocated Capacity shall cease to be Re-Allocated Capacity and shall be the Registered Capacity of the suspended Shipper;
- (c) paragraph 5.3(e) of this Section B will apply to such Capacity; and
- (d) IUK shall cease to be liable to make any Re-Allocated Capacity Payments for such Capacity.

7. Capacity Transfers

7.1 For the purposes of the IUK Access Code:

“**Capacity Transfer**” has the meaning given in paragraph 3.3 of this Section B;

“**Capacity Transferor**” means the Shipper which is the transferor;

“**Capacity Transferee**” means the Shipper which is the transferee;

“**Transferred Capacity**” has the meaning given in paragraph 7.3(d) of this Section B; and

“**Transfer Period**” has the meaning given in paragraph 7.3(c) of this Section B .

7.2 Either a Capacity Transferor or a Capacity Transferee may propose a transfer to the Capacity Transferee of the Transferred Capacity by submitting a request to IUK and the other party to the Capacity Transfer (the Capacity Transferee where the requesting party is the Capacity Transferor or the Capacity Transferor where the requesting party is the Capacity Transferee) (a “**Capacity Transfer Request**”) on the IUK Information System or, where IUK has appointed the Joint Booking Platform Operator to receive Capacity Transfer Requests, the Joint Booking Platform. Where IUK receives more than one Capacity Transfer Request, IUK shall assess Capacity Transfer Requests in the order of the time of receipt of such requests from the earliest Capacity Transfer Request received in time to the latest in time.

7.3 A Capacity Transfer Request shall specify:

- (a) the names of the intended Capacity Transferor and the Capacity Transferee;
- (b) the time the intended Capacity Transfer is to be effective (which shall be the beginning of an hour);
- (c) the period expressed from a start time on a Gas Day to an end time on a Gas Day in respect of which the Capacity Transfer shall have effect (“**Transfer Period**”);
- (d) the amount of Registered Capacity whether it is Firm or Interruptible, the specified Entry Point or Exit Point that is or is to be transferred (“**Transferred Capacity**”);
- (e) any other information required by the Joint Booking Platform Operator where the Capacity Transfer Request is submitted by the Joint Booking Platform.

7.4 The Shipper in receipt of the Capacity Transfer Request may accept such Capacity Transfer Request by submitting a notice of acceptance no later than two (2) hours before the time the Capacity Transfer is to be effective as specified in the Capacity Transfer Request.

- 7.5 A Capacity Transfer Request will be effective unless the Capacity Transfer Request specifies a quantity of Entry Capacity or Exit Capacity that exceeds the Registered Capacity held by the Capacity Transferor at the time of making such Capacity Transfer Request or the Capacity Transfer is not accepted by the time specified in paragraph 7.4 of this Section B.
- 7.6 In respect of any Capacity Transfer that is given effect to:
- (a) paragraph 5.3(b) of this Section B shall apply;
 - (b) the Capacity Transferor (or the original Capacity Transferor under the first Capacity Transfer in time where the Transferred Capacity has been the subject of previous Capacity Transfer(s)) shall remain liable to IUK to pay the Capacity Charges in full for the Transferred Capacity for the Transfer Period;
 - (c) the Capacity Transferee shall assume and be liable to IUK for performance and payment of all obligations and liabilities (other than Capacity Charges) relating to or arising in respect of the Transferred Capacity for the Transfer Period, including all such charges forming part of the Monthly Charge other than Capacity Charges;
 - (d) the Capacity Transferee (in place of the Capacity Transferor) shall be entitled to all rights and IUK shall perform all obligations, which relate to the Transferred Capacity for the Transfer Period in accordance with this Agreement, including the right to receive Re-Allocated Capacity Payments where paragraph 6 of Section F applies;
 - (e) Where, in accordance with Section I paragraph 2.4, the Transferred Capacity consists of Lost Capacity, IUK shall, upon request, notify the Capacity Transferor that the Capacity Transferee is entitled to such any reduction or rebate in respect of Capacity Charges applicable to such Lost Capacity (but not of the amount thereof or any further information relating thereto).
- 7.7 If a Capacity Transferee ceases to be a Shipper, IUK may from the date of such cessation ("**Transfer End Date**"):
- (a) make available an amount of Capacity equal to the Transferred Capacity as Offered Capacity for re-allocation under an Allocation Mechanism; or
 - (b) notify the Capacity Transferor that the Transferred Capacity with effect from such Transfer End Date shall:
 - (i) revert to and be treated as being held by the Capacity Transferor and the Capacity Transferor hereby consents to the same;
 - (ii) the Transferred Capacity shall cease to be Transferred Capacity and shall be the Registered Capacity of the Capacity Transferor;
 - (iii) paragraph 5.3(c) of this Section B will apply to such Capacity; and
 - (iv) IUK shall cease to be liable to make any Reallocated Capacity Payments for such Capacity.

and where the Capacity has been the subject of more than one (1) Capacity Transfer, references to the Capacity Transferor above are to the Capacity Transferor under the

latest Capacity Transfer in time under which the Capacity Transferor is still a Shipper as at the Transfer End Date.

8. Capacity Assignment

8.1 For the purposes of the IUK Access Code:

“**Capacity Assignment**” has the meaning given in paragraph 3.4 of this Section B;

“**Capacity Assignment Date**” means the Gas Day on which the Capacity Assignment is to be effective;

“**Capacity Assignor**” means the Shipper which is the assignor;

“**Capacity Assignee**” means the Shipper which is the assignee;

“**Assigned Capacity**” means the amount of Firm Contracted Capacity which is (or is to be) assigned under that Capacity Assignment, and

“**Assignment Period**” means that part of the Capacity Period for which the Assigned Capacity is (or is to be) assigned.

8.2 A Shipper shall not assign any of its rights and obligations in respect of its Firm Contracted Capacity without the prior written consent of IUK.

8.3 By no later than five (5) Business Days before the Capacity Assignment Date is to occur, a Capacity Assignor and a Capacity Assignee shall each submit a notice in respect of a proposed Capacity Assignment (the “**Capacity Assignment Notice**”) to IUK. Each Capacity Assignment Notice shall:

- (a) set out the names of the Capacity Assignor and the Capacity Assignee;
- (b) specify the Capacity Assignment Date, the relevant Capacity Transaction(s) and the Assignment Period (which shall be no less than one (1) Gas Day); and
- (c) set out the amount of Firm Contracted Capacity (and corresponding Entry Point or Exit Point) that the Assigned Capacity is to be composed of, being equal to or less than the Capacity Assignor’s aggregate Firm Contracted Capacity at such Entry Point or Exit Point for the Assignment Period.

8.4 Where IUK has received a Capacity Assignment Notice and:

- (a) the proposed Capacity Assignment does not comply with paragraph 8.3 of this Section B;
- (b) the amount of Assigned Capacity specified exceeds the Capacity Assignor’s aggregate Contracted Capacity at the specified Entry Point or Exit Point for the Assignment Period;
- (c) the corresponding Capacity Assignment Notice has not been received from the Capacity Assignor or the Capacity Assignee;
- (d) the Capacity Assignor has not paid any outstanding Monthly Charges in full;

- (e) that Capacity Assignment Notice has not been matched with another Capacity Assignment Notice;
- (f) the Capacity Assignee does not or will not (upon the Capacity Assignment becoming effective) satisfy its obligations under the IUK Access Agreement, including the requirement to satisfy the Credit Criteria; or
- (g) the Capacity Assignee is or will be (upon the Capacity Assignment becoming effective) in breach of its representations and warranties under the IUK Access Agreement;

then that Capacity Assignment Notice shall be invalid and shall not be given effect to; and IUK shall notify the Capacity Assignor or the Capacity Assignee accordingly.

8.5 Where IUK gives effect to a Capacity Assignment:

- (a) paragraph 5.2 of this Section B shall apply;
- (b) the Capacity Assignor shall with effect from the Capacity Assignment Date cease to have any rights, liabilities or obligations relating to or arising in respect of the Assigned Capacity (including for payment of the Monthly Charge);
- (c) the Capacity Assignee shall with effect from the Capacity Assignment Date be entitled to all rights and assume all previous, existing and future obligations and liabilities relating to or arising in respect of the Assigned Capacity (including for payment of the Monthly Charge).

9. Capacity Conversion

9.1 Where a Shipper:

- (a) holds an amount of Firm Unbundled Capacity and has been unable to acquire an amount of unbundled capacity in the Corresponding Direction of Flow in the AT System that is equal to or greater than the amount of Firm Unbundled Capacity ("**Eligible Conversion Capacity**") for a period equal to or less than the Capacity Period prior to the Capacity Auction referenced in (b); and
- (b) as a result of the circumstances described in paragraph (a), has applied for and been allocated an amount of Corresponding Bundled Capacity under a Capacity Auction;

such Shipper may apply to IUK under this paragraph 9 to convert its Eligible Conversion Capacity.

9.2 In this paragraph 9:

- (a) "**Corresponding Bundled Capacity**" is an amount of Contracted Capacity comprising a Bundled Annual Capacity Product, Bundled Quarterly Capacity Product, Bundled Monthly Capacity Product or Bundled Daily Capacity Product allocated under a Capacity Transaction resulting from a Capacity Auction at the same Entry Point or Exit Point as Eligible Conversion Capacity;
- (b) "**Corresponding Direction of Flow**" is entry in the AT System where the direction of flow of Eligible Conversion Capacity is Exit and exit in the AT System where the direction of flow of the Eligible Conversion Capacity is Entry.

- 9.3 A Shipper's application to convert Eligible Conversion Capacity shall specify:
- (a) the amount of Firm Unbundled Capacity it wishes to convert ("**Requested Conversion Capacity**");
 - (b) whether that Capacity is Entry Capacity or Exit Capacity;
 - (c) the Entry Point or Exit Point at which such Capacity is held; and
 - (d) the Capacity Period or that part of the Capacity Period in respect of which the Shipper wishes to effect the capacity conversion which shall be no less than a Gas Day ("**Capacity Conversion Period**");
 - (e) the Capacity Transaction reference numbers for the Requested Conversion Capacity and for the Corresponding Bundled Capacity;
- and shall be submitted by no later than three (3) Gas Days after the end of the relevant Capacity Auction where the Corresponding Bundled Capacity allocated comprises an Annual Capacity Product, Quarterly Capacity Product or a Monthly Capacity Product and four (4) hours after the end of the relevant Capacity Auction where the Corresponding Bundled Capacity allocated comprises a Daily Capacity Product ("**Capacity Conversion Deadline**").
- 9.4 A Shipper shall submit such application to IUK using the IUK Information System or such other means as IUK notifies to Shippers.
- 9.5 IUK may reject an application from a Shipper and notify a Shipper of such rejection where:
- (a) it does not satisfy the requirements of paragraph 9.2 of this Section B;
 - (b) it is not submitted before the Capacity Conversion Deadline;
 - (c) the Requested Conversion Capacity exceeds the amount of Eligible Conversion Capacity the Shipper holds at an Entry Point or Exit Point for the Capacity Conversion Period;
 - (d) the Requested Conversion Capacity exceeds the amount of Corresponding Bundled Capacity or is held for a different Capacity Period;
 - (e) it is submitted for a period of less than a Gas Day;
 - (f) such Shipper has submitted a Surrender Notice, Buy-Back Offer, Capacity Transfer Request or Capacity Assignment Notice in respect of Capacity that is the subject of the application.
- 9.6 Where a Shipper receives a notification of rejection from IUK in accordance with paragraph 9.5 of this Section B, it may submit a revised application at any time before the Capacity Conversion Deadline.
- 9.7 Where IUK accepts an application under paragraph 9.3 of this Section B it shall notify a Shipper within three (3) Business Days of receiving the application:
- (a) that its application has been accepted;

- (b) of the amount of Eligible Conversion Capacity in respect of which the application has been accepted;
- (c) the Capacity Period or part of a Capacity Period in respect of which the application has been accepted.

9.8 Where IUK accepts an application submitted under paragraph 9.3 of this Section B, from the date of such acceptance:

- (a) the Shipper's Eligible Conversion Capacity will be reduced by the amount in respect of which the application has been accepted ("**Released Capacity**");
- (b) the Shipper and IUK shall be released from rights, obligations and liabilities that apply to the Released Capacity under the relevant Capacity Transaction other than those rights, obligations and liabilities that relate to payment;
- (c) the Shipper and IUK shall retain all rights and remain liable for all obligations and liabilities in respect of all Capacity under the Capacity Transaction other than the Released Capacity;
- (d) the Shipper shall receive a rebate equal to the amount of Released Capacity multiplied by the IUK Reserve Price of the Corresponding Bundled Capacity ("**Capacity Conversion Rebate**").

ANNEX B-1
CAPACITY AUCTION RULES

1. Relationship between the Capacity Auction Rules and the JBP Rules

- 1.1 This Annex sets out rules that apply to Capacity Auctions held on the Joint Booking Platform.
- 1.2 These rules are separate and independent from the terms and conditions published by the Joint Booking Platform Operator governing the use of the Joint Booking Platform by a Shipper (“**JBP Rules**”) in effect on the date of this version of the IUK Access Code.
- 1.3 To the extent that the version of the JBP Rules referred to in paragraph 1.2 is replaced or amended and the effect of such replacement or amendment is that the JBP Rules are inconsistent with the Capacity Auction Rules with respect to the processes or activities undertaken by the Joint Booking Platform Operator, the JBP Rules shall prevail to the extent of such inconsistency and IUK shall determine whether the Capacity Auction Rules are to be amended.

2. Role of the Joint Booking Platform Operator

2.1 Appointment

- 2.1.1 The operator of the Joint Booking Platform is PRISMA European Capacity Platform GmbH (the “**Joint Booking Platform Operator**”) and references to the Joint Booking Platform Operator are to its successor or transferee or such other person as may be designated by IUK.
- 2.1.2 IUK has appointed the Joint Booking Platform Operator at the date of this Agreement to:
- (a) hold Capacity Auctions of Offered Capacity that IUK has determined will be made available by Capacity Auctions on the Joint Booking Platform;
 - (b) publish information in relation to Capacity Auctions of such Offered Capacity;
 - (c) designate such Offered Capacity as Bundled or Unbundled;
 - (d) receive and assess bids from Shippers for such Offered Capacity;
 - (e) allocate such Offered Capacity to Shippers that have submitted successful bids; and
 - (f) receive and assess Capacity Transfer Requests and to provide a means by which Shippers may submit and accept Capacity Transfer Requests.
- 2.1.3 IUK may appoint the Joint Booking Platform Operator at any time after the date of this Agreement to:
- (a) receive and assess Surrender Notices and to provide a means by which Shippers may submit Surrender Notices; and
 - (b) carry out such other functions it is designated by IUK to carry out;
 - (c) and IUK shall notify all Shippers of the same on the IUK Information System or the IUK website.

2.1.4 IUK does not act as agent of the Joint Booking Platform Operator.

2.1.5 The Joint Booking Platform Operator does not act as agent of IUK.

2.2 **Publication of Capacity Auction Information**

IUK shall provide the Joint Booking Platform Operator with the following information that the Joint Booking Platform Operator shall publish for a Capacity Auction of Offered Capacity:

- (a) the amount of Offered Capacity IUK has made available;
- (b) whether the Offered Capacity is Firm or Interruptible;
- (c) the Capacity Product(s) offered being one or more of the following: Within Day, Daily, Monthly, Quarterly or Annual;
- (d) the applicable Entry Point or Exit Point;
- (e) the floor price for such Offered Capacity under the Capacity Auction (“**IUK Reserve Price**”) as published in the Charging Statement prevailing at the time;
- (f) the Capacity Period for which the Capacity Product(s) are offered;
- (g) where the Capacity Auction is an ascending clock auction, such other values that are required to be submitted for an ascending clock auction; and
- (h) such other information as IUK may determine is reasonably necessary to provide.

2.3 **Bundling**

2.3.1 Offered Capacity designated as Bundled in a Capacity Auction may only be applied for and allocated by the Joint Booking Platform Operator together with Equivalent Adjacent TSO Capacity.

2.4 **Bids**

2.4.1 A Shipper shall include the following information in its bid submitted via the Joint Booking Platform for Offered Capacity under a Capacity Auction in a bidding round:

- (a) the Entry Point or the Exit Point, the Capacity Product, the Capacity Period and the amount of Offered Capacity applied for;
- (b) such other information as the JBP Rules require;
- (c) where the Capacity Auction is a uniform price auction:
 - (i) the minimum amount of Offered Capacity that the Shipper is willing to be allocated; and
 - (ii) the bid price that the Shipper is willing to pay for the amount requested under (a) above, which shall not be less than the IUK Reserve Price or the Capacity Auction start price.

2.5 Allocation and Pricing

2.5.1 The Joint Booking Platform Operator shall, after a Capacity Auction closes, be responsible for:

- (a) allocation of an amount of Entry Capacity or Exit Capacity, as a Capacity Product, for a specified Capacity Period, at the applicable Entry Point or Exit Point to a participating Shipper that has submitted a successful bid;
- (b) determining the “**JBP Clearing Price**” which shall be:
 - (i) for an ascending clock auction, the price announced for the last bidding round in which such auction closes; and
 - (ii) for a uniform price auction, where the demand exceeds the offer at the IUK Reserve Price, the price of the lowest successful bid and if demand does not exceed the offer at the IUK Reserve Price, the IUK Reserve Price; and
- (c) determining the “**Auction Premium**” (if any) for such Capacity Auction, being the amount by which the JBP Clearing Price exceeds the Capacity Auction start price;
- (d) determining the IUK share of the Auction Premium (“**IUK Auction Premium**”) (if any).

2.5.2 Such allocation under paragraph 2.5.1 shall result in a Capacity Transaction between IUK and the Shipper.

2.6 Notification

2.6.1 The Joint Booking Platform Operator shall, after a Capacity Auction closes, be responsible for notifying a participating Shipper and IUK of any allocation to a participating Shipper made under paragraph 2.5 of this Annex .

2.7 Payment

2.7.1 Each Shipper allocated Entry Capacity and/or Exit Capacity under a Capacity Auction shall pay IUK a Capacity Charge in accordance with Section F paragraph 5.

2.8 Relationship between Shipper and Joint Platform Operator

2.8.1 The Parties agree that:

- (a) It is the responsibility of the Shipper to accede to the JBP Rules and to take all actions that are required to have access to the Joint Booking Platform and participate in Capacity Auctions;
- (b) the relationship between the Joint Booking Platform Operator and each Shipper is governed by the JBP Rules;
- (c) the JBP Rules govern any error or mistake in respect of the Joint Booking Platform and Capacity Auctions and any dispute arising in relation to the Joint Booking Platform and Capacity Auctions held on the Joint Booking Platform;
- (d) execution of the and this IUK Access Code does not give a Shipper the right to access the Joint Booking Platform or to participate in Capacity Auctions;

- (e) IUK is not liable for any action or omission of, or activity or process undertaken by the Joint Platform Operator;
- (f) IUK is not responsible for any cancellation, delay or re-run of a Capacity Auction;
- (g) IUK is not responsible for any delay in or any errors in information provided from the Joint Booking Platform Operator to IUK;
- (h) IUK is not responsible for any unauthorised disclosure by the Joint Booking Platform Operator of information IUK provides to the Joint Booking Platform Operator.

2.9 Eligibility of Shippers

2.9.1 A Shipper is only permitted to make a bid for Offered Capacity in a Capacity Auction where:

- (a) IUK has communicated to the Joint Booking Platform Operator that such Shipper is approved and has not withdrawn such approval; and
- (b) such Shipper is registered with the Joint Booking Platform under the JBP Rules; and such Shipper has not been deactivated under the JBP Rules.

2.9.2 A Shipper shall notify IUK of any changes made to such Shipper's information as recorded on the Joint Booking Platform or of any changes to the Shipper's authorised users of the Joint Booking Platform.

2.10 Liability of IUK in relation to activities on the Joint Booking Platform

2.10.1 IUK shall have no liability in respect of:

- (a) the unavailability or suspension of, or the inability of a Shipper to have access to any part of or all of the Joint Booking Platform;
- (b) the unavailability or suspension of any process, system or other activity under the Joint Booking Platform (including a Capacity Auction) and the resulting inability of a Shipper to participate in a Capacity Auction or be allocated Entry Capacity or Exit Capacity;
- (c) the deactivation of a Shipper or its users by the Joint Booking Platform Operator.

2.11 General

2.11.1 IUK is not liable to any third party in respect of any of IUK's obligations under this Annex B-1.

ANNEX B-2
LTUIOLI PROCEDURES

The LTUIOLI Procedures referred to in Section B paragraph 6.2 are as follows:

1. IUK shall use the IUK Information System (or other electronic messaging/notification system) or use other appropriate arrangements which may be accessed by Shippers and other persons to notify an interest in buying or selling Registered Capacity on the Secondary Market, such as the Joint Booking Platform. IUK shall, in a timely fashion, notify Shippers of any receipt of an interest in purchasing Registered Capacity.
2. These LTUIOLI Procedures will be initiated when:
 - (a) IUK has not made available any Offered Capacity;
 - (b) a Shipper gives written notice to IUK that it has been unsuccessful in purchasing Registered Capacity on the Secondary Market under objectively reasonable terms; and
 - (c) that Shipper provides reasonable supporting evidence to IUK of the circumstances described in (b).
3. IUK shall then make a determination under this paragraph 3 as regards the use of Registered Capacity by a Shipper:
 - (a) IUK shall review as set out in the LTUIOLI Regulations Shippers' Capacity utilisation over the two (2) most recent periods of 1 April to 30 September and 1 October to 31 March to determine if any Shipper has utilised less than eighty percent (80%) of its Registered Capacity in both of the specified half years;
 - (b) when carrying out such review take into account: (i) the Nominations of each Shipper; and (ii) the Registered Capacity made available by each Shipper for sale on the Secondary Market for each Gas Day in the periods referred to in paragraph (a); and
 - (c) in calculating the Registered Capacity made available as specified in (b) above, take account of Registered Capacity notified as available for sale using the facilities or arrangements referred to in paragraph 1 of this Annex and shall allow Shippers the opportunity to notify IUK of (and IUK shall take account of) any Registered Capacity made available on the Secondary Market by other means.
4. Where IUK determines under paragraph 3 of this Annex B-2 that any Shipper has so under-utilised its Registered Capacity, IUK shall:
 - (a) notify the Shipper of its provisional calculation of its utilisation of its Registered Capacity and allow the Shipper a reasonable opportunity to comment; and
 - (b) if IUK still considers that the Shipper has under-utilised Registered Capacity, assess whether such under-utilisation was justified.
5. In assessing whether any under-utilisation was justified:
 - (a) IUK shall allow for any Gas Days when it was uneconomic to flow gas through the Transportation System, taking account of the day-ahead spot prices for gas for delivery

at relevant hubs, the cost of flowing gas between such hubs including through the Transportation System, and an incentive to trade; and

- (b) IUK shall allow the Shipper the opportunity to notify IUK of any justification for the under-utilisation of capacity.
6. Where, following the procedures described in paragraphs 1 – 5 above, and having taken account of any information or representations received from the applicable Shipper, such Shipper appears to IUK to have under-utilised capacity without objective justification, IUK will forward all relevant information to IUK's Regulator(s) for a determination by such Regulator(s) as to whether such Shipper has under utilised its Registered Capacity without justification for the purpose of the LTUIOLI Regulations. Where the Regulator(s) require IUK to withdraw some or all of the Registered Capacity of a Shipper for all or part of a Capacity Period, paragraph 6.2 of Section B shall apply.

**ANNEX B-3
IMPLICIT ALLOCATION RULES**

1. Implicit Allocation Rules and IAP Terms and Conditions

1.1 This Annex sets out rules that apply to Implicit Allocation.

1.2 These rules are separate and independent from the terms and conditions published or provided by the Implicit Allocation Partner governing the use of the Implicit Allocation Platform by a Shipper (“**IAP T&Cs**”) in effect on the date of this version of the IUK Access Code.

2. Role of the Implicit Allocation Partner

2.1 Appointment

2.1.1 An entity or entities appointed as an Implicit Allocation Partner will be designated by IUK and references to an Implicit Allocation Partner are to their respective successors or transferees or such other persons as may be designated by IUK from time to time (“**Implicit Allocation Partner**”).

2.1.2 A platform or platforms selected from time to time as an Implicit Allocation Platform will be designated by IUK (“**Implicit Allocation Platform**”).

2.1.3 IUK has appointed the Implicit Allocation Partner to:

- (a) advertise Offered Capacity that IUK has determined will be made available by Implicit Allocation on the Implicit Allocation Platform as Bundled or Unbundled Capacity;
- (b) publish information in relation to such Offered Capacity;
- (c) receive applications from Shippers for such Offered Capacity;
- (d) allocate such Offered Capacity to Shippers that have submitted successful applications; and
- (e) notify Shippers whether they have submitted a successful or unsuccessful application.

2.1.4 IUK does not act as agent of the Implicit Allocation Partner.

2.1.5 The Implicit Allocation Partner does not act as agent of IUK.

2.2 Publication of Implicit Allocation Information

2.2.1 IUK shall provide the Implicit Allocation Partner with the following information that the Implicit Allocation Partner shall publish in relation to Offered Capacity by Implicit Allocation:

- (a) the amount of Offered Capacity that IUK has made available;
- (b) the Standard Capacity Product(s) offered ;
- (c) the Non-Standard Capacity Product(s) offered, which are created by combining Standard Capacity Products;
- (d) the applicable Entry Point or Exit Point;

- (e) the price for such Offered Capacity under Implicit Allocation (“**Implicit Allocation Price**”) as published in the Charging Statement prevailing at the time;
- (f) the Capacity Period for which the Capacity Product(s) are offered, being:
 - (i) for Annual Capacity, the next five (5) Gas Years;
 - (ii) For 6 Monthly Capacity, the next three (3) years;
 - (iii) For Quarterly Capacity, the next four (4) Quarters;
 - (iv) For Monthly Capacity, the next three (3) Months
 - (v) For Daily Capacity, the period after such Capacity was offered as part of the Monthly Capacity Product in a Capacity Auction; and
- (g) such other information as IUK may determine is reasonably necessary to provide.

2.3 Applications

2.3.1 A Shipper shall include the following information in its application submitted via the Implicit Allocation Platform for Offered Capacity by Implicit Allocation:

- (a) the Entry Point or the Exit Point, and the amount of Offered Capacity applied for;
- (b) such other information as the Implicit Allocation Partner requires; and
- (c) the price that the Shipper is willing to pay for the amount requested under (a) above, which shall be equal to the Implicit Allocation Price.

2.4 Allocation and Pricing

2.4.1 The Implicit Allocation Partner shall be responsible for allocation of an amount of Entry Capacity or Exit Capacity, for a specified Capacity Period, at the applicable Entry Point or Exit Point to a participating Shipper that has submitted a successful application.

2.4.2 The Implicit Allocation Partner shall only allocate Capacity together with a corresponding quantity of Natural Gas, for a corresponding period of time. Such quantity of Natural Gas must be allocated at a delivery point or hub within UK, Belgium, France, the Netherlands or Germany.

2.4.3 IUK shall have no visibility of the corresponding Natural Gas transaction and such transaction shall be subject to the terms and conditions of a separate contract between the Shipper and the client of the Implicit Allocation Partner. The cancellation, termination, breach of the contract, or eventual force majeure relating to the Natural Gas purchased in such transaction shall not affect the Capacity Transaction for Offered Capacity purchased through an Implicit Allocation Mechanism.

2.4.4 Such allocation by the Implicit Allocation Partner under paragraph 2.4.1 of this Annex shall result in a Capacity Transaction between IUK and the Shipper.

2.5 Notification

2.5.1 The Implicit Allocation Partner shall be responsible for notifying a participating Shipper and IUK of any allocation to a participating Shipper made under paragraph 2.4.1 of this Annex and the Implicit Allocation Price to be paid by the Shipper.

2.6 Relationship between Shipper and Implicit Allocation Partner

2.6.1 It is the responsibility of the Shipper to accede to the IAP T&Cs and to take all actions that are required to have access to the Implicit Allocation Platform in order to purchase Offered Capacity through Implicit Allocation.

2.6.2 The relationship between the Implicit Allocation Partner and each Shipper is governed by the IAP T&Cs.

2.6.3 The IAP T&Cs govern all communications between the Shipper and the Implicit Allocation Partner, including any error, mistake or any dispute arising in relation to the Implicit Allocation Platform or any Implicit Allocation made by the Implicit Allocation Partner.

2.6.4 Execution of the and this IUK Access Code does not give a Shipper the right to access the Implicit Allocation Platform or to participate in Implicit Allocation through the Implicit Allocation Partner.

2.6.5 IUK is not liable for any action or omission of, or activity or process undertaken by the Implicit Allocation Partner.

2.6.6 IUK is not responsible for any cancellation, delay or re-run of Implicit Allocation by the Implicit Allocation Partner.

2.6.7 IUK is not responsible for any delay in or any errors in information provided from the Implicit Allocation Partner to IUK.

2.6.8 IUK is not responsible for any unauthorised disclosure by the Implicit Allocation Partner of information IUK provides to the Implicit Allocation Partner.

2.7 Eligibility of Shippers

2.7.1 A Shipper is only permitted to make an application for Offered Capacity where:

- (a) IUK has communicated to the Implicit Allocation Partner that such Shipper is approved and has not withdrawn such approval; and
- (b) such Shipper is registered with the Implicit Allocation Partner under the IAP T&Cs.

2.8 Liability of IUK in relation to activities by the Implicit Allocation Partner

2.8.1 IUK shall have no liability in respect of:

- (a) the unavailability or suspension of, or the inability of a Shipper to have access to any part of or all of the Implicit Allocation Platform;
- (b) the unavailability or suspension of any process, system or other activity under the Implicit Allocation Platform and the resulting inability of a Shipper to be allocated Entry Capacity or Exit Capacity; and/or

(c) the deactivation of a Shipper or its users by the Implicit Allocation Partner.

3. Payment

3.1 Each Shipper allocated Entry Capacity or Exit Capacity shall pay IUK a Capacity Charge in accordance with Section F paragraph 5.

4. General

4.1 IUK will not make Offered Capacity available by Implicit Allocation during the period when any Capacity Products covering such period are being made available in a Capacity Auction.

4.2 For any Gas Day, up to a cumulative total of seventy five percent (75%) of the Technical Capacity may be allocated by Implicit Allocation.

4.3 IUK will publish a report on its website showing the aggregate quantities of Technical Capacity allocated by Implicit Allocation and Capacity Auctions as Firm and Interruptible Capacity Products.

4.4 IUK is not liable to any third party in respect of any of IUK's obligations under this Annex B-3.

5. Market Conduct

5.1 The Shipper shall not submit an order or a series of orders for Matched Products that would constitute or that may be interpreted as constituting market manipulation, attempted market manipulation or market abuse for the purpose of Regulation (EU) 1227/2011 on wholesale energy market integrity and transparency.

**SECTION C
NOMINATIONS AND MATCHING PROCEDURES**

1. Nominations and Renominations

1.1 Nominations

1.1.1 A Shipper may submit in respect of its Registered Capacity:

- (a) an Entry Nomination (as defined in paragraph 1.1.2 of this Section C) or an Exit Nomination (as defined in paragraph 1.1.3 of this Section C) each a “**Nomination**”; or
- (b) a Renomination (as defined in paragraph 1.4.1 of this Section C);

for an hour on a Gas Day. References to a Nomination in this IUK Access Code include a Renomination validly submitted in respect of such Nomination in accordance with paragraph 1.4 of this Section C.

1.1.2 An “**Entry Nomination**” means a nomination a Shipper submits, in respect of its Registered Capacity at an Entry Point, for delivery of a Quantity of Natural Gas to the Transportation System at such Entry Point, that contains the information specified in paragraph 1.3.1 of this Section C, complies with paragraph 1.3.2 of this Section C and that may be a Single Sided Nomination in accordance with paragraph 1.2.4(b) of this Section C.

1.1.3 An “**Exit Nomination**” means a nomination a Shipper submits, in respect of its Registered Capacity at an Exit Point, for redelivery of a Quantity of Natural Gas from the Transportation System at such Exit Point that contains the information specified in paragraph 1.3.1 of this Section C, complies with paragraph 1.3.2 of this Section C and that may be a Single Sided Nomination in accordance with paragraph 1.2.4(b) of this Section C.

1.1.4 A “**Nomination Quantity**” means the Quantity of Natural Gas a Shipper nominated for delivery under an Entry Nomination or redelivery under an Exit Nomination or a Renomination for:

- (a) Gas Day D (“**Daily Quantity**”); or
- (b) each hour on Gas Day D (“**Hourly Quantity**”).

1.1.5 Where a Nomination Quantity submitted under a Nomination or Renomination for Gas Day D is a Daily Quantity, IUK shall calculate the equivalent Hourly Quantity for each hour on Gas Day D.

1.1.6 Nominations shall be subject to matching and confirmation in accordance with paragraph 2 of this Section C.

1.2 Nominations and Relationship to AT System

1.2.1 In this paragraph 1.2:

- (a) the “**Counterparty ATS Shipper**” means the ATS Shipper that is to deliver or take delivery of the Nomination Quantity of a Shipper under the Shipper’s Nomination;

- (b) an **“ATS Nomination”** means a nomination (or renomination) in respect of a Quantity of Natural Gas made available by a Counterparty ATS Shipper for delivery from the AT System at an exit point on the AT System (that is an Entry Point) or redelivery to the AT System at an entry point on the AT System (that is an Exit Point);
- (c) **“Coded Counterparty Information”** means in relation to:
 - (i) a Nomination submitted by a Shipper, the ID Code of the Counterparty ATS Shipper delivering or taking delivery of the Nomination Quantity; and
 - (ii) an ATS Nomination submitted by a Counterparty ATS Shipper, the ID Code of the Shipper taking delivery of or delivering the relevant Quantity of Natural Gas nominated by the Counterparty ATS Shipper;
- (d) a **“corresponding ATS Nomination”** means an ATS Nomination that in relation to a Nomination is for:
 - (i) an exit point on the AT System (that is the same as the Entry Point in the Nomination) or an entry point on the AT System (that is the same as the Exit Point in the Nomination); and
 - (ii) the same period of Gas Day(s) or part of a Gas Day, as is specified in the Nomination.

1.2.2 A Nomination a Shipper submits shall be either:

- (a) an Entry Nomination or Exit Nomination submitted to IUK in respect of which the Counterparty ATS Shipper is to submit a corresponding ATS Nomination to the Adjacent TSO; or
- (b) where it is also an ATS Shipper, a single nomination it submits to the Adjacent TSO that will operate as both:
 - (i) an Entry Nomination or an Exit Nomination submitted by it acting as a Shipper; and
 - (ii) a corresponding ATS Nomination submitted by it acting as a Counterparty ATS Shipper and that specifies the same Quantity of Natural Gas as the Entry Nomination or Exit Nomination referred to in (i);

a **“Single Sided Nomination”**.

1.2.3 A Shipper may only submit a Single Sided Nomination to the Adjacent TSO and not IUK.

1.2.4 A Shipper must provide IUK with its details of registration with an Adjacent TSO before submission of a Single Sided Nomination to such Adjacent TSO.

1.2.5 A Shipper that submits a Single Sided Nomination to an Adjacent TSO:

- (a) is authorised by IUK to submit a Single Sided Nomination to an Adjacent TSO;

- (b) authorises IUK to receive information from an Adjacent TSO obtained under a Single Sided Nomination submitted to an Adjacent TSO (including the Quantities of Natural Gas nominated under such Single Sided Nomination);
- (c) shall ensure such Single Sided Nomination is submitted in accordance with and complies with the rules for the use of the relevant AT System.

1.3 Nomination Information

1.3.1 A Shipper shall specify in a Nomination:

- (a) the identity of the Shipper;
- (b) the Gas Day to which the Nomination relates;
- (c) the effective time of the Nomination, being no earlier than two (2) hours after the end of the hour in which the Nomination is submitted ("**Nomination Effective Time**");
- (d) the Entry Point or the Exit Point;
- (e) the Nomination Quantity (being either a Daily Quantity or Hourly Quantity);
- (f) the relevant Coded Counterparty Information; and
- (g) whether the Nomination is a Single Sided Nomination.

1.3.2 A Shipper shall, in submitting a Nomination, ensure that the sum of the Hourly Quantities for an hour on Gas Day D specified in all the Nominations or determined by IUK under paragraph 1.1.5 of this Section C ("**Total Nomination Quantity**") does not exceed its Registered Capacity for that hour on Gas Day D at the Entry Point or the Exit Point specified in the Nomination, unless it is submitting a Nomination under an Overnomination Allocation Mechanism.

1.4 Renominations

1.4.1 A Shipper may submit a Nomination for Gas Day D:

- (a) that revises a Nomination previously submitted for Gas Day D (including under this paragraph 1.4); or
- (b) where none has been previously submitted for Gas Day D;

each a "**Renomination**".

1.4.2 A Renomination shall be effective no earlier than two (2) hours after the end of the hour in which the Renomination is submitted ("**Renomination Effective Time**").

1.4.3 A Shipper may submit a Renomination for Gas Day D no later than 01.59 hours (UKT) / 02.59 hours (CET) on Gas Day D.

1.4.4 A Shipper shall ensure a Renomination it submits complies with the requirements of paragraphs 1.1 to 1.3 of this Section C (inclusive).

1.4.5 Renominations shall be subject to matching and confirmation under paragraph 2 of this Section C.

2. Nomination Matching

2.1 Matching

2.1.1 The daily or hourly Quantity of Natural Gas for Gas Day D that the Adjacent TSO has approved for redelivery from the AT System at an Entry Point or delivery to the AT System at an Exit Point under a Single Sided Nomination or under an ATS Nomination submitted to the Adjacent TSO is the “**ATS Processed Nomination Quantity**”.

2.1.2 IUK shall match a Nomination with an ATS Nomination or a Single Sided Nomination under this paragraph 2.1 where the Adjacent TSO notifies IUK of the ATS Processed Nomination Quantity.

2.1.3 Where an ATS Processed Nomination Quantity notified under paragraph 2.1.1 of this Section C is a Daily Quantity, IUK shall calculate:

- (a) the “**ATS Effective Hourly Quantity**” which for each hour on Gas Day D, for an ATS Nomination or Single Sided Nomination submitted before 02.00 hours (UKT) / 03.00 hours (CET) on Gas Day D-1, shall be equal to the ATS Processed Nomination Quantity divided by the number of hours in Gas Day D;
- (b) the revised ATS Effective Hourly Quantity for any Renomination (submitted in respect of a Single Sided Nomination) or renomination (submitted in respect of an ATS Nomination) with an effective time of later than 05.00 hours (UKT) / 06.00 (CET) on Gas Day D-1, which shall be equal to the result of the following calculation:

$$EHQ_N = (PDQ_N - \sum_P CHQ_P) / H$$

Where:

EHQ_N = the ATS Effective Hourly Quantity for any Renomination (submitted in respect of a Single Sided Nomination) or renomination (submitted in respect of an ATS Nomination)

PDQ_N is the ATS Processed Nomination Quantity (expressed as a daily quantity);

\sum_P is the sum over the hours in Gas Day D before the Renomination Effective Time;

CHQ_P is the Confirmed Nomination Quantity for each hour in the Gas Day before the Renomination Effective Time under the last Renomination or ATS renomination prevailing at such hour or where no previous Renomination or ATS renomination has been made, under the last Nomination or Single Sided Nomination prevailing at such hour; and

H is number of hours remaining in Gas Day D after the Renomination Effective Time.

2.1.4 IUK shall determine that a Nomination of a Shipper is matched with an ATS Nomination or Single Sided Nomination submitted to an Adjacent TSO where:

- (a) the Gas Day matches;

- (b) the Coded Counterparty Information of the Shipper matches with that of the Counterparty ATS Shipper; and
- (c) a matched quantity is determined under paragraph 2.1.5 of this Section C.

2.1.5 The matched Quantity of Natural Gas under a Nomination and an ATS Nomination or Single Sided Nomination submitted to an Adjacent TSO is determined for an hour in Gas Day D as follows:

- (a) the matched quantity is the Hourly Quantity, where it equals the ATS Processed Nomination Quantity (if hourly) or the ATS Effective Hourly Quantity; or
- (b) where the hourly ATS Processed Nomination Quantity or the ATS Effective Hourly Quantity differs from the Hourly Quantity for an hour in Gas Day D and the relevant AT System is the NTS:
 - (i) the matched quantity is the Hourly Quantity, if National Grid Gas has not notified IUK of an AT System Entry Constraint or an AT System Exit Constraint in accordance with paragraph 3.1 of Section I;
 - (ii) the matched quantity is the lesser of the ATS Processed Nomination Quantity and the Hourly Quantity if:
 - (1) National Grid Gas has notified IUK of an AT System Entry Point Constraint or an AT System Exit Point Constraint; or
 - (2) IUK has notified Shippers and National Grid Gas of a Transportation System Constraint; or
- (c) where the hourly ATS Processed Nomination Quantity or the ATS Effective Hourly Quantity differs from the Hourly Quantity for an hour in Gas Day D and the relevant AT System is the FTS, the matched quantity is the lesser of the ATS Processed Nomination Quantity and the Hourly Quantity.

2.1.6 IUK will not match a Nomination of a Shipper with an ATS Nomination or Single Sided Nomination submitted to an Adjacent TSO where:

- (a) a Shipper has not provided Coded Counterparty Information identifying its Counterparty ATS Shipper;
- (b) the Counterparty ATS Shipper has not provided Coded Counterparty Information identifying the Shipper; or
- (c) where the Shipper has not complied with paragraph 1.2.4.

2.2 Nomination Confirmation

2.2.1 IUK shall in relation to a Nomination and an ATS Nomination or Single Sided Nomination confirm to the Shipper the Hourly Quantity of Natural Gas for each hour on Gas Day D matched under paragraph 2.1 as may be adjusted under paragraph 2.2.2 of this Section C, such quantity being a **“Confirmed Nomination Quantity”**.

- 2.2.2 Where a Shipper's Total Nomination Quantity exceeds its Registered Capacity for an hour in Gas Day D at the Entry Point or the Exit Point (except in relation to Nominations under an Overnomination Allocation Mechanism), then IUK shall reduce the Hourly Quantities under each Nomination so that the Total Nomination Quantity is equal to the Shipper's Registered Capacity.
- 2.2.3 Where there is a Transportation System Constraint on a Gas Day (or any part thereof), IUK may reduce the Hourly Quantities in the Shipper's Nomination for an hour in a Gas Day where IUK has reduced the Shipper's Confirmed Nomination Quantities under paragraph 2.3 of Section I.
- 2.2.4 IUK shall provide the corresponding Confirmed Nomination Quantities for each Counterparty ATS Shipper to the relevant Adjacent TSO.

3. Contractual Congestion Management

3.1 Buy-back

- 3.1.1 If IUK has allocated Capacity to Shippers that includes Offered Capacity made available from OS Capacity and the aggregate Nominations of Shippers exceed, or are predicted to exceed, on any Gas Day or a period commencing at the beginning of any hour on a Gas Day and ending at the end of that Gas Day (the "**Buy-back Period**"), the physical capability of the Transportation System then IUK shall determine the amount of such excess and will offer to buy back that amount (the "**Buy-back Requirement**") of Registered Capacity.
- 3.1.2 IUK will publish the Buy-back Requirement and the period for Shippers to offer Registered Capacity for Buy-back on the IUK Information System and the IUK website.
- 3.1.3 Shippers may, in response to the information published by IUK in accordance with this paragraph 3.1, submit an offer on the IUK Information System to release Registered Capacity in respect of the Bacton Entry Point, the Zeebrugge Entry Point, the Zeebrugge Exit Point or the Bacton Exit Point for the Buy-back Period in accordance with paragraph 3.1.4 of this Section C.
- 3.1.4 A Shipper shall specify in an offer on the IUK Information System to release Registered Capacity:
- (a) the Entry Point or Exit Point;
 - (b) the amount of Entry Capacity or Exit Capacity offered;
 - (c) the minimum amount of Entry or Exit Capacity for which the Shipper is willing to have the offer accepted;
 - (d) the unit price, which the Shipper wishes to be paid for the offered Registered Capacity; and
 - (e) such other information as IUK may require.
- 3.1.5 A Shipper's offer to release Registered Capacity:
- (a) may be submitted at any time until one (1) hour after the time IUK publishes the request for offers ("**Offer Deadline**"); and

- (b) may be withdrawn or amended at any time before the Offer Deadline.
- 3.1.6 An offer to release Registered Capacity may not be withdrawn after the Offer Deadline.
- 3.1.7 IUK shall reject a Shipper's offer to release:
- (a) Entry Capacity or Exit Capacity where any requirement of paragraph 3.1.4 of this Section C is not complied with;
 - (b) Entry Capacity where the amount of Entry Capacity offered exceeds the amount of the Shipper's Registered Capacity at the relevant Entry Point;
 - (c) Exit Capacity where the amount of Exit Capacity offered exceeds the amount of the Shipper's Registered Capacity at the relevant Exit Point.
- 3.1.8 After the Offer Deadline expires, IUK shall rank all offers received from Shippers ("**Buyback Offers**") in ascending price and shall select one or more Buy-back Offers as follows:
- (a) Buy-back Offers will be accepted in ascending price order;
 - (b) where the amount of Registered Capacity offered under a Buy-back Offer exceeds the amount of the unfulfilled Buy-back Requirement, IUK shall accept that Buy-back Offer for the amount of the unfulfilled Buy-back Requirement only, unless paragraphs (d) or (e) apply;
 - (c) where:
 - (i) each of two or more Buy-back Offers specifies the same offer price, and
 - (ii) the aggregate amount of Capacity so offered exceeds the unfulfilled Buy-back Requirement, then

IUK shall accept each such Buy-back Offer but the amount accepted shall be limited to an amount representing its pro rata share of the unfulfilled Buy-back Requirement, unless paragraph (d) applies;
 - (d) where the amount to be accepted in respect of a Buy-back Offer pursuant to paragraph (b) or (c) is less than the minimum amount specified in the Buy-back Offer, the Buy-back Offer will be disregarded (and of no effect), and IUK shall accept the next priced Buy-back Offer or remaining equal price Buy-back Offer(s) under paragraph (c).
 - (e) No Buy-back Offer will be accepted where the offer price exceeds the **Maximum Buy-back Price** set in accordance with paragraph 7.1 of Section F.
- 3.1.9 By one (1) hour after the Offer Deadline, IUK will accept Buy-back Offers in accordance with paragraph 3.1.8 of this Section C, and each Shipper whose offer is so accepted will be notified as holding, for the Buy-back Period, a reduced quantity of Entry Capacity (by the amount so accepted) in respect of the Entry Point and a reduced quantity of Exit Capacity (by the amount so accepted) in respect of the Exit Point, and notify those Shippers whose Buy-back Offers were not accepted.
- 3.1.10 Where the Buy-Back Offer of a Shipper is accepted the Shipper shall submit a Renomination to reduce the Nomination Quantity where it is required to be reduced as a result of the

acceptance of a Buy-back Offer and if the Shipper does not submit Renominations then IUK will adjust that Shipper's Confirmed Nomination Quantities accordingly.

- 3.1.11 A Shipper where its Buy-back offer has been accepted will receive a payment equal to the unit price notified by IUK multiplied by the amount of Capacity in respect of which the Shipper's offer was accepted ("**Buy-Back Payment**").

3.2 **Forced Buy-back**

- 3.2.1 Where IUK determines one or more of the following circumstances exists which is not due to an event of Force Majeure (a "**Forced Buy-back Requirement**"):

- (a) the quantity of Registered Capacity offered and accepted pursuant to paragraph 3.1 of this Section C is insufficient to meet the Buy-back Requirement;
- (b) Buy-back is required after 21.00 (UKT) / 22.00 (CET) on a Gas Day;
- (c) the balance of the Net OS Revenue Account would be less than the Maximum Deficit;

IUK shall buy back Registered Capacity in accordance with paragraph 3.2.2 of this Section C ("**Forced Buy-back**") to satisfy the Forced Buy-back Requirement.

- 3.2.2 IUK shall reduce the Registered Capacity of Shippers for Within Day or Daily Capacity Products in proportion to their Capacity Related Share to meet the Buy-back Requirement (taking into account any Buy-back Offers accepted pursuant to paragraph 3.1 of this Section C).

- 3.2.3 The Buy-back Payment IUK shall pay each Shipper in respect of the Registered Capacity of a Shipper that is reduced under this paragraph 3.2 shall be calculated using the Forced Buy-back Price in accordance with paragraph 7.1 of Section F.

4. **Miscellaneous**

4.1 **Information and Nominations**

- 4.1.1 Each Shipper agrees that IUK is not liable for any error or inaccuracies in information supplied by other Shippers or the Adjacent TSO and IUK shall be entitled to rely upon the accuracy and completeness of any information supplied to it by other Shippers or an Adjacent TSO in accordance with or as contemplated by the provisions of this Section C.

- 4.1.2 IUK shall agree procedures for the processing and matching of Nominations ("**Matching Procedures**") with each Adjacent TSO.

- 4.1.3 It shall be the responsibility of a Shipper to ensure that its Counterparty ATS Shipper provides the relevant Adjacent TSO with the information required under the Matching Procedures and in accordance with this Section C.

- 4.1.4 IUK is not obliged to accept and has no liability for non-acceptance of a Single Sided Nomination where such Nomination or the submission of such Nomination is not accepted by the Adjacent TSO.

- 4.1.5 IUK is not liable for a failure to match a Nomination or determine a Confirmed Nomination Quantity where the relevant information required for matching has not been provided to IUK by the Adjacent TSO for whatever reason or has not been provided to IUK by the time which

is forty five (45) minutes after the start of the cycle for processing and matching of Nominations and Renominations by IUK to undertake matching.

- 4.1.6 Each Shipper agrees that IUK shall not be liable to any third party in respect of IUK's obligations under this Section C.
- 4.1.7 Where, for Gas Day D, a Shipper does not submit a Nomination or the Nomination(s) such Shipper submits are not matched in accordance with paragraph 2.1 of this Section C, neither IUK nor such Shipper has any rights or obligations relating to delivery of Quantities of Natural Gas at an Entry Point or redelivery of Quantities of Natural Gas at an Exit Point on that Gas Day D.

**SECTION D
ALLOCATION OF GAS**

1. Steering Differences and Operational Balancing Agreement

1.1 IUK shall manage on a daily basis the flow of Natural Gas for each Connection Point based on operational requirements of the Transportation System at that time and the net difference for the Connection Point between:

- (a) the sum of the Confirmed Nomination Quantities for all Shippers where the nominated direction of flow is Entry at the Connection Point; and
- (b) the sum of Confirmed Nomination Quantities for all Shippers where the nominated direction of flow is Exit at the Connection Point;

(the “**Net Aggregate Confirmed Nomination Quantity**”).

1.2 IUK shall manage any difference, for an hour in Gas Day D, at a Connection Point between:

- (a) the Net Aggregate Confirmed Nomination Quantity at such Connection Point; and
- (b) the Quantities of Natural Gas measured as having flowed at such Connection Point;

for an hour on Gas Day D (a “**Steering Difference**”).

1.3 For each Connection Point, IUK and the Adjacent TSO have in effect under the Interconnection Agreement between them an operational balancing agreement (an “**OBA**”) that IUK and the Adjacent TSO will use to operationally manage Steering Differences on a Gas Day except where the Interconnection Agreement provides that the OBA does not apply on such Gas Day or IUK and the Adjacent TSO determine under the Interconnection Agreement that the OBA does not apply on such Gas Day.

2. Allocation where an OBA applies

2.1 Subject to paragraph 3 of this Section D, where IUK has determined Confirmed Nomination Quantities for a Shipper under Section C in respect of each hour on Gas Day D, a Shipper’s:

- (a) hourly Entry Allocations for an Entry Point are equal to its Confirmed Nomination Quantities at that Entry Point for that hour in Gas Day D; and
- (b) hourly Exit Allocations for an Exit Point are equal to its Confirmed Nomination Quantities at that Exit Point for that hour in Gas Day D;

and IUK shall notify the Shipper of its Entry Allocations and/or Exit Allocations under paragraph 5 of this Section D.

3. Allocation where an OBA does not apply

3.1 Where IUK is not able to allocate Confirmed Nomination Quantities to a Shipper under paragraph 2 of this Section D for each hour on Gas Day D (including without limitation due to

an OBA not applying, as provided in paragraph 1.3 of this Section D), a Shipper's Entry Allocations and Exit Allocations for each hour on Gas Day D are determined as follows:

- (a) at a Connection Point where the Commercial Direction is Entry:
- (i) the Exit Allocations of a Shipper for which IUK has determined Confirmed Nomination Quantities for an hour at an Exit Point under Section C are equal to its Confirmed Nomination Quantities for that hour at that Exit Point; and
 - (ii) the Entry Allocations of a Shipper for which IUK has determined Confirmed Nomination Quantities under Section C for an hour at the relevant Entry Point shall be equal to the result of the following calculation:

$$ENTA_h = (MEP_h + AEXA_h) * (CNQEP_h / ACNQEP_h)$$

where:

$ENTA_h$ = the Entry Allocations of a Shipper at the relevant Entry Point for an hour in a Gas Day

MEP_h = Quantities of Natural Gas measured as delivered at the relevant Entry Point for that hour

$AEXA_h$ = the aggregate of all Shippers Exit Allocations under paragraph 3(a)(i) for that hour

$CNQEP_h$ = the Shipper's Confirmed Nomination Quantities at the relevant Entry Point for that hour

$ACNQEP_h$ = the aggregate of all Shippers' Confirmed Nomination Quantities at the relevant Entry Point for that hour

- (b) at a Connection Point where the Commercial Direction is Exit:
- (i) the Entry Allocations of a Shipper for which IUK has determined Confirmed Nomination Quantities for an hour at an Entry Point under Section C are equal to its Confirmed Nomination Quantities for that hour at that Entry Point; and
 - (ii) the Exit Allocations of a Shipper for which IUK has determined Confirmed Nomination Quantities under Section C for an hour at the relevant Exit Point shall be equal to the result of the following calculation.

$$EXA_h = (MEX_h + AENTA_h) * (CNQEX_h / ACNQEX_h)$$

where:

EXA_h = the Exit Allocations of a Shipper at the relevant Exit Point for an hour

MEX_h = Quantities of Natural Gas measured as delivered at the relevant Entry Point for an hour

$AENTA_h$ = the aggregate of all Shippers Entry Allocations under paragraph 3(b)(i) for that hour

CNQEX_h = the Shipper's Confirmed Nomination Quantities at the relevant Exit Point for that hour

ACNQEX_h = the aggregate of all Shippers' Confirmed Nomination Quantities at the relevant Exit Point for that hour

4. Reporting by IUK

4.1 Gas Day D Information

IUK shall notify each Shipper of its Entry Allocations and Exit Allocations:

- (a) on an hourly basis for the preceding hour in Gas Day D in respect of which an allocation has been made; and
- (b) in aggregate for Gas Day D up to and including such hour in respect of which IUK makes a notification under paragraph (a) above.

4.2 Daily Reports

IUK shall before 08.00 hours (UKT) / 09.00 hours (CET) on Gas Day D+1 provide each Shipper with a report on the IUK Information System specifying in relation to Gas Day D:

- (a) its Entry Allocations at each relevant Entry Point for that Gas Day;
- (b) its Exit Allocations at each relevant Exit Point for that Gas Day;
- (c) the flow weighted average Gross Calorific Value and Wobbe Index of the Natural Gas delivered by that Shipper at each relevant Entry Point and redelivered to it at each relevant Exit Point for that Gas Day; and
- (d) the Quantities of Natural Gas measured at each of the Bacton Measurement Facilities and the Zeebrugge Measurement Facilities for that Gas Day.

4.3 Monthly Reports

IUK shall before the twelfth (12th) Business Day of each month provide each Shipper with a report on the IUK Information System specifying in relation to each Gas Day of the immediately preceding Month:

- (a) the Shipper's Entry Allocations at each relevant Entry Point;
- (b) the Shipper's Exit Allocations at each relevant Exit Point; and
- (c) the flow weighted average Gross Calorific Value and Wobbe Index of the Quantities Natural Gas delivered by that Shipper at each relevant Entry Point and redelivered to it at each relevant Exit Point.

**SECTION E
BALANCING AND TRADE NOTIFICATIONS**

1. Balancing

1.1 Inputs and Outputs

1.1.1 A Shipper shall submit Nominations and Trade Notification Requests such that its Intended Inputs and Intended Outputs are equal in each hour of Gas Day D and for the purpose of this paragraph 1.1.1:

- (a) a Shipper's "**Intended Inputs**" are the sum of its Confirmed Nomination Quantities at all Entry Points and its Trade Notification Quantities under Acquiring Trade Notifications for that hour; and
- (b) a Shipper's "**Intended Outputs**" are the sum of its Confirmed Nomination Quantities at all Exit Points and its Trade Notification Quantities under Disposing Trade Notifications for that hour.

1.1.2 A Shipper is treated as having delivered to the Transportation System in an hour on Gas Day D Quantities of Natural Gas equal to the sum of:

- (a) the aggregate of its Entry Allocations at all Entry Points (as such Entry Allocations may be adjusted under paragraph 4 of Section G); and
- (b) the aggregate of any Trade Notification Quantities in respect of Natural Gas in the Transportation System that have been transferred to it;

in respect of Gas Day D ("**Inputs**").

1.1.3 A Shipper is treated as having taken redelivery of Quantities of Natural Gas from the Transportation System in an hour on Gas Day D equal to the sum of:

- (a) the aggregate of its Exit Allocations at all Exit Points (as such Exit Allocations may be adjusted under paragraph 4 of Section G); and
- (b) the aggregate of any Trade Notification Quantities in respect of Natural Gas in the Transportation System it transferred to another Shipper;

in respect of Gas Day D ("**Outputs**").

2. Balancing Calculation

2.1 Where (there is a difference between a Shipper's Inputs to and Outputs from the Transportation System for an hour on Gas Day D ("**Imbalance**"), including without limitation due to: Force Majeure, an incident related to non-compliant Natural Gas being delivered at an Entry Point or Exit Point; or an OBA not applying as may be determined under the relevant Interconnection Agreement, the remainder of this paragraph 2 and paragraph 3 below shall apply.

- 2.2 IUK shall calculate the “**Daily Imbalance**” of a Shipper as the sum of the Imbalances (if any) for all of the hours in Gas Day D.
- 2.3 An “**Allowed Tolerance**” is a tolerance limit that IUK may apply to a Shipper’s Daily Imbalance that is published by IUK in the Charging Statement.
- 2.4 Where the Daily Imbalance for Gas Day D is less than the Allowed Tolerance it shall be carried forward to and form part of the Daily Imbalance for the following Gas Day D+1.
- 2.5 A “**Positive Imbalance**” arises in respect of a Shipper where the sum of:
- (a) its Inputs for Gas Day D; and
 - (b) the Daily Imbalance carried forward from Gas Day D-1 and any preceding Gas Days (after applying the Allowed Tolerance);
- exceeds the
- (c) the sum of its Outputs on Gas Day D.
- 2.6 A “**Negative Imbalance**” arises in respect of a Shipper where the sum of:
- (a) its Outputs for Gas Day D; and
 - (b) the Daily Imbalance carried forward from Gas Day D-1 and any preceding Gas Days (after applying the Allowed Tolerance);
- exceeds
- (c) the sum of its Inputs on Gas Day D.
- 3. Balancing Charges**
- 3.1 A “**Positive Balancing Charge**” means the charge payable to a Shipper by IUK in respect of a Positive Imbalance. A Positive Balancing Charge will be calculated in accordance with paragraph 8 of Section F. Where IUK pays the Shipper such Positive Balancing Charge, the Shipper’s Positive Imbalance shall be reduced or extinguished by the Positive Imbalance used in the calculation of the Balancing Charge.
- 3.2 A “**Negative Balancing Charge**” means the Balancing Charge a Shipper is to pay IUK in respect of a Negative Imbalance. A Negative Balancing Charge will be calculated in accordance with paragraph 8 of Section F. Where IUK receives payment of the Negative Balancing Charge from the Shipper, the Shipper’s Negative Imbalance shall be reduced or extinguished by the Negative Imbalance used in the calculation of the Balancing Charge.
- 3.3 A Shipper shall remain liable for any Daily Imbalance, if negative, and IUK may calculate and charge a Negative Balancing Charge without applying the Allowed Tolerance if a Shipper does not hold any Registered Capacity or ceases to be a Shipper.

4. Trade Notifications

- 4.1 A Shipper may, for an hour in Gas Day D, submit to IUK on the IUK Information System:
- (a) a Disposing Trade Notification Request; or
 - (b) an Acquiring Trade Notification Request.
- 4.2 A “**Disposing Trade Notification Request**” is a request from a Shipper to transfer its rights to a specified Quantity of Natural Gas to another Shipper.
- 4.3 An “**Acquiring Trade Notification Request**” is a request from a Shipper to acquire by way of transfer the rights of another Shipper to a specified Quantity of Natural Gas.
- 4.4 “**Trade Notification Quantities**” are the hourly Quantities of Natural Gas for transfer specified in a Disposing Trade Nomination Request or an Acquiring Trade Notification Request.
- 4.5 The Shipper in receipt of a Disposing Trade Notification Request or Acquiring Trade Notification Request may accept such request by submitting a notice of acceptance to IUK by no later than two (2) hours before the hour for which the transfer is to be effective (“**Trade Notification**”).
- 4.6 A Shipper may submit a Trade Notification irrespective of whether the Shipper makes any Entry Nomination or Exit Nomination for the hour in Gas Day D in respect of which the Trade Notification is submitted.
- 4.7 IUK shall give effect to a Trade Notification and the transfer of the Trade Notification Quantity under a Trade Notification for Gas Day D where IUK has received such Trade Notification by no later than two (2) hours before the hour specified as the effective time in the Trade Notification.

5. Rights of a Shipper in relation to Natural Gas

- 5.1 A Shipper, with respect to Quantities of Natural Gas it is treated as having delivered to the Transportation System has the right to:
- (a) have such Quantities of Natural Gas redelivered at an Exit Point in accordance with its Exit Nominations, subject to the provisions of Section C; and
 - (b) make Trade Notification Requests for the transfer of its rights to such Quantities of Natural Gas in accordance with paragraph 4 above.
- 5.2 A Shipper shall not have any right or entitlement with respect to Quantities of Natural Gas it is treated as having delivered to the Transportation System, other than those set out in paragraph 5.1 of this Section E.

SECTION F CHARGING

1. Charges, Payments and Rebates

1.1 This Section F sets out:

- (a) the charges that a Shipper shall pay to IUK;
- (b) the payments that IUK may make to a Shipper; and
- (c) the rebates that may be made by IUK in respect of charges payable by a Shipper.

1.2 The values used to calculate charges shall be set out in the Charging Statement.

2. Charging Statement

2.1 IUK shall, in accordance with its Interconnector Licence, publish and maintain the Charging Statement which shall set out (without limitation) the following:

- (a) the Initial Registration Fee (if any);
- (b) Monthly Administration Fee (if any);
- (c) IUK Reserve Prices for each Capacity Product to be offered under Capacity Auctions;
- (d) values that are to apply in ascending clock Capacity Auctions;
- (e) prices for Entry or Exit Capacity to be offered in specific Allocation Mechanisms;
- (f) the Indexation Factors applicable to any Contracted Capacity Prices;
- (g) Maximum Buy-back Price;
- (h) Forced Buy-back Price;
- (i) Maximum Deficit;
- (j) Net Revenue Share (expressed as a percentage) for a Gas Year;
- (k) Commodity Unit Cost (Bacton) and Commodity Unit Cost (Zeebrugge) (for the Enduring Period);

prevailing during the period in which the relevant Charging Statement is in effect.

2.2 IUK shall review its charging methodology in accordance with its Interconnector Licence and may make any amendments to the IUK Charging Methodology following consultation with Shippers and subject to approval by the Regulators.

3. Initial Registration Fee and Monthly Administration Fee

- 3.1 The “**Initial Registration Fee**” is the one-off fee that a Shipper shall pay to IUK to cover administration costs connected with becoming a Shipper and the costs of granting the Shipper access to the IUK Information System.
- 3.2 The “**Monthly Administration Fee**” is the fee that a Shipper shall pay to IUK each Month to cover ongoing administration costs.

4. Monthly Charge

- 4.1 A Shipper shall pay IUK a Monthly Charge for the immediately preceding Month, invoiced as described in Clause 2 of Appendix A to the IUK Access Agreement.
- 4.2 The Monthly Charge for a Month in a Gas Year shall comprise:
- (a) the Initial Registration Fee (only for the first Month);
 - (b) the Monthly Administration Fee;
 - (c) the total Capacity Charges for that Month calculated in accordance with paragraph 5 of this Section F;
 - (d) the total Negative Balancing Charges in accordance with paragraph 2.6 of Section E;
 - (e) the total Monthly Commodity Charges calculated in accordance with paragraph 9.3 of this Section F;
 - (f) any other amounts payable under a Capacity Transaction or this Agreement;
- less the sum of
- (g) the total Re-Allocated Capacity Payments for that Month in accordance with paragraph 6 of this Section F;
 - (h) the total Buy-back Payments for that Month calculated in accordance with paragraph 7 of this Section F;
 - (i) the total Positive Balancing Charges in accordance with paragraph 2.5 of Section E;
 - (j) any reduction in the Capacity Charges for Month due to Lost Capacity calculated in accordance with paragraph 2.3 of Section I;
 - (k) any reduction in the Capacity Charges due to Force Majeure as provided under Clause 5.6 of Appendix A to the IUK Access Agreement;
 - (l) any reduction in the Capacity Charges due to Excess Maintenance Days under paragraph 4.5 of Section I;
 - (m) any reduction in the Capacity Charges under paragraph 2.3 of Section H;
 - (n) any Capacity Conversion Rebate calculated in accordance with paragraph 9.8(c) of Section B;

- (o) any other rebates to be applied in respect of a Capacity Transaction or under this Agreement.

- 4.3 All amounts contained in the Monthly Charge are exclusive of any VAT which may be chargeable on such amounts. The Shipper shall be liable to pay any VAT chargeable on such amounts specified in the Monthly Charge to which VAT applies.
- 4.4 The amount of the Monthly Administration Fee, the Positive Balancing Charge and the Negative Balancing Charge, and the Monthly Commodity Charge are determined in accordance with the Charging Statement prevailing at the time such amount(s) accrue(s).

5. Capacity Charges

- 5.1 The Capacity Charge payable by a Shipper for a Capacity Product is determined by reference to the Contracted Capacity Price prevailing at the time the Capacity is allocated. The Indexation Factor (if any) that shall apply to the Contracted Capacity Price for a Capacity Product is the Indexation Factor set out in the Charging Statement prevailing at the time the liability for the Capacity Charge accrues.

- 5.2 Subject to paragraph 5.3 of this Section F, the “**Capacity Charge**” for each Capacity Transaction for Contracted Capacity in a Month is an amount equal to:

$$CC_n * CCP_n * H_{m,n}$$

where

CC_n = Contracted Capacity allocated in Capacity Transaction n for hours in the Month, expressed in kWh/h.

CCP_n = the Contracted Capacity Price for such Contracted Capacity at the time of allocation expressed in p/(kWh/h)/h.

$H_{m,n}$ = the number of hours in the Month during which the Contracted Capacity allocated in Capacity Transaction n was held.

- 5.3 Where a Shipper has been allocated a Annual Capacity Product or a 6 Monthly Capacity Product with a Capacity Period that starts after or extends beyond the Gas Year in which such Capacity Product is allocated (“**Initial Gas Year**”), IUK shall adjust the Contracted Capacity Price in each Gas Year after the Initial Gas Year, and the price payable shall be the greater of:

- (i) the Contracted Capacity Price for such Contracted Capacity at the time of allocation expressed in p/(kWh/h)/h; and

- (ii) the result of the following calculation:

$$CCP_n * IF_Y$$

where

CCP_n = Contracted Capacity Price for the Contracted Capacity at the time of allocation in Capacity Transaction n, expressed in p/(kWh/h)/h.

IF_Y = Indexation Factor for Gas Year Y.

except where the allocation was as a result of a Capacity Auction that included an IUK Auction Premium, then the calculation becomes:

$$(RP_{Y,n} * IF_Y) + AP_n$$

where

$RP_{Y,n}$ = IUK Reserve Price element of the Contracted Capacity Price for the Contracted Capacity at the time of allocation in Capacity Transaction n, expressed in p/(kWh/h)/h.

AP_n = IUK Auction Premium applicable for the Contracted Capacity at the time of allocation in Capacity Transaction n, expressed in p/(kWh/h)/h.

IF_Y = Indexation Factor for Gas Year Y.

5.4 Where:

- (a) a Shipper holds Registered Capacity for a Firm Annual Capacity Product for a Capacity Period of five (5) Gas Years or more allocated to the Shipper under a Capacity Transaction for the Subscription Process held in 2015; and
- (b) at the same Entry Point or Exit Point:
 - (i) IUK offers a Firm Annual Capacity Product that has been allocated to any eligible Shipper under a Capacity Auction; or
 - (ii) in advance of the Capacity Auction of Annual Capacity, IUK has allocated Firm Capacity in an Implicit Allocation Mechanism for 4 or more consecutive quarters; which falls within the Capacity Period under paragraph (a) ("**Applicable Annual Capacity**");

the SP Clearing Price under the Capacity Transaction referred to in paragraph (a) is equal to the lower of:

- (c) the SP Clearing Price specified in the Confirmation for that Capacity Transaction; and
- (d) for the same period as the Applicable Annual Capacity, the price of Applicable Annual Capacity.

6. Re-Allocated Capacity Payments

6.1 Where IUK receives payment for Re-Allocated Capacity from the Shipper holding such Re-Allocated Capacity for a Month, IUK will pay to or apply a rebate ("**Re-Allocated Capacity Payment**") to the Shipper that was registered as holding such Capacity before its re-allocation, for the following Month of an amount equal to:

$$(a) \quad RC_n * P_{AM,n} * H_{m,n}$$

where

RC_n = the Re-Allocated Capacity (being Entry Capacity or Exit Capacity) allocated in Capacity Transaction n

$P_{AM,n}$ = the applicable price determined by IUK for the Offered Capacity under the relevant Allocation Mechanism under which the Re-Allocated Capacity was re-allocated, expressed in p/(kWh/h)/h

$H_{m,n}$ = the number of hours in the Month during which the Re-Allocated Capacity in Capacity Transaction n was re-allocated;

or

(b) where the Re-Allocated Capacity is LTUIOLI Capacity, the lower of:

(i) $LTUIOLIC_n * P_{AM,n} * H_{m,n}$

where

$LTUIOLIC_n$ = the amount of LTUIOLI Capacity (being Entry Capacity or Exit Capacity)

$P_{AM,n}$ = the applicable price determined by IUK for the Offered Capacity under the relevant Allocation Mechanism under which the LTUIOLI Capacity was re-allocated, expressed in p/(kWh/h)/h

$H_{m,n}$ = the number of hours in the Month during which the LTUIOLI Capacity in Capacity Transaction n was re-allocated;

and

(ii) the Entry Charge or the Exit Charge that would have been payable by the Surrendering Shipper for the Re-Allocated Capacity determined under paragraph 5.1 or 5.2 of this Section F.

7. Buy-back Payments

7.1 For the hours in each Gas Day in which IUK has bought back Capacity from a Shipper pursuant to paragraph 3 of Section C, IUK shall pay to that Shipper a Buy-back Payment equal to:

(a) where IUK has selected a Buy-back Offer pursuant to paragraph 3 of Section C, the amount of selected Entry Capacity and Exit Capacity multiplied by the lower of the IAA Shipper's offer price under paragraph 3.1.4 of Section C and the maximum price that IUK will accept for a Buy-back Offer from a Shipper (the "**Maximum Buy-back Price**");

(b) where IUK has implemented Forced Buy-back pursuant to Section C paragraph 3.2, the amount of reduced Entry Capacity and Exit Capacity multiplied by the relevant price IUK has determined is applicable ("**Forced Buy-back Price**").

8. Balancing Charge

8.1 On any Gas Day on which a Shipper has a Positive Imbalance the Positive Balancing Charge payable to it by IUK shall be calculated as the value of the Positive Imbalance multiplied by the Positive Imbalance Daily Gas Price.

8.2 On any Gas Day on which a Shipper has a Negative Imbalance the Negative Balancing Charge payable by the Shipper to IUK shall be calculated as the value of the Negative Imbalance multiplied by the Negative Imbalance Daily Gas Price.

9. Commodity Charge

9.1 A Shipper shall pay to IUK a Monthly Commodity Charge that is equal to:

- (a) the sum of the Shipper's Entry Allocations at the Bacton Entry Point for each Gas Day during the month multiplied by the applicable Commodity Unit Cost (Bacton) for that Gas Day; plus
- (b) the sum of the Shipper's Entry Allocations at the Zeebrugge Entry Point for a Gas Day during the month multiplied by the applicable Commodity Unit Cost (Zeebrugge) for that Gas Day.

10. Net OS Revenue Account

10.1 IUK shall for a Gas Year calculate and keep an account of the revenue received from the allocation to Shippers of Offered Capacity made available from OS Capacity on a cumulative basis over such Gas Year, less Buy-back Payments for such Gas Year ("**Net OS Revenue Account**").

10.2 The balance of Net OS Revenue Account will not be lower than the Maximum Deficit. Where the balance of the Net OS Revenue Account is lower than the Maximum Deficit IUK will implement Forced Buy-back pursuant to paragraph 3.2 of Section C.

10.3 IUK shall update and publish the balance of the Net OS Revenue Account during the course of Gas Year Y and after the end of Gas Year Y, shall calculate the closing balance for Gas Year Y.

10.4 If the closing balance of the Net OS Revenue Account for Gas Year Y is positive, IUK shall:

- (a) calculate for each Shipper that Shipper's share of the total flows of Natural Gas in Gas Year Y at each Entry Point and each Exit Point;
- (b) pro-rate the Net Revenue Share of the balance in the Net OS Revenue Account amongst all Shippers in accordance with the results of the calculation in sub-paragraph (a) above;
- (c) rebate to each Shipper that Shipper's pro-rated share of the Net Revenue Share of the balance in the Net OS Revenue Account.

SECTION G MEASUREMENT

1. Measurement

1.1 The Quantity of Natural Gas in each hour which is:

- (a) delivered to IUK at an Entry Point; or
- (b) redelivered by IUK at an Exit Point;

shall be measured by measurement equipment for such Entry Point or Exit Point as set out below.

2. Measurement Facilities

2.1 Bacton Measurement Facilities

The “**Bacton Measurement Facilities**” means and includes the facilities owned and operated by IUK for measuring the delivery of Natural Gas at the Bacton Entry Point or the redelivery of Natural Gas at Bacton Exit Point.

2.2 Zeebrugge Measurement Facilities

The “**Zeebrugge Measurement Facilities**” means and includes the facilities owned and operated by Fluxys for measuring the redelivery of Natural Gas at the Zeebrugge Exit Point or the delivery of Natural Gas at the Zeebrugge Entry Point.

3. Maintenance and Calibration

3.1 Where, for any reason (other than an error discovered upon testing), any measurement equipment is out of service or out of repair so that the Quantity of Natural Gas delivered at an Entry Point or redelivered at an Exit Point is not correctly indicated by the reading, for any known or unknown period of time IUK shall calculate the Quantity of Natural Gas so delivered or redelivered:

- (a) by using the registration of any alternative or back-up measuring equipment installed and reasonably believed to be accurately registering; or
- (b) by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculations in accordance with Good Industry Practice; or
- (c) by estimating in accordance with Good Industry Practice using the readings from the Zeebrugge Measurement Facilities (where it is the Bacton Measurement Facilities which are affected) or the Bacton Measurement Facilities (where it is the Zeebrugge Measurement Facilities which are affected) and taking account (in each such case) of system stock changes; or
- (d) by estimating in accordance with Good Industry Practice the relevant Quantity by Quantities offtaken or redelivered and recorded during preceding or subsequent

periods under similar conditions when the measuring equipment was registering accurately.

4. Measurement Errors

4.1 Adjustments to Measurements

4.1.1 If, upon undertaking a test, any error in measuring equipment in the Bacton Measurement Facilities is found to affect the Quantities of Natural Gas being measured by an amount exceeding one per cent (1%), such measuring equipment shall:

- (a) promptly be adjusted to record accurately; and
- (b) previous recordings of such equipment shall be corrected to zero discrepancy for any period which is known definitely to have been affected by such error or is agreed upon by IUK and the relevant Adjacent TSO as having been affected by such error.

4.1.2 Where the period during which measurement of Quantities of Natural Gas is affected is not known or is not agreed upon by IUK and the relevant Adjacent TSO, such corrections shall apply for half of the period of time between the last test date and the date on which the test referred to in paragraph 4.1.1 of this Section G is undertaken.

4.2 Adjustment to allocation of Natural Gas

4.2.1 If IUK determines that there has been an error in the measurement of the Quantity of Natural Gas delivered at an Entry Point or redelivered at an Exit Point:

- (a) where allocation of gas has occurred and there is an OBA in place with the Adjacent TSO, the balancing account in the OBA with the Adjacent TSO may be adjusted; or
- (b) where allocation of gas occurs where an OBA does not apply under paragraph 3 of Section D, and the error requires adjustments to the Entry Allocations or Exit Allocations of Shippers, IUK shall:
 - (i) recalculate any Balancing Charges due in respect of affected Gas Day(s); and
 - (ii) recover any underpayment from or apply a rebate in respect of an overpayment to Shipper(s) accordingly in the next invoice issued to the relevant Shipper(s) following such recalculation.

SECTION H
QUALITY REQUIREMENTS AND OPERATING CONDITIONS

1. Entry Conditions

- 1.1 The Natural Gas made available, or caused to be made available, by the Shipper at any Entry Point shall comply with the relevant quality requirements and operating conditions specified in Annex H-1 (the “**Specification**”).
- 1.2 If Natural Gas is made available by the Shipper at any Entry Point which does not comply with the Specification, the Shipper shall notify IUK or cause IUK to be notified of such non-compliance as soon as the Shipper or the Adjacent TSO of any AT System through which the Natural Gas is being made available to IUK becomes aware (or ought reasonably to have become aware) of such non-compliance.
- 1.3 IUK shall at all times have the right to refuse the intake of Natural Gas made available by the Shipper at that Entry Point, and shall have the right to shut off such Natural Gas, if it does not comply with the Specification.
- 1.4 Notwithstanding its right to refuse to intake such Natural Gas, IUK shall use its reasonable endeavours to intake such Natural Gas if it is satisfied that neither IUK nor other Shippers will be adversely affected.
- 1.5 IUK shall promptly inform the Shipper of any decision taken by it either to shut off or to intake such non-compliant Natural Gas pursuant to paragraph 1.3 or paragraph 1.4 of this Section H.
- 1.6 (a) Following IUK’s acceptance of non-compliant Natural Gas at an Entry Point, IUK shall promptly notify each Shipper with Confirmed Nomination Quantities in respect of the period during which such incident occurred of:
- (i) the Quantities of Natural Gas which IUK requires each such Shipper to accept and remove from the Transportation System at the Entry Point and the timing thereof;
 - (ii) the Quantities of Natural Gas IUK requires each such Shipper to replace at the Entry Point;
 - (iii) the Nominations or Renominations IUK requires each such Shipper to submit to give effect to replacement referred to in sub-paragraph (ii);
- all such actions to be taken at the cost and expense of each Shipper.
- (b) Where IUK determines that cleaning and clearing of the Transportation System is required (including but not limited to pipeline pigging operations) IUK:
- (i) shall notify each Shipper that submitted Nominations in respect of the period during which such incident occurred of the Nominations or Renominations IUK requires the Shippers to submit and any other actions IUK requires such Shippers to take to support any cleaning and clearing operations; and

- (ii) may request each Shipper that did not submit Nominations in respect of the period during which the incident occurred, to submit Nominations or Renominations to support any cleaning and clearing operations;

such actions to be taken at the cost and expense of the Shipper.

- (c) Where IUK determines that other measures are required to bring non-compliant Natural Gas within Specification (including the blending of non-compliant Natural Gas) or to operate the Transportation System acting as a Reasonable and Prudent Operator in accordance with applicable laws and consents, IUK shall notify the Shippers of any actions it requires such Shippers to take to support such measures.
- (d) Where a Shipper does not comply with IUK's notice under paragraphs 1.6(a), 1.6(b)(i) or 1.6(c) of this Section H, IUK shall make such arrangements as appropriate to take such action on the Shipper's behalf.

2. Exit Conditions

- 2.1 IUK shall (subject to the provisions of this paragraph 2) make Natural Gas available at the relevant Exit Point:
 - (a) which meets the relevant quality requirements and operating conditions in the Specification, provided that Natural Gas made available by the Shipper and all other Shippers complies with such operating conditions and quality requirements at all Entry Points; and
 - (b) at such pressure (within the range specified in Annex H-1) as is sufficient to meet the pressure at the Exit Point specified as applicable by Fluxys (in the case of the Zeebrugge Exit Point) or by National Grid Gas (in the case of the Bacton Exit Point), provided that Natural Gas made available by the Shipper and all other Shippers complies with the pressure for delivery at all Entry Points set out in the Specification.
- 2.2 If Natural Gas made available to the Shipper at any relevant Exit Point does not comply with the relevant quality requirements and operating conditions in the Specification, and provided that the Natural Gas made available by the Shipper at all Entry Points complies with the Specification, IUK, as soon as it becomes aware of the situation, shall notify the Shipper of such deviation and the Shipper shall have the right to refuse to accept such Natural Gas at that Exit Point. The Shipper shall immediately notify IUK in writing of its intention to exercise such rights.
- 2.3 If in accordance with paragraph 2.2 of this Section H the Shipper refuses to accept redelivery of such Natural Gas at the relevant Exit Point, then unless IUK has been affected by an event of Force Majeure, the Capacity Charges to be paid by the Shipper for that Gas Day shall be reduced by the amount of the Capacity Charges applicable to the Failed Delivery Quantity (defined in paragraph 2.4 of this Section H).
- 2.4 The "**Failed Delivery Quantity**" is the total Quantity of Natural Gas which is made available by the Shipper and is subject to intake by IUK at the relevant Entry Point but which the Shipper has refused to accept at the relevant Exit Point.

3. Changes to NTS or FTS Specifications

- 3.1 If IUK at any time considers that changes in the specifications or requirements applicable to the NTS or FTS necessitate changes being made to the Specification, IUK shall give notice in writing to all Shippers of the changes to the Specification proposed by IUK.
- 3.2 Notwithstanding paragraph 3.1 of this Section H, if the changes in relation to the specifications applicable to the NTS or FTS involve narrower or more restrictive specifications being imposed, IUK shall, if it considers it necessary to do so, make appropriate changes to the Specification with immediate effect.

ANNEX H-1
QUALITY REQUIREMENTS AND OPERATING CONDITIONS

	Unit	Min	Max
Gross Calorific Value [^]	kWh/Nm ³	10.80*	12.38
Wobbe Index [^]	kWh/Nm ³	13.82	15.05
Pressure for offtake at Bacton Entry Point(s)	Barg	45	70
Pressure for redelivery at Bacton Exit Point	Barg	45	70
Pressure for offtake at Zeebrugge Entry Point	Barg	55	80
Pressure for redelivery at Zeebrugge Exit Point	Barg	55	80
Temperature at Bacton Entry Point connected with the NTS	°C	1	28
Temperature at Bacton Exit Point	°C	1	38
Temperature at Zeebrugge Exit Point	°C	2	38
Temperature at Zeebrugge Entry Point	°C	2	38
Hydrocarbon dewpoint	°C from 1 Barg up to 69 Barg		minus 2
Water dewpoint	°C at 69 Barg		minus 10
Oxygen content	ppm by vol		1000
Carbon Dioxide	Mole %	-	2.5
Hydrogen Sulphide content (inclusive of COS)	ppm by vol		3.3
Total Sulphur at any time	mg/m ³		30
Hydrogen	Mole %		0.1 ♦
Incomplete Combustion Factor			0.48 ♦
Soot Index			0.6 ♦

Gas entering the Transportation System shall comply with the statement as to impurities contained in the table set out in Schedule 3, Part 1 of GSMR or that statement as amended, modified, re-enacted or replaced from time to time. ★

Gas entering the Transportation System shall have no added odorant.

Notes

- ^ Reference temperatures : 0°C for volume and 25°C for combustion.
- * Subject to Shipper's reasonable endeavours to provide gas at a minimum of 10.94 kWh/Nm³ at the Entry Point.
- ◆ As required by GSMR. The Incomplete Combustion Factor and the Soot Index are to be calculated in accordance with those Regulations
- ★ The text of the said statement as to impurities set out in GSMR as at 1.1.00 is as follows:

"[Natural Gas] shall not contain solid or liquid material which may interfere with the integrity or operation of pipes or any gas appliance (within the meaning of regulation 2(1) of the [Gas Safety (Installation and Use) Regulations 1994] which a consumer could reasonably be expected to operate".

All quality requirements and operating conditions apply to both Entry and Exit Nominations except where otherwise stated above.

**SECTION I
INTERRUPTION, CONSTRAINTS AND MAINTENANCE**

1. Interruption

- 1.1 IUK may interrupt at any time all or part of a Shipper's Interruptible Registered Capacity.
- 1.2 If IUK decides to interrupt Interruptible Registered Capacity at an Entry Point or an Exit Point, IUK shall use its reasonable endeavours to give affected Shippers notice (an "**Interruption Notice**") no later than two (2) hours before the interruption is to take effect, specifying:
- (a) each hour of the relevant Gas Day during which there will be interruption of Interruptible Capacity at the Entry Point or Exit Point;
 - (b) the estimated start time of the Interruption;
 - (c) the estimated end time of the Interruption;
 - (d) the affected Entry Point or Exit Point; and
 - (e) its estimate of the amount of Interruptible Registered Capacity that will not be affected by the Interruption.
- 1.3 IUK shall reduce all or part of the Interruptible Registered Capacity of Shippers (but only to the extent required) at the affected Entry Point or Exit Point for the period of such Interruption to reduce flows to correspond to the reduced available physical capability of the Transportation System. IUK shall reduce the Interruptible Registered Capacity of Shippers in the time order of the allocation of such Registered Capacity from the latest allocation before the time of the Interruption. Where Registered Capacity was allocated to one or more Shippers at the same time and IUK is not required to interrupt all of the Registered Capacity of such Shippers, IUK shall reduce the Registered Capacity of the Shippers on a pro rata basis.
- 1.4 Where IUK gives an Interruption Notice to an affected Shipper, IUK shall notify such Shipper of the revised hourly Confirmed Nomination Quantities of such Shipper at the Entry Point or Exit Point to ensure that in each hour on the relevant Gas Day its Total Nomination Quantity does not exceed its Firm Registered Capacity and Interruptible Registered Capacity (as reduced) for each hour at that Entry Point or Exit Point.
- 1.5 The Shipper may submit the Renomination at the Entry Point or Exit Point in accordance with the matching process as described in paragraph 2.1.5 of Section C if necessary during the Interruption as long as its Total Nomination Quantity does not exceed its Firm Registered Capacity and Interruptible Registered Capacity (as reduced) for each hour at that Entry Point or Exit Point.
- 1.6 IUK may submit to the Shipper a revised Interruption Notice at any time before the end of the Interruption.

2. Transportation System Constraints

2.1 Where IUK has interrupted Interruptible Capacity in accordance with paragraph 1.1 of this Section I and such interruption is continuing, IUK determines that the Transportation System will be operating on the Gas Day or any part thereof subject to a constraint that affects the rate at which IUK can accept delivery of or redeliver Natural Gas at a Connection Point in respect of Shippers' Firm Registered Capacity ("**Transportation System Constraint**") IUK shall notify Shippers holding Firm Registered Capacity:

- (a) which Connection Point is affected ("**Constrained Connection Point**"); and
- (b) the maximum total Quantity of Natural Gas per hour which IUK is able to physically accept or (as the case may be) physically redeliver at the Constrained Connection Point (the "**Maximum Constrained Quantity**").

2.2 Where a Transportation System Constraint occurs, for each hour of the Gas Day during which IUK is unable in accordance with Shippers' aggregate Confirmed Nomination Quantities to:

- (a) accept delivery of Natural Gas at the Constrained Connection Point, IUK shall reduce the Confirmed Nomination Quantities for Entry pro rata, so that the Net Aggregate Confirmed Nomination Quantity (after applying that reduction) for that hour at the Constrained Connection Point shall be equal to the Maximum Constrained Quantity; and
- (b) redeliver Natural Gas at the Constrained Connection Point, IUK shall reduce the Confirmed Nomination Quantities for Exit pro rata, so that the Net Aggregate Confirmed Nomination Quantity (after applying that reduction) for that hour at the Constrained Connection Point shall be equal to the Maximum Constrained Quantity.

2.3 If on any Gas Day the difference between:

- (a) the lower of Shipper's Firm Registered Capacity and the Shipper's Confirmed Nomination Quantities (where not reduced under this paragraph 2); and
- (b) the Entry Allocations or Exit Allocations of a Shipper;

is greater than three percent (3%) of the lower of the amounts specified in (a) above, such difference is the "**Lost Capacity**" and unless IUK has been affected by an event of Force Majeure or an AT System Constraint, the Shipper shall only be liable to pay Capacity Charges in respect of its Firm Registered Capacity that is not Lost Capacity.

2.4 IUK shall notify the affected Shippers of the estimated end date and time of the Transportation System Constraint and after the Transportation System Constraint has ceased, the end time and date.

3. AT System Constraints

3.1 If the operator of an AT System notifies IUK of a constraint affecting the rate at which Quantities of Natural Gas may be delivered from that AT System at an Entry Point (an "**AT System Entry Point Constraint**") or redelivered to that AT System at an Exit Point (an "**AT System Exit Point Constraint**") IUK shall reduce its rate of delivery or redelivery accordingly.

- 3.2 Upon the occurrence of an AT System Entry Point Constraint or an AT System Exit Point Constraint, the relevant Adjacent TSO shall provide new ATS Processed Nomination Quantities to IUK in accordance with paragraph 2.1 of Section C that identify the Shippers affected and the reduced Quantities the relevant ATS Shippers will be able to deliver to the Shippers at the relevant Entry Point or (as the case may be) which the Shippers will be able to redeliver to the ATS Shippers at the relevant Exit Point.
- 3.3 Where IUK receives such information under paragraph 3.2 of this Section I, IUK shall as soon as reasonably practicable notify each affected Shipper of the reduced Quantities which that Shipper may deliver at the relevant Entry Point or take redelivery of at the relevant Exit Point (“**Constrained Nomination Quantities**”) which will be effective as the Shipper's Confirmed Nomination Quantities at the relevant Entry Point or Exit Point on that Gas Day.
- 3.4 Paragraph 3.3 of this Section I shall not affect the right of any affected Shipper to submit new or revised Nomination Quantities to IUK in accordance with paragraph 1 of Section C.

4. Maintenance

4.1 General

- 4.1.1 IUK shall maintain the Transportation System acting as a Reasonable and Prudent Operator.

4.2 Planned Maintenance

- 4.2.1 Before September of Gas Year Y, IUK shall notify the Shippers of the proposed number of Maintenance Days during which IUK shall carry out planned maintenance of the Transportation System during Gas Year Y+1 and the corresponding estimated reductions of Registered Capacity (the “**Annual Planned Maintenance**”).
- 4.2.2 IUK shall, prepare its Annual Planned Maintenance, to the extent reasonably practicable, so as to minimise disruption to the use of Registered Capacity by Shippers.
- 4.2.3 IUK shall take into account any comments from Shippers on the proposed Annual Planned Maintenance for Gas Year Y+1.
- 4.2.4 IUK shall use its reasonable endeavours to notify the Shippers of the final Annual Planned Maintenance for Gas Year Y+1 by the later of 30 September of Gas Year Y and the date that is thirty (30) days before the first day of the period of Planned Maintenance in Gas Year Y+1.

4.3 Short-Term Maintenance

- 4.3.1 IUK may perform maintenance of the Transportation System not included in the Annual Planned Maintenance to maintain its safety or integrity (the “**Short-Term Maintenance**”).
- 4.3.2 IUK shall notify Shippers holding Registered Capacity which may be affected by the Short-Term Maintenance of:
- (a) the start time and the estimated duration of such Short-Term Maintenance; and
 - (b) the estimated extent to which Firm Registered Capacity may be affected;

as soon as possible and by no later than ten (10) Business Days before such Short-Term Maintenance is due to start.

4.3.3 IUK, acting as a Reasonable and Prudent Operator, shall use reasonable endeavours to minimise the effect of Short-Term Maintenance on the Firm Registered Capacity of Shippers.

4.4 **Maintenance Days**

4.4.1 The total number of days in a Gas Year during which Planned Maintenance or Short-Term Maintenance may reduce Firm Registered Capacity (the "**Maintenance Days**") shall not, in aggregate, be more than fifteen (15) Days per Gas Year the ("**Maintenance Days Limit**").

4.4.2 The number of Maintenance Days shall be calculated on a full day equivalent basis meaning that for illustration only:

- (a) if Firm Registered Capacity is reduced during six (6) hours it shall be accounted for as 0.25 of a day; and,
- (b) if fifty percent (50%) of Firm Registered Capacity is reduced during four (4) complete days it shall be accounted for as two (2) days.

4.5 **Adjustment of Capacity Charges**

4.5.1 Subject to paragraph 4.5.2 of this Section I, the Shipper shall remain liable to pay Capacity Charges in full for Registered Capacity during Annual Planned Maintenance or Short-Term Maintenance.

4.5.2 If the aggregate number of Maintenance Days for a Gas Year exceeds the Maintenance Days Limit, IUK shall reduce the Capacity Charges for Registered Capacity pro-rata to any reduction in Registered Capacity for such excess days as the sole remedy for a Shipper.

SECTION J IUK INFORMATION SYSTEM

1. Use of the System

- 1.1 IUK hereby permits the Shipper and, subject to paragraph 1.2 of this Section J, any nominated Users from time to time, to access and use the IUK Information System during the term of this Agreement on the terms and conditions set out in this Section J.
- 1.2 The Shipper may from time to time nominate a company to act as User Agent to access the IUK Information System on its behalf. IUK will permit any such nominee to access the IUK Information System where such nominee can satisfy the Shipper's obligations under this Agreement as if it were a Shipper and IUK shall inform the Shipper accordingly.
- 1.3 The Shipper shall procure that each such User complies in all respects with the obligations set out in this Section J and shall be liable for all actions or omissions of such Users as stipulated in paragraph 1.4 of this Section J.
- 1.4 Any use of the IUK Information System by any such Shipper or any such User shall (for the purpose of this Agreement) be deemed to be use by the Shipper, and the Shipper will be fully liable to IUK for all acts or omissions of any such User, and all the provisions of this Agreement shall be read and construed subject to this provision. Neither the Shipper nor its Users shall use, or allow access to use, the IUK Information System for any other purpose than the purpose of exercising rights and of fulfilling obligations under this Agreement. In the event that the Shipper advises IUK that it has appointed a User Agent then, subject to this paragraph 1, IUK will facilitate installation of a Shipper Connection directly with the User Agent subject to the consent of the Shipper first being obtained. IUK will disable the Shipper Connection issued to any User Agent if and when requested to do so by the Shipper.
- 1.5 IUK may grant more than one User concurrent access to the IUK Information System on behalf of a Shipper, subject to any limit imposed by IUK, acting as Reasonable and Prudent Operator. The Shipper shall ensure that its Users comply with all rights and obligations pursuant to this Section J and shall notify IUK immediately that such User ceases to act on behalf of that Shipper, whether through termination of employment, of agency agreement or otherwise.
- 1.6 Both parties shall use their respective best endeavours not to allow, permit or introduce into the IUK Information System or the Shipper Equipment or the Shipper Software any viruses, worms or trojan horses or anything else which could damage, pose a threat to, or impair in any way the IUK Information System or the Shipper Equipment or the Shipper Software (the "**Destructive Features**"). This shall include both parties implementing and maintaining appropriate policies and procedures designed to prevent such Destructive Features.
- 1.7 The Shipper shall not allow, permit or effect any breach of security in relation to the Shipper Area of Responsibility. IUK shall not allow, permit or effect any breach of security in relation to the IUK Area of Responsibility. The Shipper shall be responsible for all activities that occur within the Shipper Area of Responsibility.
- 1.8 The Shipper shall report any errors or faults in the IUK Information System to IUK as soon as practicable after the Shipper becomes aware of such errors or faults, and the Shipper shall provide reasonable assistance to IUK in relation to such errors or faults for the purposes of

correction. Where IUK discovers errors or faults in the IUK Information System which affect the Shipper, IUK shall report such errors or faults to the Shipper as soon as practicable after IUK becomes aware of such errors or faults. IUK shall prioritise rectification of any such errors or faults and shall take all reasonable steps to rectify the same at the earliest possible opportunity.

- 1.9 The Shipper agrees that in using the IUK Information System it shall not, nor shall it attempt to, gain access to or download data from the IUK Information System other than that data which the Shipper is permitted to access or download.
- 1.10 Both parties acknowledge that they are aware that use of the IUK Information System and the data on the IUK Information System (whether by providing, accessing, utilising, storing or otherwise dealing with the same) may from time to time be subject to certain statutory and other legal requirements. Both parties undertake to comply with any such requirements.

2. Changes to and Availability of the IUK Information System

- 2.1 IUK reserves the right to amend, revise or update any programs, information and facilities in relation to the IUK Information System from time to time provided that any such changes are reasonable and do not materially diminish the quality of the IUK Information System. Except in the case of emergency (such as for illustrative purposes and without limitation the security of the system being under an immediate threat) IUK will provide the Shipper with reasonable notice of any proposed changes and, where IUK reasonably believes it is appropriate, will consult with the Shipper before implementation.
- 2.2 IUK shall use all reasonable endeavours to ensure that the IUK Information System and the connections within the IUK Area of Responsibility shall be available during the Available Hours. IUK has established and will maintain Contingency Arrangements to deal with any material failure in the IUK Information System and/or the connections within the IUK Area of Responsibility but cannot guarantee that such Contingency Arrangements will ensure availability of the IUK Information System or any such connections.
- 2.3 For the avoidance of doubt, IUK shall not be responsible for the Shipper Area of Responsibility, or the availability or performance of any or all hardware or any connected systems, software, technology or telecommunications outside the IUK Area of Responsibility. The Shipper is responsible at its own cost for ensuring that its systems meet all relevant technical specifications necessary to use the IUK Information System or any service made available through it and that its systems are compatible with the System.

3. Conditions of Use of Equipment and/or Access to the IUK Information System

- 3.1 IUK reserves the right to control and supervise all access to the IUK Information System, acting as a Reasonable and Prudent Operator, and any access to the IUK Information System by the Shipper (and its Users) is subject to the following provisions:
- (a) The Shipper (and its Users) shall, prior to the initial connection of the Shipper Equipment and the Shipper Software with the IUK Information System, have the Shipper Connections approved by IUK and, subject to the rights of IUK under paragraph 3.1(b) below, the Shipper (and its Users) may connect the Shipper Equipment and Shipper Software using the Shipper Connection.
- (b) IUK may at any time require the Shipper (and its Users) to disconnect the Shipper Connection or any part or parts thereof, if in the reasonable opinion of IUK any part of

the Shipper Equipment is or may be the cause of failures, interruptions, errors or defects in the IUK Information System. In the event that the Shipper (and/or its Users) is required to disconnect the Shipper Connection, IUK will as soon as possible thereafter advise the Shipper (and its Users) of such changes as must be made to the Shipper Equipment to enable the Shipper (and its Users) to re-obtain access to the System.

- (c) Any material breach of paragraph 3.1(a) of this Section J or unauthorised access to, or use of, the IUK Information System within the Shipper Area of Responsibility will entitle IUK (in addition to any other remedy it may have) to suspend access to the IUK Information System for the Shipper (and/or its Users) immediately.

3.2 The Shipper shall not (without IUK's express prior written consent), and shall ensure that no User or other person shall, within the Shipper Area of Responsibility:

- (a) make any additions, modifications, adjustments or alterations to the IUK Information System; or
- (b) attempt to rectify, or permit any persons other than IUK or its agents to rectify, any fault or inaccuracy in the IUK Information System; or
- (c) use the Shipper Software (when dealing in any way with the IUK Information System or the information or facilities obtained therefrom) in a manner which would constitute a breach of the terms and conditions of this Section J.

4. Copyright, Trade Marks and Other Intellectual Property Rights relating to the System

4.1 The Shipper acknowledges that any and all of the copyright, database right, trademarks, and other intellectual property rights subsisting in or used in connection with the IUK Information System and infrastructure (including the manner in which it is presented or appears) and all information, documentation and manuals relating thereto are the property of IUK or the relevant Third Party Licensor as the case may be.

4.2 The Shipper shall not, during or after the expiry or termination of this Agreement, without the prior written consent of IUK or any relevant Third Party Licensor as the case may be or to the extent only permitted by any applicable law, abuse or permit the abuse of any copyright or database right in the IUK Information System or adopt any trade mark or trade name that includes or is similar to, or may be mistaken for, the whole or any part of any trade mark or trade name used by IUK or any Third Party Licensor as the case may be.

4.3 IUK warrants to the Shipper that IUK or any relevant Third Party Licensor owns all copyright, database rights and any other intellectual property rights or similar rights in the selection and arrangement of the contents of the IUK Information System and in the electronic materials necessary for its operation.

4.4 The Shipper acknowledges that IUK or any relevant Third Party Licensor owns all copyright, database rights and any other intellectual property rights or similar rights in the selection and arrangement of the contents of the IUK Information System and in the electronic materials necessary for its operation.

4.5 The Shipper undertakes not to reproduce, adapt, translate, arrange or make available to any third party, either directly or indirectly, any part of the IUK Information System except to the extent that, and for so long as, the Shipper is expressly permitted to do so in accordance with this Agreement or as permitted by any mandatory provisions of law.

5. Data Protection

- 5.1 IUK shall require basic information from a Shipper which may identify a User as an individual (“**Personal Information**”), such as a User's name or email address, in order to enable the User to access and use the IUK Information System. IUK may only use such Personal Information for purposes set out in this Agreement or IUK's Privacy Policy and the Shipper shall ensure it has the right to provide such Personal Information to enable IUK to use such Personal Information for the purposes set out in this Agreement or IUK's Privacy Policy.
- 5.2 Each party shall comply with all the obligations imposed on a controller under the Data Protection Legislation, and any material breach of the Data Protection Legislation by one party shall, if not remedied within 30 days of written notice from the other party, give grounds to the other party to terminate this agreement with immediate effect.
- 5.3 Each party shall:
- (a) ensure that it has all necessary notices and consents in place to enable lawful transfer of the Shared Personal Data to the Permitted Recipients for the purposes of this Agreement;
 - (b) give full information to any data subject whose personal data may be processed under this agreement of the nature such processing;
 - (c) process the Shared Personal Data only for the purposes of this agreement;
 - (d) not disclose or allow access to the Shared Personal Data to anyone other than the Permitted Recipients;
 - (e) ensure that it has in place appropriate technical and organisational measures, reviewed and approved by the other party, to protect against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data.
 - (f) not transfer any personal data received from the Data Discloser outside the EEA unless the transferor:
 - (i) complies with the provisions of Articles 26 of the GDPR (in the event the third party is a joint controller); and
 - (ii) ensures that (1) the transfer is to a country approved by the European Commission as providing adequate protection pursuant to Article 45 GDPR; (2) there are appropriate safeguards in place pursuant to Article 46 GDPR; or (3) one of the derogations for specific situations in Article 49 GDPR applies to the transfer.
- 5.4 Each party shall assist the other in complying with all applicable requirements of the Data Protection Legislation. In particular, each party shall:
- (a) provide the other party with reasonable assistance in complying with any data subject access request;
 - (b) assist the other party, at the cost of the other party, in responding to any request from a data subject and in ensuring compliance with its obligations under the Data Protection

Legislation with respect to security, breach notifications, impact assessments and consultations with supervisory authorities or regulators;

- (c) notify the other party without undue delay on becoming aware of any breach of the Data Protection Legislation;
- (d) at the written direction of the party that disclosed the Personal Data , delete or return Shared Personal Data and copies thereof to the Data Discloser on termination of this agreement unless required by law to store the personal data;
- (e) maintain complete and accurate records and information to demonstrate its compliance with this paragraph 5.2.

6. Indemnity

6.1 The Shipper undertakes fully and effectively to indemnify and keep indemnified at all times IUK against all actions, proceedings, reasonable costs, claims, demands, liabilities and reasonable expenses whatsoever (including reasonable legal and other fees and disbursements) sustained, incurred or paid by IUK directly or indirectly in respect of:

- (a) the access to and/or use (other than as permitted by this Agreement) of the IUK Information System by the Shipper or by any of its Users (including by any User Agent) from time to time; and/or
- (b) any information, data or material produced by the Shipper or by any of its Users (including by any User Agent) from time to time which is obtained in whole or in part from the IUK Information System; and/or
- (c) any breach of any of the provisions of this Agreement by the Shipper or by any of its Users (including by any User Agent).