

Modification Report
Treatment of Capacity affected by Force Majeure
Modification Reference Number 0262
Version 3.0

This Modification Report is made pursuant to Rule 9.3.1 of the Modification Rules and follows the format required under Rule 9.4.

1 The Modification Proposal

Where capitalised words and phrases are used within this Modification Proposal, those words and phrases shall usually have the meaning given within the Uniform Network Code (unless they are otherwise defined in this Modification Proposal). Key UNC defined terms used in this Modification Proposal are highlighted by an asterisk () when first used. This Modification Proposal*, as with all Modification Proposals, should be read in conjunction with the prevailing Uniform Network Code* (UNC).*

Background

Under the current Uniform Network Code* (UNC) arrangements where National Grid NTS issues a Force Majeure* (FM) notice (UNC General Terms Section B General), National Grid NTS is relieved from its UNC requirement to make payment for any delay or failure in the performance of its obligations under the UNC.

In relation to NTS Entry Capacity* and Annual NTS Exit (Flat) Capacity* such provisions relieve National Grid NTS of its obligation to buy back capacity where it is unable to meet its obligations as outlined within the FM notice, whilst Users* remain liable for the full value of their Capacity* holdings at the affected Aggregated System Entry Point (ASEP)* or NTS Exit Point*. This Modification Proposal* seeks to address the impact on Users at either an ASEP* or NTS Exit Point at which FM has been called which affects Users' Capacity rights.

Nature of the Proposal

For the avoidance of doubt this Modification Proposal will only cover the treatment of Capacity (that is Quarterly NTS Entry Capacity*, Monthly NTS Entry Capacity* and Annual NTS Exit (Flat) Capacity*) at ASEPs and NTS Exit Points where FM has been called by National Grid NTS and the User(s) are unable to utilise some or all of their registered Capacity as a result of the FM declaration.

For clarification as a consequence of the proposal TPD section J3.6 will no longer apply to NTS Exit Points* and will be modified accordingly.

Please note that for the purposes of this Modification Proposal:

Capacity will be used in proxy of Firm Quarterly NTS Entry Capacity, Monthly NTS Entry Capacity and Firm Annual NTS Exit (Flat) Capacity unless otherwise stated

NTS System Point will be used in proxy of both ASEP and NTS Exit Point unless otherwise stated

National Grid NTS proposes that in these instances of FM that Users registered

as holding Firm Capacity* at a NTS System Point will be issued with a FM Rebate.

For the avoidance of doubt where a FM Notification (affecting Capacity) is in place on the date that the modification proposal is implemented the FM Rebate will only be applied from that implementation date i.e. it will not be applied retrospectively.

Force Majeure Rebate

The FM Rebate will be based on the amount by which the Capacity at the affected NTS System Point is to be reduced, as outlined in the FM notification (the FM Amount), prorated between those Users Registered as holding Capacity (excluding any impacts of Capacity acquired/sold via Capacity Transfers*) at the NTS System Point. The proration will be based on the Users Registered Capacity Holdings (for the purposes of this modification proposal Registered Capacity Holdings will mean NTS Entry Capacity acquired through the Annual and Rolling Monthly NTS Entry Capacity Auctions and/or Annual NTS Exit (Flat) Capacity) at that point in time divided by the total amount of Capacity held at the NTS System Point multiplied by an Adjusted Force Majeure Amount. An Adjusted FM Amount will mean the FM Amount as outlined within the FM Notification minus any Unsold Capacity and any Capacity allocated on the day of the FM Notification.

The value of the FM Rebate will be the Weighted Average Price (p/kWh/day) of each specific User's Registered Capacity Holdings (excluding any impacts of Capacity acquired/sold via Capacity Transfers) at the NTS System Point multiplied by the prorated Capacity quantity (kWh) for each day that the FM is in force. For clarification the Weighted Average Price at an ASEP will be calculated for each individual User as follows:

Sum of each successful Capacity bid quantity * bid price / the registered holding of the User

Note: at an NTS Exit Point (for Annual NTS Exit (Flat) Capacity) the WAP will equal the actual price for that month.

The FM Rebate will be calculated monthly and invoiced via an Ad-hoc invoice issued in the same month, on a reasonable endeavours basis, as the relevant Capacity invoice applicable for the User's registered Capacity holdings on which the rebate is calculated. Please note that the Ad-hoc invoice will be issued after the relevant Capacity invoice for each month included within the FM Rebate period.

For clarification Users will continue to retain full liability for all Capacity that they are registered as holding (i.e. Capacity that Users have acquired from National Grid NTS) at the affected NTS System Point and will be invoiced accordingly irrespective of the FM notification.

Please note that a modification to the NTS Transportation Charging Methodology is not required to define the calculation of the FM rebate as it will be based on charges already calculated in accordance with the Charging Methodology i.e. Capacity charges. The UNC will define the rebate and the Charging Methodology effectively already maps the rebate on to the relevant price control terms e.g. obligated/baseline capacity is TO whereas incremental

and non obligated capacity is SO. The mapping of the FM rebates onto TO and SO actual revenue allows the consequential recalculation of other existing TO and SO charges.

An FM rebate would be mapped to one of the following licence terms;

Standard Special Condition C8B 2(a); Definition of TORCOMt ~ TO revenue other than that collected through capacity charges

Standard Special Condition C8C 2(a); Definition of RCOMt ~ SO revenue other than that collected through capacity and other Licence defined charges

An FM rebate in regard to Capacity sales, which represent TO revenue, would be treated as TO revenue; this would result in increased TO Entry Commodity Charges and/or TO Exit charges.

An FM rebate in regard to Capacity sales, which represent SO revenue, would be treated as SO revenue; this would result in increased SO Commodity Charges (Entry & Exit).

Where National Grid NTS issues an FM Notification that triggers the requirement to issue a FM Rebate National Grid NTS shall inform all Users that such an instance of FM has occurred and the likely impact on charges via the NTS Quarterly Charge Setting Report issued via the Transmission Charging Methodology Forum.¹

Capacity Management Agreements* - Force Majeure Option Agreement/Force Majeure Forward Agreement

For the purposes of this modification proposal a Force Majeure Option Agreement will be a Capacity Management Agreement* that National Grid NTS will enact on the National Grid NTS' system on behalf of a User or Users. For the avoidance of doubt this process will not require the User(s) to undertake any actions on National Grid NTS' systems nor a Force Majeure Option Agreement acceptance process from National Grid NTS.

National Grid NTS will, within 2 business days of a Force Majeure notice affecting Capacity rights being issued, at an NTS System Point, update it's systems on behalf of each User at that NTS System Point, with the details of the Force Majeure Option Agreement. This will include:

The NTS System Point

The duration of the Force Majeure Option Agreement as stated within the FM notice (Please note that National Grid NTS will only be able to exercise a Force Majeure Option Agreement where a FM notice is in place at the relevant NTS System Point)

The Premium (which will be zero) and Executable number of days

The maximum quantity of Firm Capacity (this quantity will equal the Users prorated amount of the quantity outlined within the Force Majeure Notification) that must be surrendered by a User when the Force Majeure

¹ The NTS Quarterly Charge Setting Report is published on the National Grid website at the following address; <http://www.nationalgrid.com/uk/Gas/Charges/Tools/>

Option Agreement is exercised

The price that National Grid NTS will pay for the surrender of Firm Capacity on the exercise of the Force Majeure Option Agreement, which in all cases will be zero

Once National Grid NTS has updated the relevant systems it will provide the details to the relevant User or Users.

The Force Majeure Option Agreement may be exercised when:

there is a constraint at the NTS System Point

National Grid NTS does not make gas available for offtake at an NTS Exit Point

National Grid NTS will also consider the use of a Force Majeure Forward Agreement where it deems it to be appropriate and has agreed to do so with the affected Users at the NTS System Point. For the purposes of this modification proposal a Force Majeure Forward Agreement will be a Capacity Management Agreement* that National Grid NTS will enact on its system on behalf of a User or Users.

For clarification the use of a Force Majeure Forward Agreement would be supported by the issue of a set of Terms and Conditions (which for the purposes of this modification proposal will include the business rules applicable to the Force Majeure Forward Agreement).

Where the period of time covered by the FM Notification is extended or reduced National Grid NTS will ensure that its system reflects this change (either through amending the existing or the creation of new FM Option Agreement / Force Majeure Forward Agreement).

For clarification all Capacity bought back through this process shall feed into the Users Capacity entitlements and be considered in respect of calculating the Users Overrun Quantity*.

For the avoidance of doubt any additional constraints beyond that declared under the FM Notification at an ASEP will be subject to normal buyback principles unless covered by a further FM Notification. Similarly where gas is not made available at an NTS Exit Point and is not covered by a Force Majeure notice existing UNC rules will be applied.

Please note that whilst a FM Notification is in place National Grid NTS will not be obligated to make available any additional Firm Capacity at that NTS System Point.

2

User Pays

a)

Classification of the Proposal as User Pays or not and justification for classification

No costs anticipated.

b)

Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification

None.

c) Proposed charge(s) for application of Users Pays charges to Shippers

None.

d) Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve

Not applicable.

3 Extent to which implementation of the proposed modification would better facilitate the relevant objectives

Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;

Implementation would introduce additional certainty into the UNC. This would enable optimisation of Supply at an Entry Terminal under circumstances of Force Majeure affecting Capacity rights (whether or not such Force Majeure were agreed between parties) and so facilitate the achievement of this objective.

Standard Special Condition A11.1 (b): so far as is consistent with subparagraph (a), the coordinated, efficient and economic operation of

(i) the combined pipe-line system, and/ or

(ii) the pipe-line system of one or more other relevant gas transporters;

Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (c): so far as is consistent with subparagraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;

Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition:

(i) between relevant shippers;

(ii) between relevant suppliers; and/or

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;

Implementation would promote greater fairness in treatment to individual NTS Capacity holders in the event of Force Majeure. This would increase the certainty of return on investment and so facilitate the achievement of this relevant objective. This relevant objective would also be facilitated as

implementation would ensure that Users at single points would not be inappropriately or disproportionately affected by Force Majeure.

Standard Special Condition A11.1 (e): so far as is consistent with subparagraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers;

Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (f): so far as is consistent with subparagraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;

Implementation would not be expected to better facilitate this relevant objective.

4 The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

No implications on security of supply, operation of the Total System or industry fragmentation have been identified.

5 The implications for Transporters and each Transporter of implementing the Modification Proposal, including:

a) Implications for operation of the System:

Implementation, by introducing additional certainty into the UNC, would enable optimisation of supply at an ASEP in the event of Force Majeure.

b) Development and capital cost and operating cost implications:

No development or capital costs would be incurred. The operating costs associated with manual processes for calculating and issuing Force Majeure rebates are expected to be minor.

c) Extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

No additional cost recovery is proposed.

d) Analysis of the consequences (if any) this proposal would have on price regulation:

No such consequence is anticipated.

6 The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

No such consequence is anticipated.

- 7 **The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users**

No changes to systems would be required as a result of implementation of this Proposal.

- 8 **The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**

Administrative and operational implications (including impact upon manual processes and procedures)

Any such implications are expected to be minor.

Development and capital cost and operating cost implications

Implementation would potentially provide rebates to Users to balance against their continuing operating costs in the event of Force Majeure. There might also be an impact on NTS Commodity Charges.

Consequence for the level of contractual risk of Users

Implementation would reduce the current risk of Users continuing to pay for NTS Capacity that they are unable to utilise in the event of Force Majeure.

NGNTS confirmed that this Proposal in no way limited a User's right to challenge a Force Majeure notice and would not impact upon the existing application of UNC buy back arrangements where a constraint occurs which is not covered by a Force Majeure. The Force Majeure Option(s) would only be exercised on days where a non Force Majeure related constraint occurred at that ASEP or NTS Exit Point and would only be exercised to remove the Capacity associated to that Force Majeure that has been prorated between the Users at that ASEP or NTS Exit Point.

E.ON evinced concern that there were inadequate safeguards to prevent the proposed mechanism being misused by National Grid NTS to avoid the expense of having to buy back capacity; there may be circumstances where FM is claimed inappropriately, significantly undermining the contractual rights of Shippers and allowing National Grid NTS to avoid its commitments. In other circumstances apart from where FM is claimed, the buy back mechanisms in place provide the community with opportunity and visibility. The position in respect of a Shipper's financial compensation in the event of a successful contesting of an FM claim was not clear.

9 The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party

No consequences on the implementation for other relevant persons have been identified.

10 Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

No such consequences identified.

11 Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages

The following advantages have been identified:

- Users at single points would not be inappropriately or disproportionately affected by Force Majeure.
- Users would have a greater degree of certainty with regards to their treatment once Force Majeure had been called.

Disadvantages

The following disadvantages have been identified:

- Users may see an increase in their Commodity charges.
- Does not address the unsupported assumption that the FM claim was valid in the first place.
- May have adverse implications for Shippers wishing to challenge the validity of an FM claim, and Shippers may therefore be disinclined to contest the validity.
- Inadequate safeguards in place to prevent misuse of the proposed mechanism, in inappropriate circumstances.

12 Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Representations were received from the following:

BG Gas Services	BG	Support
BP Gas Marketing	BP	Support
EDF Energy	EDF	Support
E.ON UK	EON	Not in Support
ExxonMobil Gas Marketing Europe Ltd	EMGME	Qualified Support

National Grid NTS	NGNTS	Support
Petgas Trading (UK) Ltd	PET	Support
RWE npower	RWE	Qualified Support
Scotia Gas Networks plc	SGN	Support
South Hook Gas Company Ltd	SHG	Qualified Support
Statoil (UK) Ltd	STUK	Support

Of the eleven responses received, seven respondents were in support of implementation, three offered qualified support, and one respondent was not in support of implementation.

Two respondents noted that the Proposal was based on the assumption that the FM claim was valid in the first place.

EMGME pointed out that whilst offering support for the implementation of this Proposal, it should not be taken as acceptance that the current notices of NGG Force Majeure are valid.

A number of respondents commented that additional clarity regarding interpretation of the suggested legal text was required, and a further revision would be beneficial.

13 The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation

Implementation is not required to enable each Transporter to facilitate compliance with safety or other legislation.

14 The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

Implementation is not required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence.

15 Programme for works required as a consequence of implementing the Modification Proposal

No programme for works would be required as a consequence of implementing the Modification Proposal.

16 Proposed implementation timetable (including timetable for any necessary information systems changes and detailing any potentially retrospective impacts)

Implementation could be immediate on receipt of a decision.

17 Implications of implementing this Modification Proposal upon existing Code Standards of Service

No implications of implementing this Modification Proposal upon existing Code Standards of Service have been identified.

18 Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

At the Modification Panel meeting held on 17 September 2009, of the 8 Voting Members present, capable of casting 9 votes, 8 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommended implementation of this Proposal.

19 Transporter's Proposal

This Modification Report contains the Transporter's proposal to modify the Code and the Transporter now seeks direction from the Gas and Electricity Markets Authority in accordance with this report.

20 Text

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION B – SYSTEM USE AND CAPACITY

Add new paragraph 2.8.10 as follows:

“2.8.10. For the avoidance of doubt, where on a Day an FM Entry Notice has been issued in relation to an Aggregate System Entry Point, all Users with Registered Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity at such Aggregate System Entry Point shall grant National Grid NTS an option upon the exercise of which National Grid NTS may accept the surrender of such capacity pro rated in accordance with paragraph 2.16.2 for zero charge such that National Grid NTS may agree additional surrender of NTS Entry Capacity where on the same Day National Grid NTS is required to take any actions for the purposes of the management of a capacity constraint (other than related to the Force Majeure event) at such Aggregate System Entry Point.”

Add new paragraph 2.16 as follows:

“2.16 Force Majeure

2.16.1 Where on any Day, National Grid NTS has notified each Other Party of the occurrence of a Force Majeure event:

- (a) pursuant to GT Section B paragraph 3.3; and
- (b) such event is still in force and affects Users' NTS Entry Capacity rights at an Aggregate System Entry Point (the “**FM Entry Notice**”).

National Grid NTS shall issue to each User that is Registered as holding Quarterly NTS Entry Capacity and/or Monthly NTS Entry Capacity at an Aggregate System Entry Point (an “**Affected Entry User**”) with a rebate for the reduction in the value of the Affected Entry User's NTS

Entry Capacity rights, in accordance with this paragraph 2.16, based upon the quantity set out in the FM Entry Notice (being the quantity by which the System Entry Capability at the affected Aggregate System Entry Point is to be reduced) (the “FM Entry Rebate Quantity”).

2.16.2 In respect of each Day and for each Aggregate System Entry Point at which an FM Entry Notice applies the FM Entry Rebate Quantity shall be the amount set out in the FM Entry Notice (in kWh) (less any Unsold NTS Entry Capacity calculated prior to allocation of any Daily NTS Entry Capacity for such Day) (allocated pro rata amongst the Affected Entry Users at the Aggregate System Entry Point based upon the amount of each Affected Entry User’s Registered Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity) and multiplied by the weighted average price (p/kWh/day) of each User’s Registered Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity as calculated in paragraph 2.16.3 below.

2.16.3 In respect of each Day and in respect of each Aggregate System Entry Point that the Force Majeure event applies, each Affected Entry User’s weighted average price for the Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity that it is registered as held shall be calculated as follows:

$$\frac{\sum_{i=1}^n P_i * Q_i}{\sum_{i=1}^n Q_i}$$

Where:

n is the number of successful capacity bids for Quarterly NTS Entry Capacity and/or Monthly NTS Entry Capacity;

P is the bid price for each successful capacity bid for Quarterly NTS Entry Capacity and/or Monthly NTS Entry Capacity;

Q is the quantity of Quarterly NTS Entry Capacity and/or Monthly NTS Entry Capacity allocated to the Affected User pursuant to each successful capacity bid.

2.16.4 The FM Entry Rebate Quantity will be submitted to Affected Entry Users using an Ad-hoc Invoice in accordance with Section S2.4 on a monthly basis following the submission of the Invoice for the relevant Capacity Charge.”

Add new paragraph 3.9.7 as follows:

“3.9.7 For the avoidance of doubt, where on a Day an FM Exit Notice has been issued in relation to a NTS Exit Point, all Users with Annual NTS Exit (Flat) Capacity at such NTS Exit Point shall grant National Grid NTS an option upon the exercise of which National Grid NTS may accept the surrender of such capacity pro rated in accordance with paragraph 3.14.2 for zero charge such that National Grid NTS may agree additional surrender of capacity where on the same Day National Grid NTS is required to take any actions for the purposes of the management of a capacity constraint (other than the Force Majeure

event) at such NTS Exit Point.”

Add new paragraph 3.14 as follows:

“3.14 Force Majeure

3.14.1 Where on any Day, National Grid NTS has notified each Other Party of the occurrence of a Force Majeure event:

- (a) pursuant to GT Section B paragraph 3.3; and
- (b) such event is still in force and affects Users’ capacity rights at a NTS Exit Point (the “FM Exit Notice”).

National Grid NTS shall issue each User that is Registered as holding Annual NTS Exit (Flat) Capacity at a NTS Exit Point (an “Affected Exit User”) with a rebate for the reduction in the value of the Affected Exit User’s Annual NTS Exit (Flat) Capacity rights, in accordance with this paragraph 3.14, based upon the quantity set out in the FM Exit Notice (being the amount (in kWh) by which offtake at the affected NTS Exit Point is to be reduced) (the “FM Exit Rebate Quantity”).

3.14.2 In respect of each Day and for each NTS Exit Point at which an FM Exit Notice applies, the FM Exit Rebate Quantity shall be the amount (in kWh) set out in the FM Exit Notice (less any Remaining Available NTS Exit (Flat) Capacity calculated prior to allocation of any Daily NTS Exit (Flat) Capacity for such Day) (allocated pro rata amongst the Affected Exit Users at the NTS Exit Point based upon the amount of each Affected Exit User’s Registered Annual NTS Exit (Flat) Capacity) and multiplied by the Applicable Daily Rate for each Affected Exit User’s Registered Annual NTS Exit (Flat) Capacity being the rate determined in accordance with National Grid NTS’s Transportation Statement as set out in paragraph 3.12.3(a).

3.14.3 The FM Exit Rebate Quantity will be submitted to Affected Exit Users using an Ad-hoc Invoice in accordance with Section S2.4 on a monthly basis following the submission of the Invoice for the relevant Capacity Charge.”

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION J – EXIT REQUIREMENTS

Amend paragraph 3.6 as follows:

“3.6 Force Majeure

3.6.1 Where:

- (a) by reason of Force Majeure affecting the Transporter, the Transporter is relieved of liability in respect of its obligation to make gas available for offtake from ~~the Total System~~ an LDZ at a System Exit Point;...
- (b) the occurrence...

for each day...to in paragraph 3.6.2.

Delete paragraph 3.6.2 (b).

~~(b) in the case of a System Exit Point other than an Interruptible Supply Point, NTS Exit Capacity Charges in respect of an amount of NTS Exit Capacity (in respect of the relevant NTS Exit Point) equal to the User's Registered LDZ Capacity.”~~

Amend paragraph 3.6.3 as follows:

“3.6.3 Where in relation to any Day (after the 7th Day) the effect of the occurrence of Force Majeure is a partial (rather than total) reduction in the availability of gas for offtake from ~~the Total System~~ an LDZ the relevant Capacity Charges...

...on the Day.”

UNIFORM NETWORK CODE - TRANSITION DOCUMENT

PART IIC – TRANSITIONAL RULES

11 TRANSITIONAL NTS EXIT CAPACITY REGIME: TPD MISCELLANEOUS

Amend paragraph 11.8 to read as follows:

“11.8 TPD Section J: Force Majeure and User offtake obligations: DM Supply Point Components

Renumber existing paragraph 11.8.1 as 11.8.5 and insert new paragraphs 11.8.1, 11.8.2, 11.8.3 and 11.8.4 as follows:

“11.8.1 Text in TPD Section J3.6 shall not apply until 01 October 2012 and until 06:00 on 01 October 2012, paragraphs 11.8.2, 11.8.3 and 11.8.4 shall apply as follows:

11.8.2 Where:

- (a) by reason of Force Majeure affecting the Transporter, the Transporter is relieved from liability in respect of its obligation to make gas available for offtake from the Total System at a System Exit Point; and
- (b) the occurrence of Force Majeure continues for a period of more than 7 Days,

for each Day after the 7th Day on which the Transporter continues to be relieved of such obligation, the User(s) registered as holding System Capacity at such point will cease to be liable to pay the Capacity Charges referred to in paragraph 11.8.3.

11.8.3 Subject to paragraph 11.8.4, the relevant Capacity Charges are:

- (a) in the case of any System Exit Point, the LDZ Capacity Charges (where relevant) and the Capacity Variable Component of the Customer Charge payable by the User in respect of such point; and
- (b) in the case of a System Exit Point other than an Interruptible Supply Point, NTS Exit Capacity Charges in respect of an amount of NTS Exit Capacity (in respect of the relevant NTS

Exit Point) equal to the User's Registered LDZ Capacity.

11.8.4 Where in relation to any Day (after the 7th Day) the effect of the occurrence of Force Majeure is a partial (rather than total) reduction in the availability of gas for offtake from the Total System, the relevant Capacity Charges will be that proportion of those described in paragraph 11.8.3 determined as:

$(C - X) / C$

where:

C is the amount of the User's Registered LDZ Capacity (as at the Day when the occurrence of Force Majeure commenced) at the relevant System Exit Point; and

X is the quantity of gas which was made available for offtake from the relevant System at the relevant System Exit Point on the Day.

~~11.8.4~~ 11.8.5 TPD Section J3.8 shall apply in respect of a DM Supply Point Component comprised in an NTS Supply Point and in an LDZ Supply Point.”

For and on behalf of the Relevant Gas Transporters:

Tim Davis

Chief Executive, Joint Office of Gas Transporters