

Proposal for Updating Supplemental Agreements

1.0 Objective

The process requires modification and refinement:

- to make it fit for purpose for future use, and also make improvements that will make the review of changes efficient for all operators to process; and
- to incorporate the requirements for tri-partite sites

2.0 Business Rules

- any party can initiate the update process and draft proposed changes;
- any amendments provided must have updated the relevant current version of the supplemental agreement and track changes **must** have been applied so that the other operator(s) can quickly identify the changes made for prompt and an efficient review to take place;
- for tri-partite sites, the initiating or amending party shall assess the impact on the services party and will seek approval for any modifications to the site services (Section 3 within the SA template). Where this occurs, the amending party will provide the written confirmation from the services party that the amendments to site services have been duly reviewed and agreed upon, before submission of the revised SA to the operator.
- the process will apply to all site types;
- other receiving party or parties may require further additional information from the amending party to support to acceptance of the revised supplemental. This is covered by OAD Section N3.3.

3.0 Outstanding Issues

- The current arrangements in OAD Section N2 and N3 need to be revised so that they are clear and less unambiguous.
- OAD Section N3 will require updating:
 - To reflect that Supplemental Agreements are in place for both offtakes and Shared Sites
 - The timescales in Section N3.3 concerning the processing of revised Supplemental Agreements, need to be reviewed and potentially revised so that they all operators can easily comply with the requirements. This may cover:
 - The inclusion of a draft process;
 - The inclusion of those requirements that must be agreed in the Supplemental Agreement before they are implemented; and
 - Retention of the execution process,
- The detail behind the process steps still needs to be developed however, agreement is required first on the process steps.

- The procedural document covering this process needs to be committed as a subsidiary document. N1.2.1 (**Subsidiary Documents**) will need to be updated as result.
- The requirements stated in Section B1.5.3(b) regarding the timing of when a revised Supplemental Agreement needs to be effective needs to be review and potentially revised as currently it is difficult to adhere to this specific clause due to a timing issue between what happens on site and then ascertaining the relevant information needed for the SA. A pragmatic way forward is required and one that considers the type of work as one size fits all may not be suitable.

4.0 Relevant OAD Requirements

Clauses that trigger an update to a Supplemental Agreements

- A3.2.1 Where a new Offtake is to be established, or any change is to be made in relation to an existing Offtake, the Parties shall enter into a new Supplemental Agreement or (as the case may be) amend the existing Supplemental Agreement in accordance with Sections B1.5.2 and N3.2.
- A3.2.2 In particular, before an LDZ/LDZ Closed Offtake or NTS/LDZ Closed Offtake may cease to be a Closed Offtake, the Parties shall amend the Supplemental Agreement so as to comply (or, as the case may be, enter into a new Supplemental Agreement complying) with the requirements of this Document applicable to LDZ/LDZ Offtakes or NTS/LDZ Offtakes which are not Closed Offtakes.
- A3.2.3 In the event an Offtake ceases to be an Offtake (including a Closed Offtake) and the Offtake Site becomes a Shared Site the Parties shall enter into a Shared Site Agreement so as to comply with the requirements of this Document applicable to Shared Sites.
- B1.5.2 The Parties shall ensure that:
- (a) where a new Offtake is established (or a new Individual Offtake Point is created at an existing Offtake), the Supplemental Agreement includes (or is amended to include) in Appendices A, B, D and E appropriate details (as applicable in accordance with this Section B and Sections D and E, and otherwise as required in the Appendices to the applicable form of Supplemental Agreement in the OAD Template Agreements Document) of the Offtake Site, Connection Facilities, Measurement Equipment and points of telemetry;
 - (b) where any Connection Facilities are altered, replaced or relocated pursuant to paragraphs 2.2 or 3.3 below, appropriate amendments to Appendices B and D of the Supplemental Agreement are made in respect of such alteration, replacement or relocation; and
 - (c) where any Offtake (or Individual Offtake Point) is decommissioned, the Supplemental Agreement is brought to an end or amended by an appropriate amendment relating to such decommissioning.
- B1.5.3 The Supplemental Agreement or amendments thereto required pursuant to paragraph 1.5.2 shall be entered into or (as the case may be) made:
- (a) in relation to a new Offtake (or Individual Offtake Point), no later than (and so as to take effect from) the commissioning of such new Offtake or Individual Offtake Point;
 - (b) in relation to any alteration, replacement or relocation of the Connection Facilities, no later than (and so as to take effect from) the date when such Connection Facilities are first operational as altered, replaced or relocated; and
 - (c) in relation to the decommissioning of any Offtake, no later than (and so as to take effect from) the final cessation of gas flows through that Offtake.
- D1.4.3 In relation to any Offtake, where:

- (a) the Supplemental Agreement permits or provides for a Permitted Range (in relation to any Measurement Equipment) less stringent than is required in Annex D-1; and
- (b) any existing Measurement Equipment at the Offtake is at any time substantially modified or replaced;

the modified or replaced Measurement Equipment shall (notwithstanding the Supplemental Agreement, but subject to paragraph 1.4.4) comply with the applicable Permitted Range specified in Annex D-1, and the Supplemental Agreement shall be amended to reflect such requirement

N10.1.5 Where a new Shared Site is established, or any change is made to an existing Shared Site, the Parties will enter into a new Shared Site Agreement or (as the case may be) amend the existing Shared Site Agreement; and where an Offtake (including a Closed Offtake) is to be established at a Shared Site the Parties shall enter into a Supplemental Agreement.

General condition and process requirements for Supplemental Agreements

General

- N3.1.1 For the purposes of this Document a "**Supplemental Agreement**" is an agreement between the Parties whose Systems are connected at an Offtake, setting out details of that Offtake (as required by this Document).
- N3.1.2 Each Supplemental Agreement shall be in the form in the Part 1 or 2 (for an NTS/LDZ Offtake) or Part 3 (for an LDZ/LDZ Offtake) of the OAD Template Agreements Document or in such other form as the Parties may agree.
- N3.1.3 Subject as provided in this Section N, a Supplemental Agreement shall be treated as forming, as between the Parties to the Agreement, a part of the contractual relationship between the Parties existing pursuant to this Document and the Transporters Framework Agreement.
- N3.1.4 In any Supplemental Agreement (unless it otherwise provides) terms defined in or for the purposes of this Document and not otherwise defined in such Supplemental Agreement shall have the meanings given to such terms in or for the purposes of this Document.

Amendment of Supplemental Agreements

- N3.2.1 A Supplemental Agreement may be amended by agreement of the Parties and not otherwise (save for a Designated Offtake or Non-Designated Offtake which may be amended (limited to amendments to Designated or Non-Designated components) by National Grid NTS if both Parties cannot agree); and accordingly, a Supplemental Agreement shall not be subject to modification pursuant to the Modification Rules (but without prejudice to any modification of any provisions of this Document which apply to or are incorporated into such Supplemental Agreement).
- N3.2.2 The Parties to a Supplemental Agreement are required (by certain provision of this Document) to amend the Supplemental Agreement to reflect and record changes in relation to the Offtake; and undertake to make such amendments promptly and in accordance with this Document.
- N3.2.3 Where any amendment of a Supplemental Agreement is required (pursuant to this Document) to be made with effect from any date, this Document shall take effect in relation to the relevant Offtake as if such amendment had been made notwithstanding any failure or delay in amending such Supplemental Agreement.

Execution and Amendment of Supplemental Agreements

- N3.3.1 Whenever any Parties are required pursuant to this Document to enter into a new Supplemental Agreement, or to amend an existing Supplemental Agreement, unless the Parties otherwise agree:

- (a) the downstream Party shall promptly provide such information (relating to the Offtake) as the upstream Party may request for the purposes of preparing the draft Supplemental Agreement;
- (b) the upstream Party shall, within 10 Business Days after receiving the requested information from the downstream Party, prepare a draft of the Supplemental Agreement or amendment thereof and submit the draft to the downstream Party for the downstream Party's approval;
- (c) the downstream Party shall reply, within 10 Business Days after receiving the draft Supplemental Agreement, either approving the draft or specifying any proposed revision of the draft;
- (d) if the upstream Party does not approve any revisions proposed by the downstream Party, the Parties shall promptly meet with a view to resolving the matter (failing which the matter may be resolved by a determination of either Party with Condition A11(18) Approval.

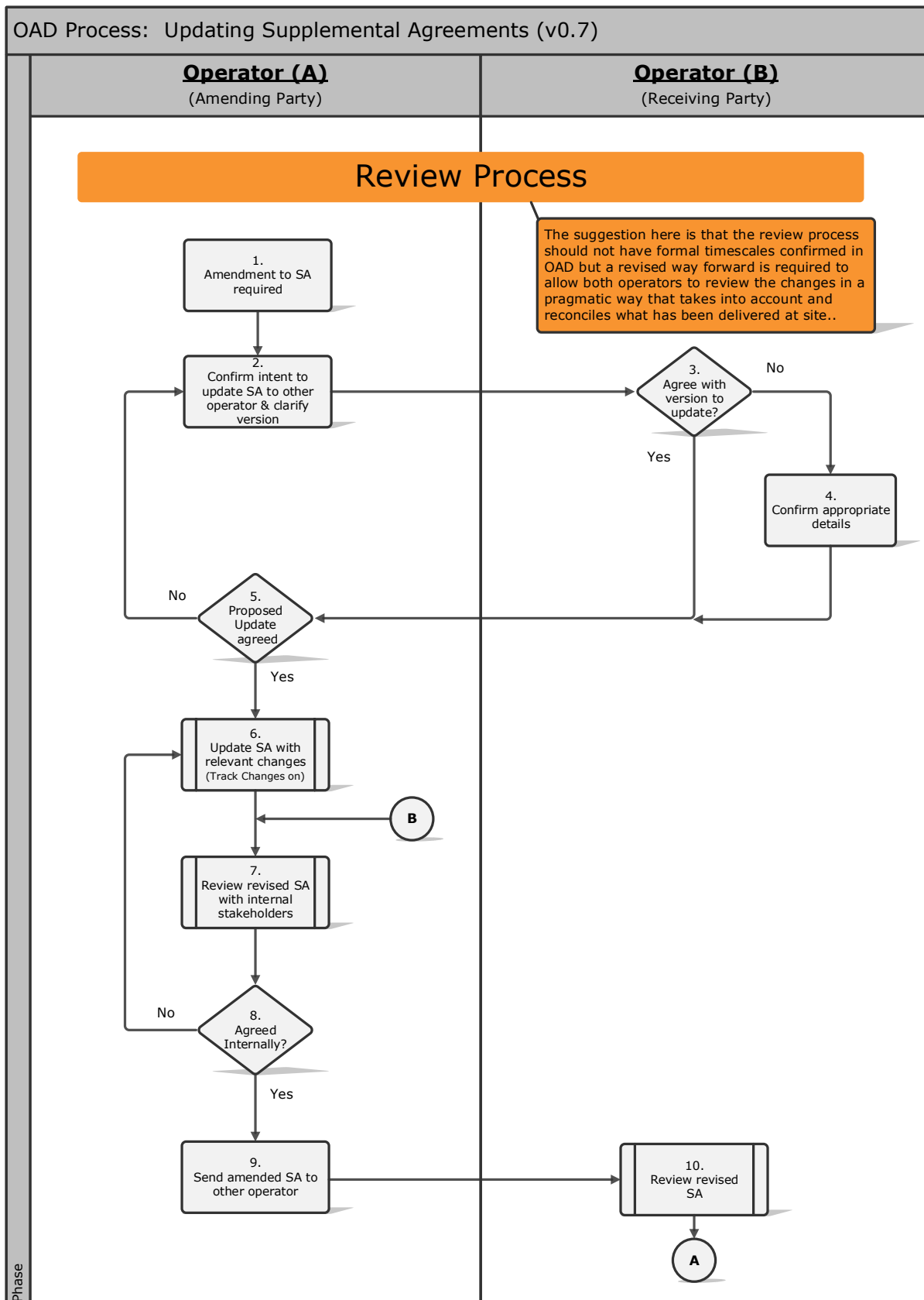
N3.3.2 Following approval by each Party of the draft or revised draft Supplemental Agreement (or resolution of any dispute relating thereto) the upstream Party shall prepare a final version which shall be executed by both Parties.

Modification of form of Supplemental Agreements

N3.4.1 For the avoidance of doubt:

- (a) a Supplemental Agreement is not a part of the Code and may not be modified pursuant to a Code Modification; and
- (b) the forms (in the OAD Template Agreements Document) of the Supplemental Agreement may be modified (or further alternative such forms may be included) pursuant to a decision of the Offtake Committee, but such modification shall have no effect as respects any Supplemental Agreement entered before such modification.

5.0 Revised Process

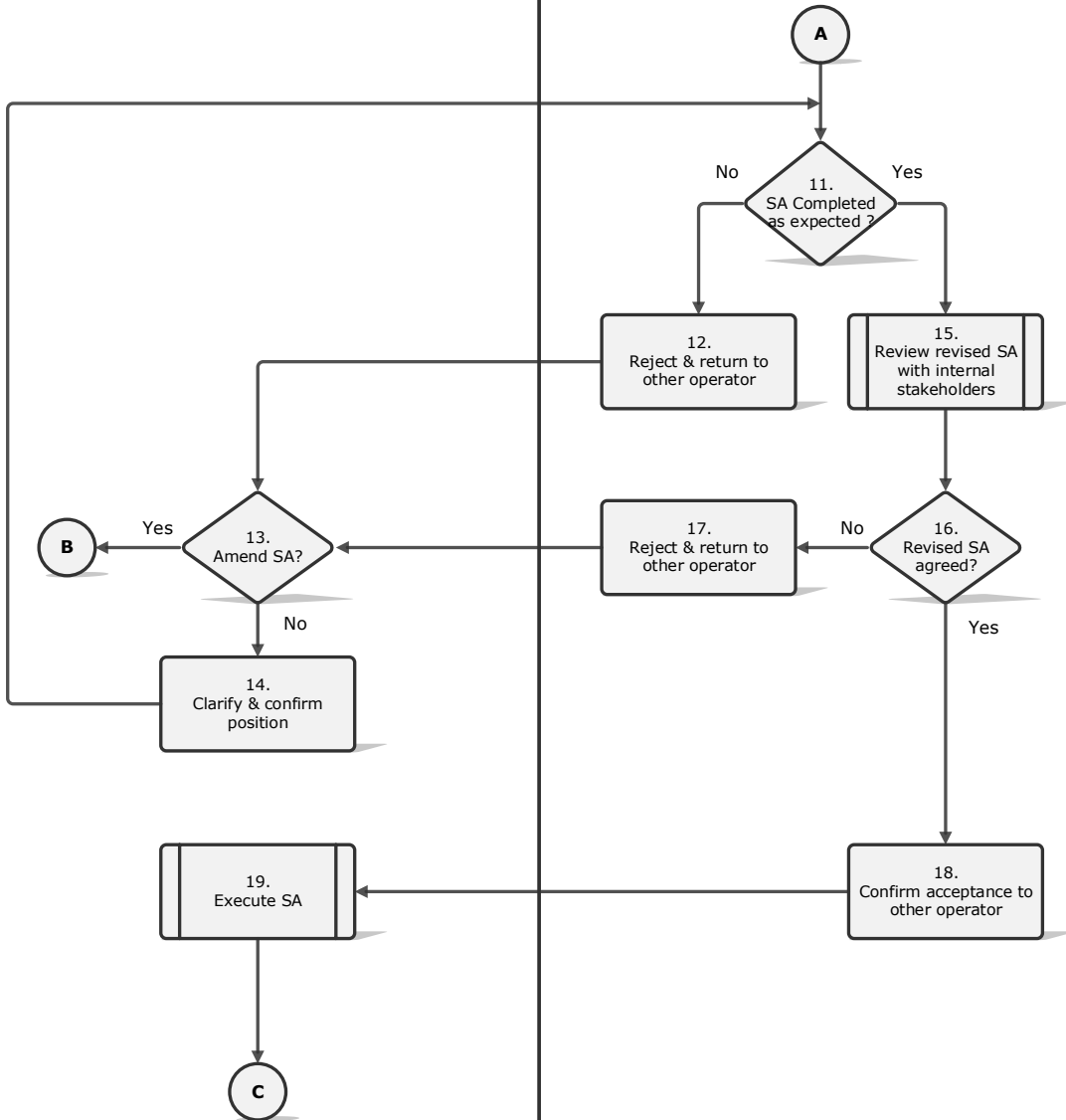


OAD Process: Updating Supplemental Agreements (v0.7)

Operator (A)
(Amending Party)

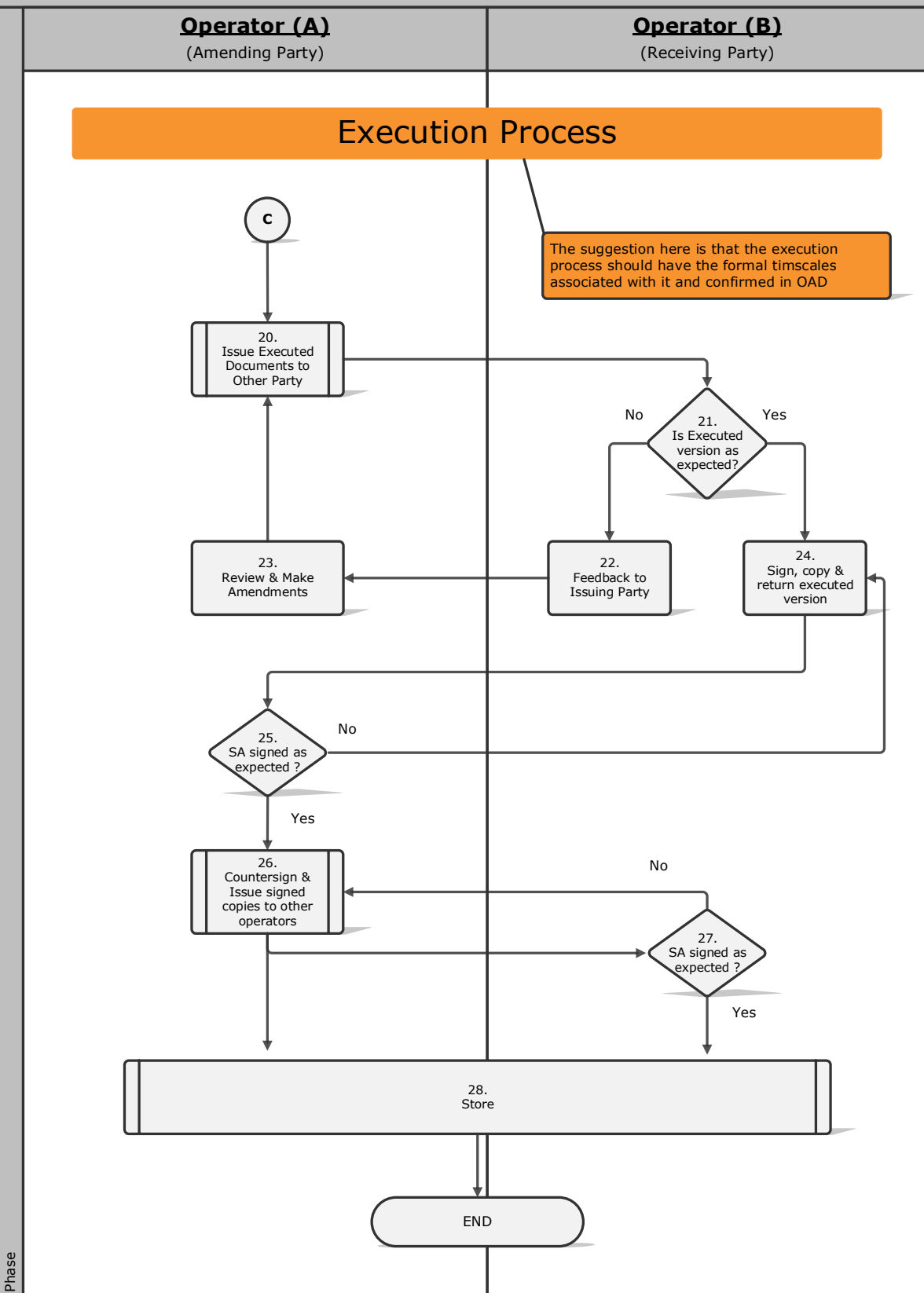
Operator (B)
(Receiving Party)

Review Process



Phase

OAD Process: Updating Supplemental Agreements (v0.7)



END