

CONSULTATION DRAFT JUNE 2015

MARK UP AGAINST DRAFT SUBMITTED TO NRAS IN MAY 2015

Interconnector (UK) Limited



IUK Access Code

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SECTION A INTRODUCTION

1. IUK Access Code

This IUK Access Code sets out the principles between IUK and the IAA Shippers that govern the acquisition and use of Entry Capacity and Exit Capacity in the Transportation System.

2. Capacity

Section B contains provisions governing the acquisition, registration, transfer, assignment, surrender, ~~and~~ buy-back and reshuffling of Entry Capacity and Exit Capacity.

3. Nominations and Matching Procedures

Section C contains provisions governing how an IAA Shipper may use its:

- (a) Entry Capacity in the Transportation System by nominating Quantities of Natural Gas for delivery from the AT System at an Entry Point;
- (b) Exit Capacity in the Transportation System by nominating Quantities of Natural Gas for redelivery to the AT System at an Exit Point.

4. Allocations

Section D contains provisions governing how IUK shall allocate for an IAA Shipper:

- (a) Natural Gas that such IAA Shipper has nominated for delivery or redelivery; and
- (b) Fuel Gas, Shrinkage and Compressor Electricity.

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 an IAA Shipper and the trading of Quantities of Natural Gas between IAA Shippers.

6. Charging

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

7. Measurement, Sampling and Analysis

Section G contains provisions governing the measurement, sampling and analysis of 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 made available by the IAA Shipper at an Entry Point and by IUK at an Exit Point.

9. Constraint Management, Maintenance and Interruption

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

**SECTION B
CAPACITY****1. Capacity**

1.1 Capacity under this IUK Access Code consists of:

- (a) Offered Capacity; and
- (b) Registered Capacity.

1.2 **“Offered Capacity”** consists of one or more of the following types of Capacity that IUK shall make available and allocate in the order of priority set out below:

- (a) **“Unsold Capacity”** being an amount of Entry Capacity, in respect of an Entry Point, or Exit Capacity, in respect of an Exit Point, in the Transportation System that is not Registered Capacity;
- (b) Surrendered Capacity (as defined in paragraph 6.3.2);
- (c) Entry Capacity or Exit Capacity of an IAA Shipper that has been suspended or has ceased to be an IAA Shipper; and
- (d) Entry Capacity or Exit Capacity (if any) that is additional to Capacity made available under any of sub- paragraphs (a), (b) and (c).

1.3 The **“Registered Capacity”** of an IAA Shipper, in respect of an Entry Point, is the total amount of Entry Capacity and in respect of an Exit Point, is the total amount of Exit Capacity, that IUK has registered an IAA Shipper as holding on the IUK Information System that:

- (a) has been allocated under this Agreement, including under an Allocation Mechanism (as defined in paragraph 1.4 below);
- (b) has been obtained by a Capacity Assignment or by a Capacity Transfer under this Agreement;
- (c) was allocated as STA Capacity and that such IAA Shipper (acting as an STA Shipper) has agreed with IUK will for the Initial Period or any part of it, be subject to the provisions of this Agreement.

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 IAA 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; or

- (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 IAA 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 IAA Shipper’s Total Nomination Quantities exceeding the IAA Shipper’s 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**”).

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 an IAA Shipper must satisfy to be eligible to apply (if any);
- (b) the application process for an IAA 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 an IAA Shipper may make an application or bid;
- (d) the Capacity Product(s) an IAA Shipper may apply or bid for and the Capacity Period(s) during which they are available;
- (e) the amount of Offered Capacity that an IAA 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 Capacity Product(s) are allocated to an IAA 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 subject to curtailment, including under Section I.

2.2 Offered Capacity is made available to an IAA Shipper and Registered Capacity is held by an IAA 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) “**Quarterly**” for a Quarter;
- (c) “**Monthly**” for a Month;

- (d) **“Daily”** for a Gas Day;
- (e) **“Within Day”** for part of a Gas Day; and
- (f) for any other duration in time as specified in an Allocation Mechanism, where approved by the Regulator(s).

2.3 A **“Capacity Period”** is the period in time in respect of which a Capacity Product is allocated to an IAA Shipper under a Capacity Transaction (defined in paragraph 5.2 below).

3. Obtaining and Releasing Capacity

3.1 An IAA Shipper may apply for or submit a bid for Offered Capacity under an Allocation Mechanism.

3.2 An IAA Shipper may apply to surrender its Registered Capacity in accordance with paragraph 6 or be required to surrender its Registered Capacity in accordance with Annex B-2.

3.3 An IAA Shipper may transfer all (and not part of) its rights to all or part of its Registered Capacity to another IAA Shipper, a **“Capacity Transfer”**, in accordance with paragraph 7.

3.4 An IAA Shipper may assign all (and not part of) its rights, liabilities and obligations in respect of all or part of its Registered Capacity to another IAA Shipper, a **“Capacity Assignment”**, in accordance with paragraph 8.

3.5 An IAA 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 an IAA Shipper’s Registered Capacity in accordance with paragraph 3.2 of Section C.

~~3.7~~ 3.7 IUK has the right to re-allocate Surrendered Capacity or the Registered Capacity of an IAA Shipper that has been suspended or has ceased to be an IAA Shipper, by making available such Capacity as Offered Capacity under an Allocation Mechanism.

~~3.7.3.8~~ 3.7.3.8 An IAA Shipper may apply to reshuffle its Registered Capacity under a Reshuffling Process held in accordance with paragraph 9.

4. Applying or Bidding for Offered Capacity

4.1 An IAA Shipper may, where it is eligible under the applicable Subscription Rules, Capacity Auction Rules or Overnomination Rules, apply for or submit a bid for Offered Capacity under an Allocation Mechanism.

4.2 An IAA Shipper’s application or bid for Offered Capacity shall comply with the applicable Subscription Rules, Capacity Auction Rules or Overnomination 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 or Overnomination Rules.

5. Capacity Allocation and Registration

5.1 Allocation

Where an application made or a bid submitted by an IAA Shipper for Offered Capacity is accepted under an Allocation Mechanism, an amount of Offered Capacity will be allocated to an IAA Shipper:

- (a) as Entry Capacity at an Entry Point or Exit Capacity at an Exit Point;
- (b) as Firm or Interruptible;
- (c) as a specified Capacity Product;
- (d) for a specified Capacity Period; and
- (e) in respect of which the IAA Shipper is liable to pay the Monthly Charge(s).

5.2 Capacity Transaction

Each of the following gives rise to a legally binding transaction between IUK and the IAA Shipper in respect of such Capacity (a "Capacity Transaction"):

- (a) ~~the~~ allocation of Offered Capacity to an IAA Shipper under paragraph 5.1;
- (b) the sale by the IAA Shipper and purchase by IUK of Sold Back Capacity from the IAA Shipper and allocation by IUK to the IAA Shipper of Offered Capacity both under paragraph 9.1; and
- (c) a Capacity Assignment to an IAA Shipper that is a Capacity Assignee under paragraph 8.
each gives rise to a legally binding transaction between IUK and the IAA Shipper in respect of such Capacity (a "Capacity Transaction");

~~The~~ details of a Capacity Transaction ~~which~~ may be recorded in a Confirmation. The form of Confirmation for a Capacity Transaction under ~~the~~ Subscription Process held by IUK in 2015 is substantially in the form set out in Annex B-3 and for a Capacity Transaction referred to in paragraph (b) is substantially in the form set out in Annex B-4.

5.3 Registration

- (a) IUK shall for a Capacity Transaction concluded between IUK and ~~the~~ IAA Shipper under paragraph 5.2:
 - (i) register an IAA 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, as Firm or Interruptible, for the specified Capacity Product, for the specified Capacity Period and subject to the applicable Entry Capacity Charge or Exit Capacity Charge;
 - (ii) include the allocated or assigned amount of Entry Capacity or Exit Capacity in the Registered Capacity of such IAA Shipper; ~~and~~
 - (iii) where the Capacity Transaction is a Capacity Assignment, deduct the Assigned Capacity from the Registered Capacity of the Capacity Assignor; and

~~(iii)~~(iv) where the Capacity Transaction includes the sale and purchase of Sold back Capacity, deduct the Sold Back Capacity from the Registered Capacity of the IAA Shipper that held such Sold Back Capacity.

- (b) Where IUK gives effect to a Capacity Transfer under paragraphs 7.1 to 7.6 (inclusive), IUK shall, subject to the provisions of paragraphs 7.1 to 7.6 (inclusive):
- (i) register the Capacity Transferee on the IUK Information System as holding the Transferred Capacity at the specified Entry Point or Exit Point, as Firm or Interruptible, for the Transfer Period;
 - (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 an IAA Shipper under paragraph 7.7, and IUK has given a notification under paragraph 7.7(b) to the Capacity Transferor referred to in paragraph 7.7(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 (whether due to it being Surrendered Capacity or Capacity of a suspended IAA Shipper), IUK shall deduct the Re-Allocated Capacity from the Registered Capacity of the Surrendering Shipper or suspended IAA Shipper.
- (e) Where Capacity is re-allocated (whether due to it being Surrendered Capacity or the Capacity of a suspended IAA Shipper) and the IAA Shipper that holds the Re-Allocated Capacity ceases to be an IAA Shipper or is suspended, IUK shall:
- (i) register on the IUK Information System the Surrendering Shipper or suspended IAA 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 IAA Shipper that previously held such Capacity; and
 - (iii) deduct the Capacity from the Registered Capacity of the IAA 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 IAA Shipper

in respect of which IUK has accepted Buy-back Offers in accordance with paragraph 3.1 of Section C.

6. Surrender of Capacity

6.1 Voluntary Surrender

6.1.1 Any IAA Shipper may make its Registered Capacity available for surrender by submitting a "**Surrender Notice**" to IUK. A Surrender Notice shall specify:

- (a) the amount of Entry Capacity or Exit Capacity being made available for surrender and the corresponding Entry Point or Exit Point, (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 An IAA Shipper shall not submit a Capacity Transfer Request or Capacity Assignment Notice in respect of Voluntarily Surrendered Capacity.

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 time IUK makes such Voluntarily Surrendered Capacity available under an Allocation Mechanism.

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**",) a Regulator requires IUK to withdraw any Registered Capacity of an IAA Shipper pursuant to the LTUIOLI Regulations on the basis that such Registered Capacity has been systematically underutilised, IUK shall give notice to the applicable IAA Shipper, a "**LTUIOLI Notice**", specifying:

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

6.3 Re-Allocation of Voluntarily Surrendered Capacity or LTUIOLI Capacity

6.3.1 An IAA 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) will apply;
 - (b) IUK shall, subject to paragraph 6.3.6, 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 IAA Shipper(s) in accordance with this paragraph 6.3 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, until such Capacity is re-allocated.
- 6.3.6 Where Surrendered Capacity has been re-allocated and the IAA Shipper that has been allocated the Re-Allocated Capacity ceases to be an IAA Shipper or is suspended then IUK shall notify the Surrendering Shipper that with effect from date of such suspension or cessation of the IAA 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; and
 - (c) paragraph 5.3(e) will apply to such Capacity.
- 6.3.7 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 IAA Shipper or a former IAA Shipper

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

- (a) such IAA 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 IAA Shipper IUK shall give notice of any Re-Allocated Capacity to the suspended IAA Shipper as soon as possible after such re-allocation and with respect to the suspended IAA Shipper:
 - (i) paragraph 5.3(d) shall apply;
 - (ii) IUK shall be released and discharged from the all obligations and liabilities under this Agreement towards the suspended IAA Shipper with respect to the Re-Allocated Capacity for the period of re-allocation;
 - (iii) the suspended IAA 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 IAA Shipper to satisfy payment of all such amounts) and the full amount of Capacity Charges attributable to the Re-Allocated Capacity;
 - (iv) the suspended IAA 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 IAA Shipper is not re-allocated to any IAA Shipper(s) it shall continue to be Registered Capacity of the suspended IAA Shipper and the suspended IAA Shipper shall be liable for all obligations and liabilities in respect of such Capacity, including the Capacity Charges, until such Capacity is re-allocated.

6.4.3 Where Capacity of a suspended IAA Shipper has been re-allocated and the IAA Shipper that has been re-allocated the Re-Allocated Capacity ceases to be an IAA Shipper then IUK shall notify the suspended IAA 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 IAA Shipper and the suspended IAA 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 IAA Shipper; and
- (c) paragraph 5.3(e) will apply to such Capacity.

6.4.4 Subject to paragraph 6.4.3, where an IAA Shipper ceases to be an IAA Shipper, IUK may offer under an Allocation Mechanism and re-allocate an amount of Capacity equal to the Registered Capacity that was held by such IAA Shipper.

7. Capacity Transfers

7.1 For the purposes of the IUK Access Code:

“Capacity Transfer” has the meaning given in paragraph 3.3;

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

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

“Transferred Capacity” means an amount of Entry Capacity or Exit Capacity which is held by the Capacity Transferor that is Registered Capacity that is (or is to be) transferred under that Capacity Transfer; and

“Transfer Period” means the period for which the Transferred Capacity is (or is to be) transferred.

7.2 Either a Capacity Transferor or a Capacity Transferee may propose a transfer to the Capacity Transferee of all (and not part of) the rights to 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.

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 Transfer Period;
- (d) the quantity of Entry Capacity (and corresponding Entry Point) or Exit Capacity (and the corresponding Exit Point) that the Transferred Capacity is to be composed of;
- (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 IAA 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 Capacity Transferor's Registered Capacity or the Capacity Transfer is not accepted by the time specified in paragraph 7.4.
- 7.6 In respect of any Capacity Transfer that is given effect to:
- (a) paragraph 5.3(b) shall apply;
 - (b) the Capacity Transferor (or the original Capacity Transferor under the first Capacity Transfer 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 of all obligations and liabilities (other than Capacity Charges) relating to or arising in respect of the Transferred Capacity for the Transfer Period;
 - (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;
 - (e) the Capacity Transferee shall receive a Re-allocated Capacity Payment where paragraph 6 of Section F applies.
 - (f) 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 an IAA Shipper, IUK may from the date of such cessation ("**Transfer End Date**"):
- (a) offer 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; and
 - (iii) paragraph 5.3(c) will apply to 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 most recent Capacity Transfer under which the Capacity Transferor is still an IAA 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;

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

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

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

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

“Assignment Period” means the period for which the Assigned Capacity is (or is to be) assigned.

8.2 An IAA Shipper shall not assign any of its rights and obligations in respect of its Registered 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 six (6) Months); and
- (c) set out the amount of Entry Capacity (and corresponding Entry Point) or Exit Capacity (and the corresponding Exit Point) that the Assigned Capacity is to be composed of, being equal to or less than the Capacity Assignor’s Registered Capacity under the relevant Capacity Transaction(s).

8.4 Where IUK has received a Capacity Assignment Notice and:

- (a) the proposed Capacity Assignment does not comply with paragraph 8.3;
- (b) the amount of Assigned Capacity specified exceeds the Capacity Assignor’s Registered Capacity;
- (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 outstanding Capacity 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 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 Capacity Charges); and
- (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 Capacity Charges).

9. Capacity Reshuffling

9.1 IUK may hold a "Reshuffling Process" under which IUK invites IAA Shippers holding Registered Capacity to apply during a period specified by IUK ("Reshuffling Window") to:

- (a) make available for purchase by IUK a quantity of such Registered Capacity at a specified Entry Point and/or Exit Point held during [all or part of] specified Gas Year(s) ("Sold Back Capacity") for a [fixed] price IUK pays to the IAA Shipper multiplied by the quantity of Sold Back Capacity (the "Sold Back Capacity Payment"); and
- (b) be allocated Offered Capacity under an Allocation Mechanism that:
 - (i) is equivalent to or greater in value (in Pounds Sterling) to the Sold Back Capacity (taking account if applicable of any multipliers set by IUK in the Reshuffling Rules (as defined below)); and
 - (ii) will be held by the IAA Shipper for a different period in time or at a different Entry Point or Exit Point to the Sold Back Capacity (taking account if applicable of any multipliers set by IUK in the Reshuffling Rules (as defined below));

where, unless otherwise stated in the Reshuffling Rules (as defined below), the sale by the IAA Shipper and the purchase by IUK of Sold Back Capacity under paragraph (a) is conditional upon

the allocation of Offered Capacity to the IAA Shipper under paragraph (b), such capacity being “Reshuffled Capacity”.

9.2 IUK may hold a Reshuffling Process at such time and under such rules (“Reshuffling Rules”) as IUK determines, approved by the Regulator(s) where applicable.

9.3 The Reshuffling Rules for a Reshuffling 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 Reshuffling Window;

(b) the conditions an IAA Shipper must satisfy to be eligible to make an application under paragraph 9.1(a) which may include (without limitation): the Class; the Capacity Products; the Capacity Period; the quantity or the value of Registered Capacity offered for sale; and the Entry Point and/ or Exit Point at which Registered Capacity offered for sale must be held;

(c) the application procedure for an IAA Shipper, including requirements for the validity of applications, whether applications may be amended or withdrawn or may have to be re-submitted;

(d) the Allocation Mechanism under which an IAA Shipper must apply for Offered Capacity under paragraph 9.1(b) and any terms and conditions relating to such application that vary or are additional to those set out in the rules applicable to the Allocation Mechanism which may include (without limitation): the Capacity Products; the Class; the Entry Point and/or Exit Point; the value of; and the minimum or maximum Capacity Period of the Offered Capacity that an IAA Shipper may apply for; and

(e) any other terms or conditions applicable to the Reshuffling Process including, if applicable any multipliers set by IUK.

9.5 An IAA Shipper shall not submit a Capacity Transfer Request or Capacity Assignment Notice in respect of Sold Back Capacity.

9.6 Where Sold Back Capacity is sold by the IAA Shipper and purchased by IUK under this paragraph 9:

(a) IUK shall be released and discharged from all obligations and liabilities under this Agreement to the IAA Shipper in respect of such Sold Back Capacity; and

(b) the IAA Shipper shall cease to have any obligations or liabilities in respect of Sold Back Capacity other than those liabilities that are accrued or outstanding at the time of such sale and purchase.

**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 an IAA 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 Each IAA Shipper agrees that 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 Each IAA Shipper agrees that 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 IAA Shippers for such Offered Capacity;
 - (e) allocate such Offered Capacity to IAA Shippers that have submitted successful bids.
- 2.1.3 Each IAA Shipper agrees that IUK may appoint the Joint Booking Platform Operator at any time after the date of this Agreement to:
- (a) receive and assess Capacity Transfer Requests and to provide a means by which IAA Shippers may submit and accept Capacity Transfer Requests;
 - (b) receive and assess Surrender Notices and to provide a means by which IAA Shippers may submit Surrender Notices; and
 - (c) carry out such other functions it is designated by IUK to carry out;

and IUK shall notify all IAA Shippers of the same on the IUK website.

2.1.4 Each IAA Shipper agrees that IUK does not act as agent of the Joint Booking Platform Operator.

2.2 Publication of Capacity Auction Information

Each IAA Shipper agrees that 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**");
- (f) where the Capacity Auction is an ascending clock auction, such other values that are required to be submitted for an ascending clock auction; and
- (g) such other information as IUK may determine is reasonably necessary to provide.

2.3 Bundling

2.3.1 For the purpose of this paragraph 2.3:

- (a) "**Bundled Capacity**" is Offered Capacity made available by IUK on the Joint Booking Platform (in respect of which there is Equivalent Adjacent TSO Capacity made available by the Adjacent TSO) that can only be applied for and allocated by the Joint Platform Operator together with such Equivalent Adjacent TSO Capacity under a Capacity Auction;
- (b) "**Unbundled Capacity**" is the Offered Capacity made available by IUK on the Joint Booking Platform that is applied for and allocated separately from Equivalent Adjacent TSO Capacity;
- (c) "**Equivalent Adjacent TSO Capacity**" is an amount of available capacity in an AT System that, in relation to Offered Capacity that IUK makes available on the Joint Booking Platform:
 - (i) consists of the same amount of Capacity;
 - (ii) is Firm;
 - (iii) is the same Capacity Product ;
 - (iv) Is for the same Capacity Period; and

(v) is offered at the same Entry Point or Exit Point;

as the Offered Capacity.

2.3.2 Each IAA Shipper acknowledges that the Joint Booking Platform Operator shall, before a Capacity Auction is held, designate Offered Capacity that IUK makes available on the Joint Booking Platform as either Bundled Capacity or Unbundled Capacity.

2.3.3 An IAA Shipper may apply to IUK in writing to request Capacity allocated to such IAA Shipper as Unbundled Capacity be recorded as subject to a bundling arrangement, where such IAA 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 Product, amount of Registered Capacity and the Entry Point or Exit Point in relation to the Registered Capacity.

2.3.4 An IAA Shipper agrees that only it is responsible for recording its Registered Capacity as Bundled and complying with any obligation to maintain such Capacity as Bundled or notify any other person that such Capacity is Bundled where it enters into a transaction related to such Capacity on the Secondary Market.

2.3.5 IUK has no obligation to designate an IAA Shipper's Registered Capacity as Bundled on the IUK Information System.

2.4 Bids

2.4.1 An IAA 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 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 IAA Shipper is willing to be allocated; and
 - (ii) the bid price that the IAA 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 Each IAA Shipper agrees that 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 IAA Shipper that has submitted a successful bid;

- (b) determining the “**JBP Clearing Price**” which shall be:
 - (1) for an ascending clock auction, the price announced for the last bidding round in which such auction closes; and
 - (2) 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.

2.6 Notification

- 2.6.1 Each IAA Shipper agrees that the Joint Booking Platform Operator shall, after a Capacity Auction closes, be responsible for notifying a participating IAA Shipper and IUK of any allocation to a participating IAA Shipper made under paragraph 2.5 of this Annex and where applicable the JBP Clearing Price and the IUK share of the Auction Premium (“**IUK Auction Premium**”) (if any) to be paid by the IAA Shipper.

2.7 Payment

- 2.7.1 Each IAA Shipper allocated:

- (a) Entry Capacity under a Capacity Auction shall pay IUK an Entry Capacity Charge; or
- (b) Exit Capacity under a Capacity Auction shall pay IUK an Exit Capacity Charge;

in accordance with Section F paragraph 5.

2.8 Relationship between IAA Shipper and Joint Platform Operator

- 2.8.1 Each IAA Shipper agrees that:

- (a) it is its responsibility 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 IAA 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 IAA and this IUK Access Code does not give an IAA 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 IAA Shippers

2.9.1 An IAA 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 IAA Shipper is approved and has not withdrawn such approval; and
- (b) such IAA Shipper is registered with the Joint Booking Platform under the JBP Rules; and such IAA Shipper has not been deactivated under the JBP Rules.

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 an IAA 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 an IAA Shipper to participate in a Capacity Auction or be allocated Entry Capacity or Exit Capacity;
- (c) the deactivation of an IAA Shipper or its users by the Joint Booking Platform Operator.

2.11 Adjacent TSO

2.11.1 Each IAA Shipper agrees that IUK has no responsibility for or liability in respect of:

- (a) the auction of any Equivalent Adjacent TSO Capacity as Bundled Capacity on the Joint Booking Platform;
- (b) the availability, allocation, withdrawal, surrender, buy-back, transfer or assignment of any Equivalent Adjacent TSO Capacity on the Joint Booking Platform;
- (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.

2.12 General

2.12.1 Each IAA Shipper agrees that 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 provide a “**Bulletin Board**” (or other electronic messaging/notification system) or use other appropriate arrangements which may be accessed by IAA Shippers and other persons to notify an interest in buying or selling Registered Capacity, such as the Joint Booking Platform. IUK shall, in a timely fashion, notify IAA Shippers of any receipt of an interest in purchasing Registered Capacity.
2. These LTUIOLI Procedures will be initiated when:
 - (a) any person gives written notice to IUK that it has been unsuccessful in purchasing Entry Capacity or Exit Capacity on objectively reasonable terms,
 - (b) that person provides reasonable supporting evidence to IUK of the circumstances described in (a).
3. IUK shall then:
 - (a) review IAA 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 IAA Shipper has utilised less than eighty percent (80%) of its Registered Capacity in both of the specified Contract Half Years, as set out in the LTUIOLI Regulations;
 - (b) when carrying out such determination take into account: (i) the Nominations of each IAA Shipper; and (ii) the Registered Capacity made available by each IAA Shipper for sale on the Secondary Market for each Gas Day in the period; 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 IAA 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 considers that any IAA Shipper has so under-utilised its Registered Capacity, IUK shall:
 - (a) notify the IAA Shipper of its provisional calculation of its utilisation of its Registered Capacity and allow the IAA Shipper a reasonable opportunity to comment; and
 - (b) if IUK still considers that the IAA 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 IAA 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 IAA Shipper, such IAA 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.

ANNEX B-3
CAPACITY TRANSACTION CONFIRMATION TEMPLATE FOR ~~FIRST~~ 2015 SALE OF POST 2018
CAPACITY

1. Subject Matter

This Confirmation confirms a Capacity Transaction between IUK and the IAA Shipper for the sale and purchase of Offered Capacity made available under the Subscription Process specified below.

This Capacity Transaction is subject to IUK Access Agreement and IUK Access Code (as modified), the Subscription Rules applicable to such Subscription Process and the terms and conditions set out in this Confirmation.

This Confirmation supersedes any other communication or agreement between the Parties with respect to the Capacity Transaction.

This Confirmation shall prevail over any other evidence confirming the Capacity Transaction.

If there is any inconsistency or inaccuracy in this Confirmation, the IAA Shipper shall inform IUK within three (3) Business Days after receipt and where IUK agrees there is an inconsistency or inaccuracy, IUK shall amend this Confirmation and send such amended Confirmation to the IAA Shipper.

This Confirmation shall prevail to the extent of any inconsistency between this Confirmation and (a) the IUK Access Agreement or the IUK Access Code (howsoever modified); or (b) the Subscription Rules.

2. Definitions and Interpretation

Capitalised terms shall have the meaning given to them in Appendix B to the IUK Access Agreement unless otherwise defined.

3. Terms of this Capacity Transaction

PART A

Date :	[xx]/[xx]/2015
Subscription Process:	Held on [20 May] 2015 for Offered Capacity from 1 October 2018
Subscription Rules:	The rules set out in the paper "Subscription Rules for <u>[xxxx]</u> First 2015 Sale of Post 2018 Capacity. "
IAA Shipper:	[xxxxxxxx]
Reference:	[insert binding form reference]
Entry Point:	[Bacton Entry Point]/ [Zeebrugge Entry Point]/ [N/A]
Exit Point:	[Bacton Exit Point]/ [Zeebrugge Exit Point]/ [N/A]
Class:	Firm

PART B**Capacity Product: ANNUAL**

Capacity Period: From 06:00 CET 1 October 2018 to 05:59 CET 30 September [20xx]
 Amount of Capacity allocated: [xxxxx] kWh/h

SP Clearing Price applicable during a Gas Year where the Capacity Period is less than five (5) Gas Years: [xxxxx] p/(kWh/h) per Gas Year subject to indexation in accordance with paragraph 5.3 of Section F of the IUK Access Code [N/A]

SP Clearing Price applicable during a Gas Year where the Capacity Period is five (5) Gas Years or more: For a Gas Year in the Capacity Period, the lower of:

- (i) [xxxxx] p/(kWh/h) per Gas Year subject to indexation in accordance with paragraph 5.3 of Section F of the IUK Access Code; and
- (ii) the lowest JBP Clearing Price for which a Firm Annual Capacity Product at the [Entry Point/ Exit Point] is allocated in any Capacity Auction for that Gas Year (that is held before the start of the Gas Year which that Annual Capacity Product relates to), or in case no Firm Annual Capacity Product has been allocated in one or more Capacity Auction(s) for that Gas Year, the lowest IUK Reserve Price for that Capacity Product (if lower than an applicable JBP Clearing Price).

[N/A]

Capacity Product: QUARTERLY

Capacity Period: The following Quarters:
 [2]/[3] Quarters from 06:00 CET 1 [month] to 05:59 CET [date and month]
 in the following Gas Years:
 1 October 2018 to 30 September 20[xx]

Amount of Capacity Allocated: [xxxxxxxxx] kWh/h

SP Clearing Price applicable during a Quarter: The product of the SP Clearing Price applicable during the Gas Year (as set out above for the Annual Capacity Product) and [1.5]/[1.2]

4. Approvals

IUK has the right to terminate this Capacity Transaction without liability to the IAA Shipper or any third party where IUK does not receive the approvals required to be granted by

applicable Regulator(s) in relation to this Subscription Process under law or the Interconnector Licence.

Termination of this Capacity Transaction under this paragraph 4 shall not affect any other Capacity Transactions concluded by the Parties or the Agreement.

5. Additional Conditions that apply to a Capacity Transaction for an Annual Capacity Product with a Capacity Period of five (5) or more Gas Years:

The Parties agree the following shall apply where this Capacity Transaction is for Annual Capacity Product(s) with a Capacity Period of five (5) or more Gas Years and Quarterly Capacity Product(s) (if any):

- (a) (i) the Capacity Charges payable by the IAA Shipper for a Capacity Product shall not exceed the SP Clearing Price applicable to that Capacity Product;
 - (ii) the Monthly Charge payable by the IAA Shipper for such Capacity Product(s) will, in addition to the Capacity Charges, only include the Initial Registration Fee, the Monthly Administration Fee, Balancing Charges, Monthly Electricity Charges and fuel gas and shrinkage charges where these are applied instead of fuel gas and shrinkage allocations;
 - (iii) new or additional charges that are not referred to in (i) or (ii) above ("**Additional Charges**") shall not be imposed on or apply to such Capacity Products during the Capacity Period except where the Parties so agree in writing;
 - (iv) the charges included in the Monthly Charge for such Capacity Products as referred to in paragraph (ii) (other than the Capacity Charges) may increase or decrease after the date of this Capacity Transaction and such charges as increased or decreased shall be payable by the IAA Shipper, however such increases or decreases shall be limited to those IUK determines should apply acting in accordance with the Interconnector Licence and applicable law.
- (b) Where, notwithstanding paragraph (a):
- (i) one or more of the IUK Access Agreement or the IUK Access Code is modified and such modification is approved by applicable Regulator(s);
 - (ii) a Regulator or Governmental Authority makes a decision, including in relation to the IUK Access Agreement and IUK Access Code or the Charging Methodology applicable to charges charged to the IAA Shipper under this Capacity Transaction;
 - (iii) a change in law comes into force; or
 - (iv) the Charging Methodology applicable to charges charged to the IAA Shipper under this Capacity Transaction is modified and such modification is approved by the applicable Regulator(s) or Governmental Authority;

such that:

- (1) an Additional Charge is imposed for an Annual Capacity Product with a Capacity Period of five (5) Gas Years or more or for a Quarterly Capacity Product, purchased under this Capacity Transaction; or
- (2) the Capacity Charge for an Annual Capacity Product with a Capacity Period of five (5) Gas Years or more or a Quarterly Capacity Product purchased under this Capacity Transaction is increased above the applicable SP Clearing Price;

for a Gas Year or Quarter (as the case may be) in the Capacity Period, IUK shall, where it determines it is permitted to do so, not increase the Capacity Charges payable by the IAA Shipper for that Capacity Product for the affected Gas Year or Quarter (as the case may be) or not charge the Additional Charges (if imposed).

Where IUK is required to increase the Capacity Charges or impose Additional Charges IUK shall apply a rebate for the amount of the increase in such Capacity Charges or the amounts of any Additional Charges imposed on the IAA Shipper for each affected Month in the Gas Year or Quarter (as the case may be), so that the amount of the Monthly Charge for each affected Month is the amount that would have been payable had the Capacity Charges not been increased or Additional Charges not been imposed for that Month.

- (c) For the avoidance of doubt, if the Capacity Charges the IAA Shipper pays for the Annual Capacity Products with a Capacity Period of five (5) Gas Years or more purchased under this Capacity Transaction are reduced for a Gas Year during the Capacity Period, the IAA Shipper shall benefit from such reduction in the Capacity Charges for the Gas Year during which such reduction applies and the Capacity Charges payable by the IAA Shipper in respect of other Gas Years during the Capacity Period shall not be affected.
- (d) Where IUK fails to take such action required under paragraph (b), the IAA Shipper shall notify IUK and where IUK has still failed to take such action within two (2) Months after such notice is given and the IAA Shipper can demonstrate that, as a result:
 - (i) the Capacity Charges the IAA Shipper paid for each affected Month in the Capacity Period exceed the amount that would have been paid based on the applicable SP Clearing Price for the relevant Capacity Product or); or
 - (ii) it has paid Additional Charges in respect of the relevant Capacity Product for each affected Month;

and the IAA Shipper has not received a rebate in respect of either such increased Capacity Charges or the Additional Charges for the respective Month, the IAA Shipper will have the right, upon giving notice to IUK, to terminate with immediate effect that part of this Capacity Transaction relating to the affected Capacity Product for the remaining Gas Years or Quarters (as the case may be) in the Capacity Period or the entire Capacity Transaction where all Capacity Products under this Capacity Transaction are affected.

- (e) Such termination under paragraph (d) shall not affect:

- (i) the liabilities and obligations of the Parties under this Capacity Transaction that are outstanding at the date of termination (including with respect to any rebate under paragraph 5(b));
- (ii) any other Capacity Transaction concluded by the Parties; and
- (iii) this Agreement.

Interconnector (UK) Limited

Signature _____

[Insert name of IAA Shipper]

Signature _____

ANNEX B-4**CAPACITY TRANSACTION CONFIRMATION TEMPLATE FOR RESHUFFLING OF REGISTERED CAPACITY****1. Subject Matter**

This Confirmation confirms a Capacity Transaction between IUK and the IAA Shipper for the sale by the IAA Shipper and purchase by IUK of Sold Back Capacity under Part A below and the allocation to the IAA Shipper of Offered Capacity under Part B below, in accordance with paragraph 9 of Section B of the IUK Access Code.

This Capacity Transaction is subject to IUK Access Agreement and IUK Access Code (as modified), the Reshuffling Rules applicable to such Reshuffling Process and the terms and conditions set out in this Confirmation.

The purchase by the IAA Shipper of Offered Capacity under Part B is also subject to the Subscription Rules referred to in Part B below.

This Confirmation supersedes any other communication or agreement between the Parties with respect to the Capacity Transaction.

This Confirmation shall prevail over any other evidence confirming the Capacity Transaction.

If there is any inconsistency or inaccuracy in this Confirmation, the IAA Shipper shall inform IUK within three (3) Business Days after receipt and where IUK agrees there is an inconsistency or inaccuracy, IUK shall amend this Confirmation and send such amended Confirmation to the IAA Shipper.

This Confirmation shall prevail to the extent of any inconsistency between this Confirmation and (a) the IUK Access Agreement or the IUK Access Code (howsoever modified); or (b) the Reshuffling Rules. Where there is an inconsistency between the Reshuffling Rules and the Subscription Rules with respect to this Confirmation, the Reshuffling Rules shall prevail.

2. Definitions and Interpretation

Capitalised terms shall have the meaning given to them in Appendix B to the IUK Access Agreement unless otherwise defined.

3. Terms of this Capacity Transaction

<u>Date:</u>	<u>[xx]/[xx]/[xxxx]</u>
<u>Reshuffling Process:</u>	<u>Held on [xx]/[xx]/[xxxx] for Registered Capacity held for [xxxxx].</u>
<u>Reshuffling Rules:</u>	<u>The rules set out in the paper "Reshuffling Rules [xxxxx]."</u>
<u>Reshuffling type:</u>	<u>[Capacity Period]/[Entry Point or Exit Point]</u>
<u>IAA Shipper:</u>	<u>[xxxxxxxx]</u>
<u>Bid Reference:</u>	<u>[insert binding bid form reference]</u>

PART A**SOLD BACK CAPACITY**

Entry Point: [\[Bacton Entry Point\]/\[Zeebrugge Entry Point\]/\[N/A\]](#)

Exit Point: [\[Bacton Exit Point\]/\[Zeebrugge Exit Point\]/\[N/A\]](#)

Capacity Period: [\[xxxxxxxx\]](#)

Amount of Sold Back Capacity: [\[xxxxxxxx\]](#)

Sold Back Capacity Payment: [\[xxxxxxxx\]](#)

PART B**RESHUFFLED CAPACITY**

Subscription Process: [Held on \[xx\]/\[xx\]\[xxxx\]](#)

Subscription Rules: [The rules set out in the paper “Subscription Rules \[xxxx\]”.](#)

Entry Point: [\[Bacton Entry Point\]/\[Zeebrugge Entry Point\]/\[N/A\]](#)

Exit Point: [\[Bacton Exit Point\]/\[Zeebrugge Exit Point\]/\[N/A\]](#)

Capacity Period: [\[xxxxxxxx\]](#)

Amount of Capacity allocated: [\[xxxxx\] kWh/h](#)

Allocation Reference: [\[xxxxx\]](#)

4. Approvals

[IUK has the right to terminate this Capacity Transaction without liability to the IAA Shipper or any third party where IUK does not receive the approvals required to be granted by applicable Regulator\(s\) in relation to the Reshuffling Process or the Subscription Process under law or the Interconnector Licence.](#)

[Termination of this Capacity Transaction under this paragraph 4 shall not affect any other Capacity Transactions concluded by the Parties or the Agreement.](#)

INTERCONNECTOR (UK) LIMITED

Signature _____

[\[Insert name of IAA Shipper\]](#)

Signature _____

SECTION C
NOMINATIONS AND MATCHING PROCEDURES

1. Nominations and Renominations

1.1 Nominations

1.1.1 An IAA Shipper may submit in respect of its Registered Capacity:

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

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.

1.1.2 An “**Entry Nomination**” means a nomination an IAA 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, complies with paragraph 1.3.2 and that may be a Single Sided Nomination in accordance with paragraph 1.2.4(b).

1.1.3 An “**Exit Nomination**” means a nomination an IAA 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, complies with paragraph 1.3.2 and that may be a Single Sided Nomination in accordance with paragraph 1.2.4(b).

1.1.4 A “**Nomination Quantity**” means the Quantity of Natural Gas an IAA Shipper nominated for delivery under an Entry Nomination or redelivery under an Exit Nomination 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 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 An IAA Shipper shall ensure the Nomination Quantity specified in its Nomination or Renomination:

- (a) includes a Quantity of Natural Gas to be allocated as Shrinkage; and
- (b) where the Nomination Effective Time in the Nomination or Renomination Effective Time in the Renomination is after the Initial Period, includes a Quantity of Natural Gas to be allocated as Fuel Gas;

in addition to the Quantity of Natural Gas the IAA Shipper has nominated for delivery or redelivery.

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 an IAA Shipper under the IAA 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 an IAA 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 IAA Shipper taking delivery of or delivering the relevant Quantity of Natural Gas nominated by the Counterparty ATS Shipper;
- (c) 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 an IAA 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 an IAA 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 For the avoidance of doubt, a Singled Sided Nomination can only be submitted to the Adjacent TSO and not IUK.

1.2.4 An IAA Shipper that submits a Single Sided Nomination to an Adjacent TSO:

- (a) where it is also an ATS Shipper, 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 An IAA Shipper shall specify in a Nomination:

- (a) the identity of the IAA 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;
- (f) the relevant Coded Counterparty Information; and
- (g) whether the Nomination is a Single Sided Nomination.

1.3.2 An IAA Shipper shall, in submitting a Nomination, ensure that the sum of the Hourly Quantities for an hour on Gas Day D specified in the Nomination or determined by IUK under paragraph 1.1.5 (**“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 An IAA 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 An IAA 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 An IAA Shipper shall ensure a Renomination it submits complies with the requirements of paragraphs 1.1 to 1.3 (inclusive).
- 1.4.5 Renominations shall be subject to matching and confirmation under paragraph 2.

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 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:
 - (i) the ATS Processed Nomination Quantity;
 - LESS
 - (ii) the sum of the ATS Effective Hourly Quantities (determined under paragraph (a) above) for the hours in Gas Day D before the effective time of the renomination;
 - DIVIDED BY
 - (iii) the number of hours remaining in Gas Day D after the effective time of the renomination.
- 2.1.4 IUK shall determine that a Nomination of an IAA 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 IAA Shipper matches with that of the Counterparty ATS Shipper; and
- (c) a matched quantity is determined under paragraph 2.1.5.

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 Section I paragraph 3.1;
 - (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 IAA 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 an IAA Shipper with an ATS Nomination or Single Sided Nomination submitted to an Adjacent TSO where:

- (a) an IAA Shipper has not provided Coded Counterparty Information identifying its Counterparty ATS Shipper; or
- (b) the Counterparty ATS Shipper has not provided Coded Counterparty Information identifying the IAA Shipper.

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 IAA 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, such quantity being a **“Confirmed Nomination Quantity”**.

- 2.2.2 Where the sum of Hourly Quantities under an IAA Shipper's Nominations for an hour in Gas Day D result in that IAA Shipper's Total Nomination Quantity exceeding its Registered Capacity for that hour in Gas Day D at the Entry Point or the Exit Point specified in a Nomination (except in relation to Nominations under an Overnomination Allocation Mechanism), then IUK shall adjust the Hourly Quantities under each Nomination so that the Total Nomination Quantity is equal to the IAA Shipper's Registered Capacity at the Entry Point or the Exit Point and use such adjusted Hourly Quantity to determine a Confirmed Nomination Quantity under paragraph 2.2.1.
- 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 IAA Shipper's Nomination for an hour in a Gas Day where IUK has reduced the IAA 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 aggregate Nominations of IUK Shippers exceed, or are predicted to exceed, the physical capability of the Transportation System 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**"), 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 IAA Shippers to offer Registered Capacity for Buy-back on the Bulletin Board on the IUK Information System and the IUK website.
- 3.1.3 IAA Shippers may offer on the IUK Information System to release 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 response to the information published by IUK in accordance with this paragraph 3.1.
- 3.1.4 (a) An IAA Shipper shall specify in an offer on the IUK Information System to release Entry Capacity:
- (i) the Entry Point;
 - (ii) the quantity of Entry Capacity offered;
 - (iii) the minimum quantity of Entry Capacity for which the IAA Shipper is willing to have the offer accepted;
 - (iv) the unit price, which the IAA Shipper wishes to be paid for the offered Entry Capacity; and
 - (v) such other information as IUK may require.

- (b) An IAA Shipper shall specify in an offer on the IUK Information System to release Exit Capacity:
 - (i) the Exit Point;
 - (ii) the quantity of Exit Capacity offered;
 - (iii) the minimum quantity of Exit Capacity which the IAA Shipper is willing to have the offer accepted;
 - (iv) the unit price, which the IAA Shipper wishes to be paid in respect of the offered Exit Capacity;
 - (v) such other information as IUK may require.
- 3.1.5 An IAA Shipper's offer to release 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 Capacity may not be withdrawn after the Offer Deadline.
- 3.1.7 IUK shall reject an IAA Shipper's offer to release:
- (a) Entry Capacity or Exit Capacity where any requirement of paragraph 3.1.4 is not complied with;
 - (b) Entry Capacity where the amount of Entry Capacity offered exceeds the amount of the IAA Shipper's Registered Capacity at the relevant Entry Point;
 - (c) Exit Capacity where the amount of Exit Capacity offered exceeds the amount of the IAA Shipper's Registered Capacity at the relevant Exit Point.
- 3.1.8 After the Offer Deadline expires, IUK shall rank all offers received from IAA 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 Section F paragraph 7.1.

3.1.9 By one (1) hour after the Offer Deadline, IUK will accept Buy-back Offers in accordance with paragraph 3.1.8, and each IAA 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 IAA Shippers whose Buy-back Offers were not accepted.

3.1.10 IUK shall reduce Registered Capacity in respect of those IAA Shippers' whose Buy-back Offers IUK has accepted in accordance with paragraph 5.3 (f) of Section B.

3.1.11 An IAA Shipper agrees, by submitting an offer to release Capacity, to release in exchange for payment (the "**Buy-back Payment**"), such Entry Capacity or Exit Capacity accepted by IUK in respect of such offer in accordance with this paragraph 3.1 and to reduce its Entry Nomination or Exit Nomination accordingly.

3.1.12 If the IAA Shipper does not submit Renominations to reflect the reduction in its Registered Capacity then IUK will adjust that IAA Shipper's Confirmed Nomination Quantities accordingly to reflect its reduced Registered Capacity.

3.2 **Forced Buy-back**

3.2.1 Where IUK determines one or more of the following circumstances exists (a "**Forced Buy-back Requirement**"):

- (a) the quantity of Registered Capacity offered and accepted pursuant to paragraph 3.1 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;
- (d) IUK shall buy back Registered Capacity in accordance with paragraph 3.2.2 ("**Forced Buy-back**") to satisfy the Forced Buy back Requirement.

3.2.2 IUK shall reduce the Registered Capacity of IAA 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).

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

4. Miscellaneous

4.1 Information and Nominations

4.1.1 Each IAA Shipper agrees that IUK is not liable for any error or inaccuracies in information supplied by other IAA 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 IAA 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 an IAA 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 required by IUK to undertake matching.

4.1.6 Each IAA 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 Nomination is not submitted by an IAA Shipper or is not matched in accordance with paragraph 2.1, neither IUK nor such IAA 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, COMPRESSOR ELECTRICITY AND SHRINKAGE

1. Allocation of Natural Gas and Steering Differences

1.1 Paragraphs 1 to 3 set out how an IAA Shipper's Confirmed Nomination Quantities (as determined by IUK under Section C) are allocated.

1.2 IUK shall manage the flow of Natural Gas at each Connection Point based on operational requirements and the difference between:

- (a) the sum of the Confirmed Nomination Quantities for all IUK Shippers for Entry at a Connection Point; and
- (b) the sum of Confirmed Nomination Quantities for all IUK Shippers for Exit at a Connection Point

(the "**Net Aggregate Confirmed Nomination Quantity**").

1.3 Where there is a difference, for an hour in Gas Day D between the Net Aggregate Confirmed Nomination Quantities of IAA Shippers and the Quantities of Natural Gas measured at a Connection Point, a ("**Steering Difference**"), IUK shall manage such Steering Difference as provided in this Section D.

1.4 For each Connection Point, IUK and the Adjacent TSO have agreed to implement an operational balancing agreement (an "**OBA**") that IUK and the Adjacent TSO will use to manage Steering Differences except in exceptional circumstances where IUK and the Adjacent TSO determine that the OBA does not apply. The OBA for a Connection Point will form part of the Interconnection Agreement in respect of such Connection Point between IUK and the Adjacent TSO.

2. Allocation where an OBA applies

2.1 Where an OBA applies between IUK and the Adjacent TSO and Confirmed Nomination Quantities have been determined for an IAA Shipper by IUK under Section C in respect of each hour on Gas Day D, an IAA Shipper's:

- (a) 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) Exit Allocations for an Exit Point are equal to its Confirmed Nomination Quantities at that Exit Point for that hour in Gas Day D.

3. Allocation where an OBA does not apply

3.1 In exceptional circumstances where IUK is not able to allocate Confirmed Nomination Quantities to an IAA Shipper under paragraph 2 for each hour on Gas Day D (including without limitation due to an OBA not applying, as may be determined under the Interconnection Agreement), an IAA Shipper's Allocations for each hour on Gas Day D are as follows:

- (a) at a Connection Point where the Commercial Direction is Entry:
 - (1) the Exit Allocations of an IAA Shipper for which IUK has determined Confirmed Nomination Quantities under Section C are equal to its Confirmed Nomination Quantities for the relevant Exit Point; and
 - (2) the Entry Allocations of an IAA Shipper for which IUK has determined Confirmed Nomination Quantities under Section C are equal to the sum of the Quantities of Natural Gas measured as delivered at the Entry Point and the Exit Allocations under paragraph 3.1(a)(i), multiplied by the ratio of the IAA Shipper's Confirmed Nomination Quantities at the relevant Entry Point to the aggregate of all IUK Shippers' Confirmed Nomination Quantities at the relevant Entry Point.
- (b) at a Connection Point where the Commercial Direction is Exit:
 - (i) the Entry Allocations of an IAA Shipper for which IUK has determined Confirmed Nomination Quantities under Section C are equal to its Confirmed Nomination Quantities for the relevant Entry Point; and
 - (ii) the Exit Allocations of an IAA Shipper for which IUK has determined Confirmed Nomination Quantities under Section C are equal to the sum of the Quantities of Natural Gas measured as redelivered at the Exit Point and the Entry Allocations under paragraph 3.1(b)(i), multiplied by the ratio of the IAA Shipper's Confirmed Nomination Quantities at the relevant Exit Point to the aggregate of all IUK Shippers' Confirmed Nomination Quantities at the relevant Exit Point.

4. Allocation of Fuel Gas, Compressor Electricity and Shrinkage

4.1 Fuel Gas

4.1.1 Fuel Gas that is used for the operation of:

- (a) compressors at Bacton when the Commercial Direction at the Bacton Connection Point is Entry;
- (b) heaters at Zeebrugge when the Commercial Direction at the Zeebrugge Connection Point is Exit; or
- (c) heaters at Bacton when the Commercial Direction at the Bacton Connection Point is Exit;

is allocated during the Initial Period as described in paragraph 4.1.2 and after the Initial Period as described in paragraph 4.1.3 ("**Fuel Gas Allocation**").

4.1.2 During the Initial Period, use of Fuel Gas shall be allocated to an IAA Shipper for each hour on Gas Day D as follows:

- (a) if used as described in paragraph 4.1.1 (a), in the proportion its Entry Allocations bears to the aggregate of all IUK Shippers' Entry Allocations;

- (b) if used as described in paragraphs 4.1.1 (b) or 4.1.1 (c), in the proportion its Exit Allocations bears to the aggregate of all IUK Shippers' Exit Allocations;

and such IAA Shipper shall pay Fuel Gas charges in accordance with Section F paragraph 9.1.

- 4.1.3 After the Initial Period, the allocation of Fuel Gas to an IAA Shipper for each hour on Gas Day D shall be calculated as its Entry Allocations multiplied by the factor for Fuel Gas as notified by IUK ("**Fuel Gas Factor**").

4.2 Compressor Electricity

- 4.2.1 Compressor Electricity that is used in the operation of the Transportation System at Zeebrugge is allocated to IAA Shippers for the Initial Period as described in paragraph 4.2.2 and after the Initial Period as described in paragraph 4.2.3 ("**Compressor Electricity Allocation**").

- 4.2.2 During the Initial Period, the Compressor Electricity Allocation of an IAA Shipper for each hour on Gas Day D will be calculated in the proportion its Entry Allocations bears to the aggregate of all IUK Shippers' Entry Allocations.

- 4.2.3 After the Initial Period, the Compressor Electricity Allocation of an IAA Shipper for each hour on Gas Day D will be calculated as its Entry Allocations multiplied by the factor for Electricity IUK has specified as applicable ("**Electricity Factor**").

4.3 Shrinkage

- 4.3.1 The allocation of Shrinkage to an IAA Shipper for Gas Day D ("**Shrinkage Allocation**") shall be calculated as its Entry Allocations for each hour on Gas Day D multiplied by the factor for Shrinkage IUK has specified as applicable ("**Shrinkage Factor**").

5. Reporting by IUK

5.1 Gas Day D Information

IUK shall notify each IAA Shipper of its Entry Allocations and Exit Allocations on Gas Day D:

- (a) for the latest hour on Gas Day D that allocation took place preceding the hour during which IUK makes such notification; 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).

5.2 Daily Reports

IUK shall before 08.00 hours (UKT) / 09.00 hours (CET) on Gas Day D+1 provide each IAA 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) its Fuel Gas Allocation for that Gas Day;

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

5.3 Monthly Reports

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

- (a) the IAA Shipper's Entry Allocations at each relevant Entry Point;
- (b) the IAA Shipper's Exit Allocations at each relevant Exit Point;
- (c) the IAA Shipper's Fuel Gas Allocation;
- (d) the IAA Shippers' Compressor Electricity Allocation; and
- (e) the flow weighted average Gross Calorific Value and Wobbe Index of the Quantities Natural Gas delivered by that IAA 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 An IAA Shipper shall ensure that its Intended Inputs and Intended Outputs are balanced in each hour of Gas Day D and for the purpose of this paragraph 1.1.1:

- (a) an IAA 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;
- (b) an IAA 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 An IAA 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 An IAA 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);
- (b) the aggregate of any Trade Notification Quantities in respect of Natural Gas in the Transportation System it transferred to another IAA Shipper;
- (c) its Shrinkage Allocation; and
- (d) after the Initial Period, its Fuel Gas Allocation;

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

2. Balancing Calculation

2.1 Where, in exceptional circumstances (including without limitation due to an OBA not applying, as may be determined under the relevant Interconnection Agreement) there is a difference between an IAA Shipper's Inputs to and Outputs from the Transportation System for an hour on Gas Day D ("**Imbalance**"), the remainder of this paragraph 2 and paragraph 3 shall apply.

- 2.2 IUK shall calculate the “**Daily Imbalance**” of an IAA Shipper as the sum of the Imbalances for all of the hours in Gas Day D.
- 2.3 An “**Allowed Tolerance**” is a tolerance limit that IUK may apply to an IAA Shipper’s Daily Imbalance that is determined by IUK (acting reasonably) and notified to all IAA Shippers. IUK may vary the Allowed Tolerance by notifying IAA Shippers of the varied Allowed Tolerance.
- 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 The Daily Imbalance of an IAA Shipper is positive where the sum of:
- (a) its Inputs for Gas Day D; and
 - (b) the Daily Imbalance (if positive) carried forward from Gas Day D-1 and any preceding Gas Days;
- exceeds the following:
- (i) the sum of its Outputs on Gas Day D; and
 - (ii) the Allowed Tolerance;
- (“**Positive Imbalance**”).
- 2.6 The Daily Imbalance of an IAA Shipper is negative where the sum of:
- (a) its Outputs for Gas Day D; and
 - (b) the Daily Imbalance (if negative) carried forward from Gas Day D-1 and any preceding Gas Days;
- exceeds the following:
- (i) the sum of its Inputs on Gas Day D; and
 - (ii) the Allowed Tolerance;
- (“**Negative Imbalance**”).
- 3. Balancing Charges**
- 3.1 A “**Balancing Charge**” means the charge payable:
- (a) to an IAA Shipper by IUK in respect of a Positive Imbalance; or
 - (b) by an IAA Shipper to IUK in respect of a Negative Imbalance.
- 3.2 A Balancing Charge IUK is to pay to an IAA Shipper will be calculated in accordance with Section F paragraph 8. Where IUK pays the IAA Shipper such Balancing Charge, the IAA Shipper’s Positive Imbalance shall be reduced by the Positive Imbalance used in the calculation of the Balancing Charge.

3.3 A Balancing Charge an IAA Shipper is to pay IUK, will be calculated in accordance with Section F paragraph 8. Where IUK receives the Balancing Charge payment from the IAA Shipper, the IAA Shipper's Negative Imbalance shall be reduced by the Negative Imbalance used in the calculation of the Balancing Charge.

4. Trade Notifications

4.1 An IAA 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 an IAA Shipper to transfer its rights to a specified Quantity of Natural Gas within the Transportation System to another IAA Shipper.

4.3 An "**Acquiring Trade Notification Request**" is a request from an IAA Shipper to acquire by way of transfer the rights of another IAA Shipper to a specified Quantity of Natural Gas within the Transportation System.

4.4 "**Trade Notification Quantities**" are the Quantities of Natural Gas for transfer specified in a Disposing Trade Nomination Request or an Acquiring Trade Notification Request.

4.5 The IAA 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 when the transfer is to be effective ("**Trade Notification**").

4.6 An IAA Shipper may submit a Trade Notification irrespective of whether the IAA 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 an IAA Shipper in relation to Natural Gas

5.1 An IAA 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 An IAA 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.

SECTION F CHARGING

1. Charges, Payments and Rebates

1.1 This Section F sets out the Charges an IAA Shipper is to pay IUK and any payments made or rebates applied by IUK in respect of an IAA Shipper. The values of such Charges shall be set out in the IUK Charging Methodology Statement.

2. IUK Charging Methodology Statement

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

- (a) Initial Registration Fee;
- (b) Monthly Administration Fee;
- (c) IUK Reserve Prices under Capacity Auctions (and any relevant Indexation Factor);
- (d) values that are to apply in an ascending clock Capacity Auction;
- (e) Maximum Buy-back Price;
- (f) Forced Buy-back Price;
- (g) Maximum Deficit;
- (h) Net Revenue Share (expressed as a percentage) for a Gas Year;
- (i) Electricity Unit Cost.

2.2 IUK shall, in accordance with its Interconnector Licence, review and make any amendments to the IUK Charging Methodology further to consultation with IUK Shippers and approval of Regulators.

3. Initial Registration Fee and Monthly Administration Fee

3.1 The “**Initial Registration Fee**” is the fee an IAA Shipper must pay to IUK before such IAA Shipper may access the IUK Information System and be eligible to acquire Offered Capacity and hold Registered Capacity pursuant to Section B.

3.2 The “**Monthly Administration Fee**” is the fee that an IAA Shipper must pay to IUK to cover administration costs.

4. Monthly Charge

4.1 An IAA 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 during which Entry Capacity Charges or Exit Capacity Charges are payable);
 - (b) the Monthly Administration Fee;
 - (c) the total Entry Capacity Charges for the Gas Days in that Month calculated in accordance with paragraph 5;
 - (d) the total Exit Capacity Charges for the Gas Days in that Month calculated in accordance with paragraph 5;
 - (e) the total Balancing Charges for the Gas Days in that Month where the IAA Shipper has a Negative Imbalance in accordance with Section E paragraph 2.1.6;
 - (f) the total Fuel Gas Charges for the Gas Days in that Month calculated in accordance with paragraph 9.1; and
 - (g) the total Monthly Electricity Charges calculated in accordance with paragraph 9.2;
 - (h) any other amounts payable under a Capacity Transaction or this Agreement;
- less the sum of
- (i) the total Re-allocated Capacity Payments for the Gas Days in that Month in accordance with paragraph 6;
 - (j) the total Buy-back Payments for the Gas Days in that Month calculated in accordance with paragraph 7, and
 - (k) the total Balancing Charges for the Gas Days in that Month where the IAA Shipper has a Positive Imbalance in accordance with Section E paragraph 2.1.5,
 - (l) any reduction in the Entry Capacity Charges or Exit Capacity Charges for the Gas Days in that Month due to Lost Capacity calculated in accordance with Section I paragraph 2.4;
 - (m) any reduction in the Entry Capacity Charges or Exit Capacity Charges due to Force Majeure as provided under Clause 5.6 of Appendix A to the IUK Access Agreement;
 - (n) any reduction in the Entry Capacity Charges or Exit Capacity Charges due to Excess Maintenance Days under Section I, paragraph 4.5;
 - (o) any reduction in the Entry Capacity Charges or Exit Capacity Charges under Section H, paragraph 2.3;
 - ~~(p)~~ the total Sold Back Capacity Payments for Gas Days in that Month calculated in accordance with paragraph 11;
 - ~~(q)~~ any other rebates to be applied in respect of a Capacity Transaction or this Agreement.

- 4.3 All amounts contained in the Monthly Charge are exclusive of any VAT which may be chargeable on such amounts. The IAA Shipper shall be liable to pay any VAT chargeable on such amounts specified in the Monthly Charge to which VAT applies.

5. Capacity Charges

- 5.1 Subject to any revision in respect of an Annual Capacity Product under paragraph 5.3, the **“Entry Capacity Charge”**:

- (a) where an IAA Shipper has been allocated Entry Capacity under a Capacity Auction is an amount equal to the amount of allocated Entry Capacity multiplied by:
 - (i) where the Capacity Auction was an ascending clock auction for Bundled Capacity, the sum of the IUK Reserve Price and the IUK Auction Premium (if any); or
 - (ii) for any other Capacity Auction, the JBP Clearing Price;
- (b) where an IAA Shipper has been allocated Entry Capacity under a Subscription Process, is an amount equal to the allocated Entry Capacity multiplied by the SP Clearing Price ;
- (c) where an IAA Shipper has been allocated Entry Capacity by Overnomination, is an amount equal to allocated Entry Capacity multiplied by the applicable reserve price;
- (d) where an IAA Shipper has obtained Entry Capacity under a Capacity Assignment, is an amount equal to the price that applies to such Assigned Capacity multiplied by the amount of Assigned Capacity.

- 5.2 Subject to any revision in respect of an Annual Capacity Product under paragraph 5.3, the **“Exit Capacity Charge”**:

- (a) where an IAA Shipper has been allocated Exit Capacity under a Capacity Auction is an amount equal to is the amount of allocated Exit Capacity multiplied by:
 - (i) where the Capacity Auction was an ascending clock auction for Bundled Capacity, the sum of the IUK Reserve Price and the IUK Auction Premium (if any); or
 - (ii) for any other Capacity Auction, the JBP Clearing Price;
- (b) where an IAA Shipper has been allocated Exit Capacity under a Subscription Process, is an amount equal to the allocated Exit Capacity multiplied by the SP Clearing Price;
- (c) where an IAA Shipper has been allocated Exit Capacity by Overnomination, is an amount equal to the allocated Exit Capacity multiplied by the applicable reserve price;
- (d) where an IAA Shipper has obtained Exit Capacity under a Capacity Assignment is an amount equal to the price that applies to such Assigned Capacity multiplied by the amount of the Assigned Capacity.

- 5.3 IUK shall, in each Gas Year after the Gas Year in which an Annual Capacity Product is allocated, review the Entry Capacity Charge or the Exit Capacity Charge (as the case may be) for an Annual Capacity Product for each Gas Year Y in the Capacity Period before the start of that Gas Year Y and:
- (a) the Entry Capacity Charge for an Annual Capacity Product for Gas Year Y shall be the greater of:
 - (i) the Entry Capacity Charge determined under paragraph 5.1; and
 - (ii) the product of the Entry Capacity Charge for Gas Year Y-1 and the Indexation Factor for Gas Year Y;
 - (b) the Exit Capacity Charge for an Annual Capacity Product for Gas Year Y shall be the greater of:
 - (i) the Entry Capacity Charge determined under paragraph 5.2; and
 - (ii) the product of Exit Capacity Charge for Gas Year Y-1 and the Indexation Factor for Gas Year Y.

6. Re-allocated Capacity Payments

- 6.1 Where IUK receives payment for Re-Allocated Capacity from the IAA Shipper holding such Re-Allocated Capacity for a Month, IUK will pay to or apply a rebate ("**Re-allocated Capacity Payment**") to the IAA Shipper that was registered as holding such Capacity before its re-allocation for the following Month of an amount equal to:
- (a) the Re-allocated Capacity multiplied by the applicable price determined by IUK for the Offered Capacity under the relevant Allocation Mechanism;
- or
- (b) where the Re-allocated Capacity is LTUIOLI Capacity, the lower of:
 - (i) the LTUIOLI Capacity multiplied by the applicable price determined by IUK for the Offered Capacity under the relevant Allocation Mechanism; and
 - (ii) the Entry Charge or the Exit Charge that would have been payable by the Surrendering Shipper for the Re-allocated Capacity.

7. Buy-back Payments

- 7.1 For each Gas Day that IUK has bought back Capacity from an IAA Shipper pursuant to Section C paragraph 3, IUK shall pay to the IAA Shipper a Buy-back Payment equal to:
- (a) where IUK has selected a Buy-back Offer pursuant to Section C paragraph 3, 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 an IAA 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 an IAA Shipper has a Positive Imbalance the Balancing Charge payable to it by IUK is calculated as the value of the Positive Imbalance multiplied by the Positive Imbalance Daily Gas Price.
- 8.2 On any Gas Day on which an IAA Shipper has a Negative Imbalance the Balancing Charge payable to IUK is calculated as the value of the Negative Imbalance multiplied by the Negative Imbalance Daily Gas Price.

9. Fuel Charges and Electricity Charges

9.1 Fuel Gas

- 9.1.1 During the Initial Period in respect of any Gas Days during a Month on which there is a Fuel Gas Allocation to an IAA Shipper in accordance with paragraph 4.1 of Section D, an IAA Shipper shall pay to IUK a Fuel Gas Charge calculated as an amount equal to the Negative Imbalance Daily Gas Price multiplied by the Fuel Gas Allocation of the IAA Shipper on that Gas Day.
- 9.1.2 After the Initial Period, no Fuel Gas Charges apply.

9.2 Electricity Charges

9.2.1 During the Initial Period:

- (a) before the first day of a Gas Year Y, IUK shall notify all IAA Shippers of its best estimate of the cost of electricity expressed as an amount in Euro/kWh based on historical reverse flowrate data, forecast information concerning reverse flowrates for that Gas Year, the costs for the supply to IUK of Compressor Electricity and any other available and relevant information ("**Estimated Compressor Electricity Unit Cost**");
- (b) an IAA Shipper shall pay a Monthly Electricity Charge to IUK that is an amount (in Euros) equal to the Estimated Compressor Electricity Unit Cost multiplied by the total Compressor Electricity Allocations of that IAA Shipper in that Month;
- (c) as soon as is reasonably practicable after IUK receives all relevant invoices and data relating to the supply of Compressor Electricity after the end of a Gas Year Y, IUK shall calculate the actual cost of electricity for Gas Year Y, expressed in Euro/kWh, based on the actual total consumption of Compressor Electricity and the actual total Compressor Electricity Costs provided that the Actual Compressor Electricity Unit Cost shall not be greater than one hundred and fifteen percent (115%) of the Estimated Compressor Electricity Unit Cost ("**Actual Compressor Electricity Unit Cost**");
- (d) IUK shall further to sub-paragraph (c), calculate for Gas Year Y:
- (i) the aggregate amount of all Monthly Electricity Charge payments made by an IAA Shipper to IUK ("**Annual Electricity Charge Payment**"); and

- (ii) the aggregate amount of all Monthly Electricity Charge payments that would have been made by an IAA Shipper to IUK in respect of each Month during Gas Year Y had the Monthly Electricity Charge payments of that IAA Shipper been calculated and paid by reference to the Actual Compressor Electricity Unit Cost (rather than the Estimated Compressor Electricity Unit Cost) ("**Adjusted Annual Electricity Charge Payment**");
- (e) IUK shall send each IAA Shipper a copy of calculations made under sub-paragraph (d) in respect of its Monthly Electricity Charge (together with reasonable supporting details);
- (f) Where for Gas Year Y:
 - (i) the Annual Electricity Charge Payment paid by an IAA Shipper exceeds the Adjusted Annual Electricity Charge Payment calculated in respect of such IAA Shipper, IUK shall pay the difference between the Annual Electricity Charge Payment and the Adjusted Annual Electricity Charge Payment to such IAA Shipper or apply a rebate for the amount of such difference; or
 - (ii) the Adjusted Annual Electricity Charge Payment calculated in respect of an IAA Shipper exceeds the Annual Electricity Charge Payment paid by such IAA Shipper, the IAA Shipper shall pay the difference between the Adjusted Annual Electricity Charge Payment and the Annual Electricity Charge Payment to IUK;

together with interest on the amount specified in sub paragraph (i) or (ii) calculated as the aggregate of interest for each period from the due date for each successive Monthly Electricity Charge in Gas Year Y until payment of such amount at a rate equal to the aggregate of Euro LIBOR plus two per cent (2%).

- 9.2.2 After the Initial Period, an IAA Shipper shall pay to IUK a Monthly Electricity Charge in respect of any Gas Days during a Month that a Compressor Electricity Allocation is made to the IAA Shipper as equal to the IAA Shipper's Compressor Electricity Allocation on each Gas Day multiplied by the cost of electricity ("**Electricity Unit Cost**") IUK has specified as applicable.

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 IAA Shippers of Offered Capacity made available from oversubscription 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 Section C paragraph 3.2.
- 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 determine the amount of that balance using the Net Revenue Share that will be distributed amongst all IUK Shippers pro-rata to each IUK Shipper's share of the total flows of Natural Gas in Gas Year Y at an Entry Point or an Exit Point and the invoice issued by IUK to the IAA Shipper

immediately following such determination shall reflect the pro-rated share for such IAA Shipper.

11. Sold Back Capacity

11.1 For each Gas Day that IUK has bought back Capacity from an IAA Shipper pursuant to Section B paragraph 9, IUK shall pay to the IAA Shipper a Sold Back Capacity Payment in respect of such Sold Back Capacity.

SECTION G MEASUREMENT, SAMPLING AND ANALYSIS

1. Design of Measurement Facilities

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 determined by flow meters for such Entry Point or Exit Point with a determination of density at meter conditions from direct measurement or from measured temperature, measured pressure, on-line analysis and determination of Gross Calorific Value and standard density from on-line analysis.

2. Location and Identification of 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 from the NTS or the redelivery of Natural Gas at Bacton Exit Point to the NTS.

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 to the Fluxys Transmission System at the Zeebrugge Exit Point or the delivery of Natural Gas from the Fluxys Transmission System at the Zeebrugge Entry Point and IUK shall have no responsibility for such facilities or any errors or inaccuracies in the readings taken from them.

2.3 Fuel Gas Measurement Facilities

Fuel Gas consumption for compressor operation at Bacton will be measured by IUK. Fuel Gas consumption in heaters at Bacton and Zeebrugge will be estimated by IUK.

2.4 Compressor Electricity Measurement Facilities

Facilities for the measurement of Compressor Electricity consumed by IUK at Zeebrugge, are those operated by or on behalf of the Belgian electricity transmission system operator and IUK shall have no responsibility for such facilities or any errors or inaccuracies in the readings taken from them.

3. Maintenance and Calibration

3.1 The Bacton Measurement Facilities shall be maintained in accordance with applicable Governmental Authority requirements, applicable codes and standards and manufacturer's specifications to ensure that measurement accuracy is maintained within the appropriate tolerance limits.

- 3.2 Tolerance limits for measurement equipment comprised in the Bacton Measurement Facilities shall be set on the basis of Governmental Authority requirements, manufacturer's specifications, applicable codes and standards and operational experience.
- 3.3 Calibration tests of the measurement equipment comprised in the Bacton Measurement Facilities shall be made at such intervals as IUK determines are reasonably needed to ensure that such equipment remains within the above tolerance limits.
- 3.4 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 the Parties 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 the Parties, 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 is undertaken.

4.2 Adjustment to allocation of Natural Gas

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 Section D paragraph 3, and the error requires adjustments to the Entry Allocations or Exit Allocations of IAA Shippers, IUK shall:
 - (i) recalculate any Balancing Charges due in respect of affected Gas Day(s); and
 - (ii) recover any underpayment from or and apply a rebate in respect of an overpayment to IAA Shipper(s) accordingly in the next invoice issued to the relevant IAA Shipper(s) following such recalculation.

5. Sampling and Analysis

For all Quantities of Natural Gas delivered at an Entry Point and redelivered at an Exit Point, composition shall be measured by on-line gas chromatography for determination of density at line conditions, density at normal conditions and Gross Calorific Value.

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 IAA 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 IAA Shipper at any Entry Point which does not comply with the Specification, the IAA Shipper shall notify IUK or cause IUK to be notified of such non-compliance as soon as the IAA 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 to accept Natural Gas made available by the IAA 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 accept such Natural Gas, IUK shall use its reasonable endeavours to accept such Natural Gas if it is satisfied that neither IUK nor other IUK Shippers will be adversely affected. IUK shall promptly inform the IAA Shipper of any decision taken by it either to shut off or to accept such non-complying Natural Gas pursuant to paragraph 1.3 or paragraph 1.4.
- 1.5 If Natural Gas is made available by the IAA Shipper at any Entry Point which does not comply with the Specification:
 - (a) during the Initial Period the indemnity under Clause 7.1 of Appendix A of the IUK Access Agreement applies; and
 - (b) after the Initial Period, the indemnity under Clause 7.4 of Appendix A of the IUK Access Agreement applies.
- 1.6 (a) Following the delivery to IUK of any Natural Gas made available by an IUK Shipper at an Entry Point which does not comply with the Specification, IUK shall promptly notify each IAA Shipper with Confirmed Nomination Quantities in respect of the period during which such incident occurred of:
 - (i) the Quantities of Natural Gas which it requires each such IAA 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 IAA Shipper to replace at the Entry Point;
 - (iii) the Nominations or Renominations IUK requires such each such IAA 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 IAA 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 IAA Shipper that submitted Nominations in respect of the period during which such incident occurred of the Nominations or Renominations IUK requires the IAA Shippers to submit and any other actions IUK requires such IAA Shippers to take to support any cleaning and clearing operations; and
 - (ii) may request each IAA 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 IAA 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 IAA Shippers of any actions it requires such IAA Shippers to take to support such measures.
- (d) Where an IAA Shipper does not comply with IUK's notice under paragraphs 1.6(a), 1.6(b)(i) or 1.6(c), IUK shall make such arrangements as appropriate to take such action on the IAA 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 IAA Shipper and all other IUK 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 IAA Shipper and all other IUK 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 IAA 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 IUK Shipper at all Entry Points complies with the Specification, IUK, as soon as it becomes aware of the situation, shall notify the IAA Shipper of such deviation and the IAA Shipper shall have the right to refuse to accept such Natural Gas at that Exit Point and shall have the right to shut off such Natural Gas. The IAA Shipper shall immediately notify IUK of its intention to exercise such rights.

- 2.3 If in accordance with paragraph 2.2 the IAA 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 IAA 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).
- 2.4 The “**Failed Delivery Quantity**” is the total Quantity of Natural Gas which is made available by the IAA Shipper and accepted by IUK at the relevant Entry Point but which IUK determines has not been made available at the relevant Exit Point.
- 2.5 If the IAA Shipper accepts Natural Gas made available by IUK at the Exit Point which does not comply with the Specification where the Natural Gas made available by the IAA Shipper and all other IUK Shippers complies with the Specification that applies at all Entry Points, the indemnity in Appendix A Clause 7.2 of the IUK Access Agreement applies.

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 IAA Shippers of the changes to the Specification proposed by IUK.
- 3.2 Notwithstanding paragraph 3.1, 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	10.81*	12.39
Wobbe Index	kWh/Nm ³	13.82	15.07
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

- * Subject to IAA 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 an IAA 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 IAA 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 reduced availability 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 quantity 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 IUK 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 the available capability of the Transportation System. Such reduction shall be based on the time of allocation of such Registered Capacity to the IUK Shippers from the most recent in time to the earliest in time.

1.4 Where IUK gives an Interruption Notice to an affected IAA Shipper, such IAA Shipper shall submit to IUK no later than one (1) hour after the start of the hour immediately following the time such Interruption Notice is given, a Renomination 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 Where the affected IAA Shipper fails to submit the Renomination referred to in paragraph 1.4, IUK shall notify such IAA Shipper of the revised hourly Confirmed Nomination Quantities of such IAA Shipper at the Entry Point or Exit Point in accordance with the matching process as described in Section C paragraph 2.1.5 if necessary.

1.6 IUK may submit to the IAA Shipper a revised Interruption Notice at any time before the end of the Interruption.

2. Transportation System Constraints

2.1 If IUK notifies IAA Shippers holding Registered Capacity at any time 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 (“**Transportation System Constraint**”) IUK shall notify such IAA Shippers:

- (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, IUK shall first interrupt all of an IAA Shipper’s Interruptible Registered Capacity in accordance with paragraph 1.

2.3 Where the interruption of Interruptible Registered Capacity in accordance with paragraph 2.2 does not achieve a reduction in flow to the Maximum Constrained Quantity, for each hour of the Gas Day during which IUK is unable in accordance with IUK 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.

2.4 If on any Gas Day the difference between:

- (a) the lower of IAA Shipper’s Firm Registered Capacity and the IAA Shipper’s Confirmed Nomination Quantities (where not reduced under this paragraph 2); and
- (b) the Entry Allocations or Exit Allocations of an IAA 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 IAA Shipper shall only be liable to pay Capacity Charges in respect of its Firm Registered Capacity that is not Lost Capacity.

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 IAA Shippers affected and the reduced Quantities the relevant ATS Shippers will be able to deliver to the IAA

Shippers at the relevant Entry Point or (as the case may be) which the IAA 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, IUK shall as soon as reasonably practicable notify each affected IAA Shipper of the reduced Quantities which that IAA 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 IAA Shipper's Confirmed Nomination Quantities at the relevant Entry Point or Exit Point on that Gas Day.
- 3.4 Paragraph 3.3 shall not affect the right of any affected IAA 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 Contract Year Y, IUK shall notify the IAA Shippers of the proposed number of Maintenance Days during which IUK shall carry out planned maintenance of the Transportation System during Contract 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 IAA Shippers.
- 4.2.3 IUK shall take into account any comments from IAA Shippers on the proposed Annual Planned Maintenance for Contract Year Y+1.
- 4.2.4 IUK shall use its reasonable endeavours to notify the IAA Shippers of the final Annual Planned Maintenance for Contract Year Y+1 by the later of 30 September of Contract Year Y and the date that is thirty (30) days before the first day of the period of Planned Maintenance in Contract 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 IAA 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 IAA Shippers.

4.4 **Maintenance Days**

4.4.1 The total number of days in a Contract 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 Contract Year the ("**Maintenance Days Limit**").

4.4.2 For illustration only, the number of Maintenance Days shall be calculated on a full day equivalent basis meaning that:

- (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, the IAA 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 Contract 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.