

## UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

### SECTION Z – TRANSCO LNG STORAGE FACILITIES

#### 1 GENERAL

##### 1.1 Transco LNG Storage Facilities

- 1.1.1 Subject to the provisions of this Section Z, Users may use a Transco LNG Storage Facility by injecting gas into such facility, by having gas-in-storage within such facility and by withdrawing gas from such facility.

##### 1.2 Injection and withdrawal

- 1.2.1 Transco LNG Storage shall be deemed to be appointed by each User as User Agent for the purposes of:
- (a) submitting Entry Allocation Statements in respect of relevant Storage Connection Points under Section E2.2.1; and
  - (b) submitting Exit Allocation Statements in respect of relevant Storage Connection Points under Section E3.3.1.
- 1.2.2 Subject to paragraph 1.5 and to any other provisions to the contrary in this Section Z, the quantity of gas accounted for as injected or withdrawn on a Day to or from a Transco LNG Storage Facility by a User (other than Transco LNG Storage) will be the Storage Nominated Quantity under its Storage Nomination (and subject as aforesaid references to gas injected or withdrawn by a User are to gas so accounted for as injected or withdrawn).
- 1.2.3 Where Users make Input Nominations in respect of the Storage Connection Point of a Transco LNG Storage Facility for a Day for which other Users make Output Nominations in respect of the same Storage Connection Point:
- (a) the quantities injected and withdrawn by such Users shall be determined (in accordance with paragraph 1.2.2) on the basis of the Nominated Quantities; but only the net quantity will be offtaken from or (as the case may be) delivered to the Total System at the relevant Storage Connection Point;
  - (b) Storage Injection Charges and Storage Withdrawal Charges (in accordance with paragraphs 5 and 6) will be payable in respect of the full quantities injected and withdrawn.
- ##### 1.3 Gas-in-storage
- 1.3.1 Subject to paragraph 1.3.4, a User's "**gas-in-storage**" on any Day in a Storage Year in respect of a Transco LNG Storage Facility is:
- (a) the sum of:
    - (i) the User's Opening Storage Balance in accordance with paragraph

- 1.3.5;
- (ii) the quantities of gas injected by the User on Days in that Storage Year up to but not including such Day; and
  - (iii) the quantities subject to Storage Gas Transfers made in favour of the User with effect from Days in that Storage Year up to and including such Day, less
- (b) the sum of:
- (i) the quantities of gas withdrawn by the User on Days in that Storage Year up to but not including such Day; and
  - (ii) the quantities subject to Storage Gas Transfers made by the User with effect from Days in that Storage Year up to and including such Day, in respect of such Transco LNG Storage Facility.
- 1.3.2 A User who has gas-in-storage in a Transco LNG Storage Facility is entitled (subject to and in accordance with this Section Z) to have a quantity of gas, equal to the amount of its gas-in-storage, delivered to the Total System at the relevant Storage Connection Point by way of withdrawal, and (without prejudice to paragraph 4 or paragraph 10.4.1(d)) has no other entitlement in respect of gas-in-storage.
- 1.3.3 For the avoidance of doubt the amount of a User's gas-in-storage in respect of a Transco LNG Storage Facility shall not be reduced in respect of LNG boil-off.
- 1.3.4 Where the amount determined in respect of a User in accordance with paragraph 1.3.1 is negative, the User's gas-in-storage shall be zero and the provisions of paragraph 7 shall apply.
- 1.3.5 A User's "**Opening Storage Balance**" in respect of a Transco LNG Storage Facility for a Storage Year shall be the amount of the User's gas-in-storage (if any) at the end of the Preceding Storage Year plus the quantities (if any) injected and less the quantities (if any) withdrawn by the User on the last Day of the Preceding Storage Year.
- 1.4 Storage Nominations**
- 1.4.1 Save where otherwise provided in this Section Z, Users will make Storage Nominations to Transco LNG Storage Facilities in respect of injections and withdrawals of gas from Transco LNG Facilities.
- 1.4.2 Each User authorises Transco LNG Storage to inject and withdraw gas to and from each Transco LNG Storage Facility pursuant to that User's Storage Nominations made in respect of such facility.
- 1.4.3 Transco LNG Storage will only act on a User's Storage Withdrawal Nominations where such are received (or deemed to be received) by Transco LNG Storage not later than 15:30 hours on the Preceding Day (the "**LNG Storage Withdrawal Nomination Time**"). Subject to the provisions of this Section Z, Transco LNG Storage will only act on a User's Storage Injection Nominations where such are received (or are deemed to be received) by Transco LNG Storage not later than the LNG Storage Injection Nomination Time. For the purposes of this paragraph 1.4.3, the "**LNG Storage**

**Injection Nomination Time**" is 15:30 hours on the Day fifteen (15) Days prior to the Gas Flow Day to which the Storage Injection Nomination relates.

## **1.5 Force Majeure**

1.5.1 Where on any Day the injection and/or withdrawal of gas from any Transco LNG Storage Facility is affected by any occurrence of Force Majeure affecting Transco LNG Storage:

- (a) Transco LNG Storage may elect that paragraph 1.2.2 shall not apply in respect of such Transco LNG Storage Facility; and
- (b) where Transco LNG Storage so elects in respect of the Transco LNG Storage Facility so affected, the aggregate quantity injected on the Day will be apportioned between Users in the proportions in which they have Available Storage Injectability and the aggregate quantity withdrawn on the Day will be apportioned between Users in the proportions in which they have Available Storage Deliverability, but so that no User shall have apportioned a quantity exceeding the Nominated Quantities under its Storage Nomination.

1.5.2 In determining whether an event or circumstance affecting a particular Transco LNG Storage Facility (the "**first**" such facility) is Force Majeure:

- (a) subject to paragraph (b), the ability of Transco LNG Storage to take (in relation to other Transco LNG Storage Facilities) any step available to it shall be taken into account, except to the extent to which (in Transco LNG Storage's judgement) the event or circumstance may have resulted in the loss of stored gas from the first Transco LNG Storage Facility;
- (b) paragraph (a) shall not require Transco LNG Storage to take any step which would prejudice the security of the Total System or result in an infringement of the requirements of Section R4.4.1;
- (c) the fact that Transco LNG Storage may previously (for the purposes of enabling the performance of its obligations in relation to another Transco LNG Storage Facility) have taken in relation to the first Transco LNG Storage Facility any step under paragraph (a) above shall be taken into account.

## **1.6 Title and Risk to Gas**

1.6.1 Transco LNG Storage shall have title to and risk in all gas contained in any Transco LNG Storage Facility.

1.6.2 Title and risk to gas injected by a User to or withdrawn by a User from a Transco LNG Storage Facility shall be treated as passing from the User to Transco LNG Storage or (as the case may be) from Transco LNG Storage to the User at the same point and at the same time at which title thereto passes from Transco NTS to the User or (as the case may be) from the User to Transco NTS.

## **1.7 Preceding Storage Year**

In relation to any Storage Year the "**Preceding Storage Year**" is the Storage Year ending at the start of such Storage Year.

## **1.8 Application of this Section Z**

Transco LNG Storage and its Users agree that, where the application of this Section Z in respect of Transco NTS when acting for Operating Margins Purposes is modified pursuant to Section K, the provisions of that Section shall prevail over those of this Section Z.

## **1.9 Renomination effective times**

1.9.1 The effective time of any Storage Renomination shall be the time specified as such in the Storage Renomination, provided that such time complies with the provisions of paragraphs 1.9.2 and 1.9.3.

1.9.2 For the purposes of this Section Z, it shall be assumed that any change in the rate of injection of gas into or withdrawal of gas from any Transco LNG Storage Facility by a User will occur on the hour.

1.9.3 The effective time of any Storage Renomination shall:

- (a) be not less than sixty (60) minutes after the time at which the Storage Renomination is submitted by the User to Transco LNG Storage; and
- (b) comply with the injection lead time (for Storage Renominations made in respect of Storage Injection Nominations) or the withdrawal lead time (for Storage Renominations made in respect of Storage Withdrawal Nominations) in respect of the relevant Transco LNG Storage Facility prevailing at the time at which the Storage Renomination is submitted by the User to Transco LNG Storage; and
- (c) comply with paragraph 1.9.2.

## **1.10 DNO Users**

In this Section Z references to Users exclude DNO Users other than a DNO User who is a Storage User.

# **2 STORAGE CAPACITY**

## **2.1 Storage Capacity**

2.1.1 A User must hold capacity ("**Storage Capacity**") in a Transco LNG Storage Facility in order to use the facility.

2.1.2 Storage Capacity comprises Storage Space, Storage Injectability and/or Storage Deliverability.

2.1.3 For the purposes of this Section Z:

- (a) "**Storage Space**" is capacity (in kWh) which entitles the User to have gas-in-storage in a Transco LNG Storage Facility;
- (b) "**Storage Deliverability**" is capacity which entitles the User (provided that it has gas in store) to withdraw gas from a Transco LNG Storage Facility to the Total System;

- (c) **"Storage Injectability"** is capacity which entitles the User (provided that it has sufficient unfilled Available Storage Space) to inject gas into a Transco LNG Storage Facility from the System.

2.1.4 Storage Deliverability and Storage Injectability are expressed in kWh/Day.

2.1.5 The **"Total Storage Capacity"** in respect of a Transco LNG Storage Facility is:

- (a) Storage Space (**"Total Storage Space"**) equivalent to the maximum quantity of gas that Transco LNG Storage determines can be withdrawn during the Storage Year from the facility when full of stored gas, after allowing for LNG boil-off; and/or
- (b) Storage Deliverability (**"Total Storage Deliverability"**) equivalent to the maximum quantity of gas that Transco LNG Storage determines can be withdrawn from the facility in a period of 24 hours; and/or
- (c) Storage Injectability (**"Total Storage Injectability"**) equivalent to the maximum quantity of gas that Transco LNG Storage determines can be injected into the facility in a period of 24 hours.

2.1.6 The **"Maximum Storage Capacity"** in respect of a Transco LNG Storage Facility at any time is:

- (a) Storage Space (**"Maximum Storage Space"**) determined as the Total Storage Space less the amount of Storage Space at the time subject to Long Term Storage Arrangements in accordance with paragraph 2.8, and Tanker Filling Arrangements in accordance with paragraph 2.9 and Operating Margins Requirements; and/or
- (b) Storage Deliverability (**"Maximum Storage Deliverability"**) determined as the Total Storage Deliverability less the amount of Storage Deliverability at the time subject to Long Term Storage Arrangements in accordance with paragraph 2.8 and Operating Margins Requirements; and/or
- (c) Storage Injectability (**"Maximum Storage Injectability"**) determined as the Total Storage Injectability less the amount of Storage Injectability at the time subject to Long Term Storage Arrangements in accordance with paragraph 2.8, Tanker Filling Arrangements in accordance with paragraph 2.9 and Operating Margins Requirements,

as specified for a Storage Year in the Annual Storage Invitation (in accordance with paragraph 3).

2.1.7 Subject to paragraph 2.8.2, in paragraphs 4, 5, 6 and 7 of this Section Z a reference to a User (in relation to a Transco LNG Storage Facility) is to a User who holds Storage Capacity or has gas-in-storage in that facility.

## **2.2 Storage capacity registration**

2.2.1 A User may apply for and (if its application is approved in accordance with paragraph 3.2.3) will be registered as holding Storage Capacity in accordance with paragraph 2.9.2.

2.2.2 For the purposes of this Section Z:

- (a) a User's "**Registered**" Storage Space or Storage Injectability or Storage Deliverability in relation to a Transco LNG Storage Facility is the Storage Space or Storage Injectability or Storage Deliverability which the User is registered (in accordance with this Section Z) as holding in that facility on the Gas Flow Day;
- (b) the User's "**Available**" Storage Space or Storage Injectability or Storage Deliverability in relation to a Transco LNG Storage Facility is the Storage Space or Storage Injectability or Storage Deliverability which the User holds on the Gas Flow Day in that facility after taking account of any Storage Capacity Transfer, determined in accordance with paragraph 4.4.2.

2.2.3 Except in the case of a Long Term Storage Arrangement under paragraph 2.8, a User will be registered as holding Storage Capacity for the period commencing with the start of the Storage Year (or the date of registration in accordance with paragraph 3.7.2 if later) and expiring at the end of the Storage Year; and until the end of the Storage Year the User's Registered Storage Capacity shall not be reduced and (subject to paragraph 10.3) the registration shall not be terminated.

**2.3 Storage Duration**

2.3.1 For the purposes of the Code the "**Storage Duration**" of the Storage Capacity applied for or registered as held by a User in a Transco LNG Storage Facility is the number of Days obtained by dividing the Storage Space by the Storage Deliverability applied for or registered as held by the User in that facility.

2.3.2 Where a User applies under this Section Z for Storage Capacity the Storage Duration of the Storage Capacity applied for shall be that specified in the Annual Storage Invitation (but the Storage Duration of the Storage Capacity which a User is registered as holding may differ in accordance with paragraph 2.9).

**2.4 Unfilled Storage Space**

For the purposes of the Code a User's "**unfilled**" Storage Space in a Transco LNG Storage Facility is the amount by which at any time the User's Available Storage Space exceeds its gas-in-storage in that facility, and "**filled**" and "**fill**" Storage Space are to be construed accordingly.

**2.5 Uncommitted Storage Capacity**

At any time the "**Uncommitted**" Storage Space or Storage Injectability or Storage Deliverability of a Transco LNG Storage Facility is the Maximum Storage Space or Maximum Storage Injectability or Maximum Storage Deliverability less the aggregate Storage Space or Storage Injectability or Storage Deliverability at such time registered as held by Users or Transco NTS pursuant to applications, or subject to applications made but not yet approved, under paragraphs 3, 3.5 and 3.7 and Section K.

**2.6 Storage Capacity Charges**

2.6.1 A User shall pay Storage Capacity Charges in respect of its Registered Storage Capacity in Transco LNG Storage Facilities in accordance with the Annual Storage Invitation or

(where applicable) paragraph 3.5.

2.6.2 For the purposes of this Section Z:

- (a) **"Storage Capacity Charge"** means a Storage Space Charge or a Storage Injectability Charge or a Storage Deliverability Charge;
- (b) a **"Storage Deliverability Charge"** is a charge in respect of, and determined by reference to the amount of, a User's Registered Storage Deliverability in a Transco LNG Storage Facility;
- (c) a **"Storage Space Charge"** is a charge in respect of, and determined by reference to the amount of, a User's Registered Storage Space in a Transco LNG Storage Facility;
- (d) a **"Storage Injectability Charge"** is a charge in respect of, and determined by reference to the amount of, a User's Registered Storage Injectability in a Transco LNG Storage Facility.

2.6.3 The **"Applicable Storage Capacity Charge Rate"** means the total of the Applicable Storage Space Charge Rate and the Applicable Storage Injectability Charge Rate and the Applicable Storage Deliverability Charge Rate. The **"Applicable Storage Space Charge Rate"** or **"Applicable Storage Injectability Charge Rate"** or **"Applicable Storage Deliverability Charge Rate"** respectively is the annual rate of the Storage Space Charge or (as the case may be) Storage Injectability Charge or (as the case may be) Storage Deliverability Charge payable (in accordance with paragraph 2.6.1) in respect of:

- (a) Storage Space, in pence per kWh of Storage Space, for a Storage Year;
- (b) Storage Deliverability, in pence per kWh/Day of Storage Deliverability, for a Storage Year;
- (c) Storage Injectability, in pence per kWh/Day of Storage Injectability, for a Storage Year.

2.6.4 Storage Capacity Charges will be invoiced and are payable monthly in accordance with paragraph 8.

2.6.5 Where a User tenders a single composite price, in accordance with paragraph 3.5.4, Transco LNG Storage shall calculate and notify the User of the ratio of the bundled unit of Storage Capacity split between Storage Injectability, Storage Space and Storage Deliverability and the Applicable Storage Capacity Charge Rates no later than 28 April in the Preceding Storage Year.

## 2.7 System Capacity

For the avoidance of doubt, the provisions of Section B and Section R as to System Capacity in the NTS at the relevant Storage Connection Point apply (in respect of offtake and delivery of gas from and to the Total System) to a User who holds Storage Capacity, in addition to this Section Z.

## 2.8 Long Term Storage Arrangements

- 2.8.1 Transco LNG Storage may enter into arrangements ("**Long Term Storage Arrangements**") with any User pursuant to which the User will or may hold Storage Capacity for a period of more than 12 months.
- 2.8.2 The terms of this Section Z will apply in respect of Long Term Storage Arrangements except to the extent excluded by or inconsistent with such arrangements; but (unless expressly provided otherwise) references in this Section Z to Users do not include Users in respect of the Storage Capacity held under Long Term Storage Arrangements.
- 2.8.3 Transco LNG Storage will not enter into a Long Term Storage Arrangement, having effect in any Storage Year, between the date of the Annual Storage Invitation for that year and the date on which Storage Capacity is allocated (in accordance with paragraph 3.1.6) pursuant to such invitation.

## **2.9 Tanker Filling Arrangements**

- 2.9.1 Transco LNG Storage may enter into arrangements ("**Tanker Filling Arrangements**") pursuant to which Users that hold Storage Capacity and have gas-in-storage in a Transco LNG Storage Facility and may withdraw gas from such facility as LNG loaded on to road tankers.
- 2.9.2 Under a Tanker Filling Arrangement, the requirement as to Storage Duration of paragraph 2.3 will not apply in respect of the User's Storage Capacity, unless such Storage Capacity was allocated to the User following an application made in response to an Annual Storage Invitation.
- 2.9.3 The provisions of this Section Z (other than paragraph 6) shall apply to Tanker Filling Arrangements, provided that the terms applicable to the withdrawal of LNG from the relevant Transco LNG Storage Facility into road tankers shall be set out in an agreement ("**Tanker Filling Agreement**") between Transco LNG Storage and the User concerned.
- 2.9.4 Until the User has entered into a Tanker Filling Agreement with Transco LNG Storage, the User shall not be entitled to withdraw LNG from the relevant Transco LNG Storage Facility into road tankers.
- 2.9.5 "**Tanker Filling Slot**" is an allotted amount of time on a day during which a User may withdraw gas from an LNG storage facility and load such LNG on to a single road tanker filling to its maximum statutory road capacity or part thereof. An "**Annual Tanker Filling Slot**" is an entitlement, subject to paragraph 2.9.8, to use one Tanker Filling Slot per day during the Storage Year.
- 2.9.6 Transco LNG Storage may invite applications for Annual Tanker Filling Slots in the Annual Storage Invitation. Where a User wishes to apply for an Annual Tanker Filling Slot, it shall submit an application to Transco LNG Storage setting out:
  - (a) the identity of the User;
  - (b) the number of Annual Tanker Filling Slots applied for; and
  - (c) such other information as the Annual Storage Invitation may require.
- 2.9.7 Where applications made for Annual Tanker Filling Slots exceed in aggregate the



number of Annual Tanker Filling Slots available at the Transco LNG Storage Facility in question, then Transco LNG Storage will allocate Annual Tanker Filling Slots to each User in the proportion that the number of Annual Tanker Filling Slots applied for by that User at the Transco LNG Storage Facility in question bear to the total number of the Annual Tanker Filling Slots applied for by all Users at the Transco LNG Storage Facility in question.

2.9.8 Tanker Filling Slots will not be available on days when the tanker filling equipment is undergoing maintenance, as such planned maintenance days are set out in the Annual Storage Invitation. In addition to these planned maintenance days, Transco LNG Storage shall be entitled to give notice of up to five additional maintenance days within the Storage Year. Transco LNG Storage will give not less than two weeks' notice of any changes to any planned (or additional) maintenance days. For each change to planned (or additional) maintenance days, where notification is not given within this period, Users will be entitled to compensation equal to 1/365th of the annual charge per allocated Tanker Filling Slot.

2.9.9 A User will pay:

- (a) the prices set out in Transco NTS's Transporter's Licence for the supply of Tanker Filling Arrangements prior to the Transco LNG Invitation Close Date for the Storage Year in question; and/or
- (b) the charges set out in the relevant Annual Storage Invitation for the supply of Tanker Filling Arrangements in accordance with paragraph 3.1.

### **3 APPLICATION FOR STORAGE CAPACITY**

#### **3.1 Annual Storage Invitation**

3.1.1 For each Storage Year Transco LNG Storage will, not later than 1 March in the Preceding Storage Year, invite (in accordance with paragraph 3.1.2) applications for Storage Capacity in each Transco LNG Storage Facility.

3.1.2 For each Transco LNG Storage Facility, Transco LNG Storage may invite (as to the whole of the Maximum Storage Capacity) applications for Storage Space and/or Storage Injectability and/or Storage Deliverability either:

- (a) on the basis of allocation under paragraph 3.4; or
- (b) by way of a tender on the basis of price, for allocation under paragraph 3.5.

3.1.3 Transco LNG Storage's invitation (the "**Annual Storage Invitation**") under paragraph 3.1.1 will specify in respect of each Transco LNG Storage Facility:

- (a) the date ("**Transco LNG Invitation Close Date**") by which applications pursuant to such invitation must be made, which shall not be less than 30 Days after the date of the invitation;
- (b) the Maximum Storage Space, Maximum Storage Injectability and Maximum Storage Deliverability as at the date of the Annual Storage Invitation;
- (c) whether the invitation is made under paragraph 3.1.2(a) or 3.1.2(b);

- (d) where the invitation is made under paragraph 3.1.2(a), the Applicable Storage Space Charge Rate, the Applicable Storage Injectability Charge Rate and the Applicable Storage Deliverability Charge Rate;
  - (e) where the invitation is made under paragraph 3.1.2(b), the fixed Storage Duration in accordance with paragraph 3.5.4, the ratio of Storage Injectability to Storage Space for each Transco LNG Storage Facility and a late-booking rate for the purposes of paragraph 3.7.7;
  - (f) the charges for injection and withdrawal and periods to which such charges apply in accordance with paragraphs 5 and 6;
  - (g) in the case of each Transco LNG Storage Facility which is also a Constrained Storage Facility, the details specified by Transco NTS under R4.1.3 and the required percentages for the purposes of paragraph R4.4.3;
  - (h) in the case of a relevant Transco LNG Storage Facility, charges for Tanker Filling Arrangements;
  - (i) for each of the months May to September inclusive, the amount of the charge (the "**Carry-over Charge**") (in kWh/Day) that will apply to such of the User's Permitted Uncovered Amount as is left in a Transco LNG Storage Facility; and
  - (j) such other matters as may be provided for in this Section Z or, not being inconsistent with any provision of this Section Z, as Transco LNG Storage may reasonably determine.
- 3.1.4 Users may apply (in accordance with paragraph 3.2) for Storage Capacity in each Transco LNG Storage Facility pursuant to the Annual Storage Invitation at any time up to, but (without prejudice to paragraph 3.7) not after, the Transco LNG Invitation Close Date.
- 3.1.5 A User must make a separate application in respect of each Transco LNG Storage Facility in which it applies for Storage Capacity (but such applications may be submitted in a single application form).
- 3.1.6 Each User whose application is approved in accordance with paragraph 3.2.3 will be registered as holding the Storage Capacity allocated (in accordance with paragraph 3.4 or 3.5) to it, and Transco LNG Storage will inform each User of its Registered Storage Capacity in respect of each Transco LNG Storage Facility not later than 28 April in the Preceding Storage Year.
- 3.1.7 For the purposes of paragraph 3.1.6, except where (in accordance with paragraph 3.4.2 or paragraph 3.5.5) the Storage Capacity applied for exceeds the Maximum Storage Capacity, each User whose application is approved will be considered to have been allocated the Storage Capacity it applied for.
- 3.1.8 Any terms included in the Annual Storage Invitation pursuant to paragraph 3.1.3(i) shall be deemed to have been accepted by each User who applies for Storage Capacity (whether under paragraph 3.1.4 or paragraph 3.7), and shall apply in addition to the provisions of this Section Z.

## **3.2 Storage application**

3.2.1 An application for Storage Capacity shall specify:

- (a) the identity of the User;
- (b) the Transco LNG Storage Facility;
- (c) the amount of Storage Space, the amount of Storage Injectability and the amount of Storage Deliverability, subject to the Storage Duration as defined in paragraph 2.3.2, and the relevant Annual Storage Invitation) for which the application is made;
- (d) where the Annual Storage Invitation was made under paragraph 3.1.2(b) and the application is made pursuant to that invitation, the annual rates of the charges which the User agrees to pay by way of Storage Capacity Charges in respect of the Storage Capacity allocated to it;
- (e) where the Annual Storage Invitation was made under paragraph 3.1.2(a) and the application is made pursuant to that invitation, whether the User wishes paragraph 3.4.6 to apply to it, any preference (as to the Transco LNG Storage Facilities in which it is allocated Storage Capacity) for the purposes of paragraph 3.4.5, any ranking for the purposes of paragraph 3.4.7, and any request for the purposes of paragraph 3.4.8; and
- (f) such other matters as the Annual Storage Invitation may (pursuant to paragraph 3.1.3(j) require.

3.2.2 Transco LNG Storage may reject an application for Storage Capacity:

- (a) where the requirements of paragraph 3.2.1 are not complied with; or
- (b) in accordance with paragraph 9.

3.2.3 Transco LNG Storage will approve or reject (under paragraph 3.2.2) applications for Storage Capacity made pursuant to the Annual Storage Invitation before allocating Storage Capacity in accordance with paragraph 3.4 or 3.5 (and references in those paragraphs to applications are to applications which have been so approved).

**3.3 Capacity allocation - Operating Margins and Tanker Filling Arrangements**

In any Storage Year, Transco NTS and Users shall pay the prices set out in Transco's NTS Transporter's Licence for the supply of services under this Section Z for Operating Margins Purposes and for Tanker Filling Arrangements entered into prior to the Transco LNG Invitation Close Date for the Storage Year in question.

**3.4 Capacity allocation: non-price invitation**

3.4.1 This paragraph 3.4 applies where the Annual Storage Invitation in respect of a Transco LNG Storage Facility was made under paragraph 3.1.2(a).

3.4.2 If applications are made pursuant to the Annual Storage Invitation for Storage Capacity at a Transco LNG Storage Facility in aggregate greater than the relevant Maximum Storage Capacity Transco LNG Storage will allocate Storage Capacity between Users whose applications were not rejected in accordance with the further provisions of this

paragraph 3.4.

3.4.3 Where:

- (a) Transco LNG Storage receives and approves applications for Storage Capacity in a Transco LNG Storage Facility in aggregate greater than the Maximum Storage Capacity; and
- (b) any User (an "**electing User**") so elected under paragraph 3.2.1(e)

then unless Transco LNG Storage is able (having regard to any preferences expressed under paragraph 3.2.1(e)) to agree an alternative allocation with all Users who applied for Storage Capacity in Transco LNG Storage Facilities, paragraph 3.4.4 shall apply.

3.4.4 In the circumstances in paragraph 3.4.3, subject to paragraphs 3.4.5 and 3.4.6:

- (a) Transco LNG Storage will determine for each Transco LNG Storage Facility (other than any for which the Annual Storage Invitation was made under paragraph 3.1.2(b)) the ratio between the aggregate Storage Capacity for which such applications were approved and the Maximum Storage Capacity, and will rank the Transco LNG Storage Facilities in order by such ratio (the facility for which Storage Capacity applied for exceeds Maximum Storage Capacity by the greatest proportion ranking first);
- (b) the allocation under this paragraph 3.4 will be carried out in respect of each Transco LNG Storage Facility sequentially, in the order ranked under paragraph (a) starting with the first ranking;
- (c) in carrying out such allocation in respect of each Transco LNG Storage Facility other than the first ranking, each electing User shall be treated as having applied for Storage Capacity in an amount determined by aggregating:
  - (i) the Storage Capacity (if any) specified in its application for such facility; and
  - (ii) Storage Capacity in an amount equal to the amount of Storage Capacity it applied for (or was treated under this paragraph as having applied for), but under the rules in this paragraph 3.4 was not allocated, in the prior-ranking Transco LNG Storage Facility.

3.4.5 For the purposes of paragraph 3.4.4, where a User stipulated under paragraph 3.2.1(e) a ranking of all or any of the Transco LNG Storage Facilities:

- (a) that User will not participate in the allocation under paragraph 3.4.4(c) in respect of any Transco LNG Storage Facility:
  - (i) which the User did not include in its ranking;
  - (ii) which was ranked under paragraph 3.4.4(a) before the Transco LNG Storage Facility ranked first by the User;
- (b) the User will participate in the allocation under paragraph 3.4.4(c):
  - (i) as to the Transco LNG Storage Facility ranked first by the User; and

- (ii) thereafter, only as respects any Transco LNG Storage Facility which was ranked under paragraph 3.4.4(a) after the Transco LNG Storage Facility which the User ranked immediately before it.

3.4.6 A User who did not stipulate a ranking for the purposes of paragraph 3.4.5 may stipulate under paragraph 3.2.1(e) that, if the User is not allocated the entirety of the Storage Capacity applied for in a Transco LNG Storage Facility, the User is not to be allocated any Storage Capacity in such facility; and where any User(s) made such a stipulation, in the circumstances in paragraph 3.4.3 any such User will be allocated no such Storage Capacity unless the result of not allocating Storage Capacity to another such User is that paragraph 3.4.3 no longer applies.

### **3.5 Capacity allocation: price tender**

3.5.1 This paragraph 3.5 applies where the Annual Storage Invitation in respect of a Transco LNG Storage Facility was made under paragraph 3.1.2(b), and references in this paragraph 3.5 to Storage Capacity are references to Storage Space, Storage Injectability, Storage Deliverability or any combination of them, as appropriate.

3.5.2 Each User (excluding Transco NTS for Operating Margins Purposes and/or Users in respect of Tanker Filling Arrangements for the forthcoming Storage Year entered into prior to the Transco LNG Invitation Close Date) who applies for Storage Capacity shall tender a price or prices (in accordance with paragraph 3.2.1(d)), and agrees by making such application to pay by way of Storage Capacity Charges the prices so tendered in respect of the amounts of Storage Capacity allocated in accordance with this paragraph 3.5.

3.5.3 In this paragraph 3.5 "**price**" means the annual rate of the Storage Space Charge, the Storage Injectability Charge and/or Storage Deliverability Charge tendered by a User in its application in accordance with paragraph 3.2.1(d).

3.5.4 Transco LNG Storage will in the Annual Storage Invitation stipulate a fixed Storage Duration in respect of Storage Capacity to be applied for and Users will be required to tender a single composite price.

3.5.5 Transco LNG Storage will allocate Storage Capacity by:

- (a) ranking the applications in order of price; and
- (b) allocating to each application, in descending order of price starting with the highest priced, the amount of Storage Capacity applied for (or part thereof in the case of the lowest-priced application(s) to which Storage Capacity is allocated), until an amount of Storage Capacity equal to the Maximum Storage Capacity has been allocated,

and, where the same price was tendered in two or more applications, ranking such applications equally and allocating Storage Capacity pro rata to the amounts applied for.

3.5.6 Following the determination of each User's allocation of Storage Capacity pursuant to this paragraph 3.5 in respect of each Storage Year, Transco LNG Storage will send to the Authority a statement setting out such allocations and showing how they were (in accordance with this paragraph 3.5) calculated.

### 3.6 Gas left in storage

3.6.1 For the purposes of this paragraph 3.6, in respect of each Transco LNG Storage Facility, in respect of any Storage Year:

- (a) a "**Carry-over User**" is a User whose Opening Storage Balance exceeds its Available Storage Space on 1 May in the Storage Year;
- (b) a Carry-over User's "**uncovered gas-in-storage**" in a Transco LNG Storage Facility on any Day in the Transco LNG Injection Period is the lesser of:
  - (i) the amount by which its gas-in-storage exceeds whichever is the greater of:
    - (1) the User's Registered Storage Space (allocated pursuant to an application under the Annual Storage Invitation); and
    - (2) the User's Available Storage Space; and
  - (ii) the amount of the User's uncovered gas-in-storage determined in accordance with this paragraph 3.6.1 on any preceding Day in the Transco LNG Injection Period.

3.6.2 A Carry-over User may, on each Day in the Transco LNG Injection Period up to and including 30 September, have uncovered gas-in-storage not exceeding an amount (the "**Permitted Uncovered Amount**") equal to the amount of Empty Storage Space allocated to it under paragraph 3.6.4(b), without the provisions of paragraph 6.4 applying.

3.6.3 Each Carry-over User shall secure that:

- (a) it does not have uncovered gas-in-storage on any Day in an amount exceeding the Permitted Uncovered Amount under paragraph 3.6.2; and
- (b) on 1 October it has no uncovered gas-in-storage;

and where the User does not secure such requirements paragraph 6.4 shall apply.

3.6.4 As at the Day ("**Confirmation Day**") immediately following the LNG Storage Injection Nomination Time in respect of the Gas Flow Day in question, Transco LNG Storage will:

- (a) determine for each Transco LNG Storage Facility in respect of the Gas Flow Day in question (the "**relevant Day**"), on the basis of the accepted Storage Injection Nominations for the relevant Day, the amount ("**Empty Storage Space**"), if any, by which the Maximum Storage Space exceeds the aggregate of:
  - (i) the gas-in-storage of all Users (excluding uncovered gas in storage, but including gas-in-storage of Users holding Special Storage Capacity as at the Confirmation Day); and
  - (ii) the Storage Nomination Quantities in accordance with the accepted Storage Injection Nominations of all Users for each Day from the

Confirmation Day up to and including the relevant Day; and

- (b) allocate (for the purposes of paragraph 3.6.2 only) the Empty Storage Space in respect of each relevant Day between Carry-over Users in proportion to their respective amounts of uncovered gas-in-storage as at the Confirmation Day.
- 3.6.5 Transco LNG Storage will notify to each Carry-over User, on the Confirmation Day, the amount of Empty Storage Space allocated to it in respect of the relevant Day.
- 3.6.6 Carry-over Charges will be invoiced and are payable monthly in accordance with paragraph 8.

### **3.7 Late booking**

- 3.7.1 Subject to paragraph 3.7.2 a User may apply in accordance with paragraph 3.2 for Storage Capacity (or additional Storage Capacity) in any Transco LNG Storage Facility after the Transco LNG Invitation Close Date.
- 3.7.2 Subject to paragraph 3.7.3, Transco LNG Storage will approve or reject the application in accordance with paragraph 3.2.3; and (where the application is approved) the User will be registered as holding the Storage Capacity applied for with effect from the Day of such approval.
- 3.7.3 Transco LNG Storage will notify the User whether the application was approved or rejected within 3 Business Days after the application was made.
- 3.7.4 An application under paragraph 3.7.1 will not be approved if at the time of the application the Storage Space, the Storage Injectability or the Storage Deliverability applied for exceeds the Uncommitted Storage Capacity in the relevant Transco LNG Storage Facility.
- 3.7.5 If the Storage Capacity applied for exceeds the Uncommitted Storage Capacity:
  - (a) Transco LNG Storage will (when notifying rejection of the application) so inform the User, specifying the Uncommitted Storage Capacity; and the User may then re-apply for Storage Capacity;
  - (b) if within 2 Business Days after Transco LNG Storage's notification the User so re-applies, such re-application shall be treated (for the purposes of determining the Uncommitted Storage Capacity) as made at the time that its rejected application was made.
- 3.7.6 So far as capable of applying, the terms of the Annual Storage Invitation shall apply in respect of Storage Capacity held pursuant to an application under this paragraph 3.7 (but such an application shall not be treated as made pursuant to the Annual Storage Invitation).
- 3.7.7 Where the Annual Storage Invitation was made under paragraph 3.1.2(b) the rates of the Storage Capacity Charges payable by a User who is registered as holding Storage Capacity under this paragraph 3.7 will (subject to paragraph 3.7.8) be the late-booking rate specified pursuant to paragraph 3.1.3(e) in the Annual Storage Invitation.
- 3.7.8 A User who is registered as holding Storage Capacity under this paragraph 3.7 will pay

Storage Capacity Charges:

- (a) with effect from the Day of such registration, at the Applicable Storage Capacity Charge Rate and in accordance with paragraph 2.6.4;
- (b) in respect of the period from 1 May until the Day before the Day of registration, calculated as

$$(n * P * Q) / 365$$

where:

n is the number of Days from 1 May (inclusive) up to (but not including) the Day of registration;

P is the Applicable Storage Capacity Charge Rate;

and Q is the amount of such Storage Capacity.

- 3.7.9 The amount payable under paragraph 3.7.8(b) will accrue in the registration month and will be invoiced and payable (in accordance with paragraph 8) accordingly.

### **3.8 Special Storage Capacity**

- 3.8.1 Subject to paragraph 3.8.2, in respect of any Storage Year, Transco LNG Storage may (but shall not be required to) enter into arrangements in respect of capacity ("**Special Storage Capacity**") in any Transco LNG Storage Facility, on terms and conditions (specified by Transco LNG Storage in such invitation) which are different from those of this Section Z.

- 3.8.2 Transco LNG Storage may not enter into arrangements in respect of Special Storage Capacity:

- (a) which would conflict in any material way with the rights under this Section Z of any User in respect of Storage Capacity held before such arrangement is entered into; or
- (b) for any period greater than one Storage Year; or
- (c) in respect of any Storage Year, until it has allocated Storage Capacity in respect of that year pursuant to applications made in accordance with paragraph 3.1.4 under the Annual Storage Invitation.

## **4 STORAGE TRANSFERS**

### **4.1 Basis of transfer**

- 4.1.1 A User (the "**Transferor Storage User**") may at any time:

- (a) transfer all or part of its Available Storage Space or its Available Storage Injectability or its Available Storage Deliverability in a Transco LNG Storage



Facility to; or

- (b) make a Storage Gas Transfer in respect of a quantity of gas in relation to a Transco LNG Storage Facility in favour of

another User (the "**Transferee Storage User**"), subject to and in accordance with this paragraph 4.

- 4.1.2 The requirements as to Storage Duration in paragraph 2.3 apply in respect of applications for Storage Capacity, and not Available Storage Capacity; and accordingly a Storage Capacity Transfer may be made disregarding such requirements.

- 4.1.3 For the purposes of this Section Z:

- (a) a "**Storage Space Transfer**", a "**Storage Injectability Transfer**" and a "**Storage Deliverability Transfer**" are respectively a transfer of Storage Space, a transfer of Storage Injectability and a transfer of Storage Deliverability in accordance with paragraph 4.1.1(a) and a "**Storage Capacity Transfer**" is a Storage Space Transfer and/or a Storage Injectability Transfer and/or a Storage Deliverability Transfer;
- (b) a "**Storage Gas Transfer**" is an arrangement between two Users made for the purposes of paragraph 4.5;
- (c) a "**Storage Transfer**" is a Storage Capacity Transfer or a Storage Gas Transfer.

- 4.1.4 A Storage Injectability Transfer may be for any hour or consecutive hours (being full hours only) or Day or consecutive Days within the period for which the Transferor Storage User holds (by virtue of registration or any Storage Injectability Transfer) such capacity and a Storage Deliverability Transfer may be for any hour or consecutive hours (being full hours only) or Day or consecutive Days within the period for which the Transferor Storage User holds (by virtue of registration or any Storage Deliverability Transfer) such capacity; and a Storage Space Transfer shall be for the period from (and including) the date of such transfer until the end of the Storage Year.

- 4.1.5 In respect of a Storage Transfer or proposed Storage Transfer:

- (a) in the case of a Storage Capacity Transfer, the "**Transferred Storage Capacity**" is the Storage Capacity which is (or is to be) transferred;
- (b) in the case of a Storage Gas Transfer, the "**Transferred Gas-in-Storage**" is the quantity subject to such Storage Gas Transfer;
- (c) the "**Storage Transfer Period**" is in the case of a Storage Injectability Transfer or a Storage Deliverability Transfer the hour or hours (being full hours only) or the Day or Days, and in the case of a Storage Space Transfer the period, in accordance with paragraph 4.1.4, for which the transferred capacity is (or is to be) transferred;
- (d) in the case of a Storage Gas Transfer the "**transfer date**" is the Day on and with effect from which the Storage Gas Transfer is to take effect;
- (e) the "**Transfer Storage Facility**" is the Transco LNG Storage Facility at which Storage Capacity is (or is to be) transferred or in respect of which a Storage Gas

Transfer is (or is to be) made.

## **4.2 Storage Gas and Capacity Transfers**

- 4.2.1 A User may not transfer Storage Space or make a Storage Gas Transfer where as a result:
- (a) either the Transferee Storage User or the Transferor Storage User would have gas-in-storage in excess of its Available Storage Space in the Transfer Storage Facility; or
  - (b) in the case of a Constrained Transco LNG Storage Facility, the requirement in Section R4.4.1 would not be satisfied by either the Transferor Storage User or the Transferee Storage User.
- 4.2.2 The Transferred Gas-in-Storage under a Storage Gas Transfer shall not exceed the amount of the Transferor Storage User's gas-in-storage in the Transfer Storage Facility.
- 4.2.3 Transco LNG Storage may but shall not be required to reject a Storage Transfer in respect of which the requirements of paragraph 4.2.1 or 4.2.2 are not satisfied; and where Transco LNG Storage does not reject such a Storage Transfer the Storage Transfer will take effect and a Storage Overrun Charge and/or Storage Management Charge may be payable by either User in accordance with paragraphs 7.1 and 7.3.

## **4.3 Procedure**

- 4.3.1 Where a User proposes to make a Storage Transfer, each of the Transferor Storage User and the Transferee Storage User must notify the proposed Storage Transfer to Transco LNG Storage specifying:
- (a) the identity of the Transferor Storage User and Transferee Storage User;
  - (b) the Transfer Storage Facility;
  - (c) whether the Storage Transfer is a Storage Space Transfer, a Storage Injectability Transfer, a Storage Deliverability Transfer or a Storage Gas Transfer, or a combination in accordance with paragraph 4.3.2;
  - (d) the amount of the Transferred Storage Capacity, or (as the case may be) Transferred Gas-in-Storage; and
  - (e) in the case of a Storage Capacity Transfer, the Storage Transfer Period, or in the case of a Storage Gas Transfer, the transfer date.
- 4.3.2 A combined notification may (and where required to satisfy the condition in paragraph 4.2.1 shall) be made in respect of a Storage Space Transfer and Storage Gas Transfer at one Transco LNG Storage Facility.
- 4.3.3 A proposed Storage Transfer or a proposed Storage Gas Transfer may not be notified later than 04:00 hours on the transfer date or (as the case may be) Day or first Day of the Storage Transfer Period. A proposed Storage Injectability Transfer or a proposed Storage Deliverability Transfer may not be notified later than one (1) hour prior to the commencement of the Storage Transfer Period.

4.3.4 Transco LNG Storage may reject a Storage Transfer:

- (a) in accordance with paragraph 4.2.3;
- (b) where either the Transferor Storage User or the Transferee Storage User does not notify the Storage Transfer in accordance with paragraph 4.3.1 or 4.3.3; or
- (c) in accordance with paragraph 9.

4.3.5 A Storage Transfer shall be effective if it is approved by Transco LNG Storage or is not rejected by Transco LNG Storage within 60 minutes after it was notified by the Transferor Storage User or (if later) the Transferee Storage User under paragraph 4.3.1.

**4.4 Effect of Storage Capacity Transfer**

4.4.1 Except for the purposes of paragraph 4.3.3, and subject to paragraph 4.6, the Transferee Storage User will be treated during the Storage Transfer Period as holding the Transferred Storage Capacity.

4.4.2 A User's Available Storage Capacity in a Transco LNG Storage Facility on a Day will be determined as its Registered Storage Capacity, adjusted in respect of any Storage Capacity Transfer(s) (for which that facility is the Transfer Storage Facility and the Storage Transfer Period includes that Day) by adding the Transferred Storage Capacity where the User was the Transferee Storage User, and deducting the Transferred Storage Capacity where the User was the Transferor Storage User, subject to paragraph 4.6.

4.4.3 A User will remain liable for Storage Capacity Charges in respect of its Registered Storage Capacity irrespective of any Storage Capacity Transfer.

**4.5 Effect of Storage Gas Transfer**

With effect from (and including) the transfer date, the Transferred Gas-in-Storage will be added to the Transferee Storage User's gas-in-storage and deducted from the Transferor Storage User's gas-in-storage in respect of the Transfer Storage Facility.

**4.6 Effect of Termination**

4.6.1 Where during the Storage Transfer Period in respect of a Storage Capacity Transfer the Transferor Storage User ceases, pursuant to paragraph 10, to be a User for the purposes of this Section Z:

- (a) Transco LNG Storage will so notify the Transferee Storage User as soon as reasonably practicable and in any event not more than 5 Business Days after giving Storage Termination Notice to the Transferor Storage User;
- (b) with effect from the Storage Discontinuance Date the Storage Capacity Transfer will lapse and the Transferee Storage User will cease to be treated as holding the Transferred Storage Capacity;
- (c) the Transferee Storage User may elect to be registered in accordance with paragraph 4.6.2 as holding Storage Capacity (in addition to any such capacity held other than by virtue of the Storage Capacity Transfer) in the Transfer Storage Facility:

- (i) in an amount not exceeding the Transferred Storage Capacity; and
- (ii) for (in the case of a Storage Injectability Transfer or a Storage Deliverability Transfer) any hour or consecutive hours (being full hours only) or Day or consecutive Days within the Storage Transfer Period, or (in the case of a Storage Space Transfer) a period from any Day (before or after the date of such election, but not before the Storage Discontinuance Date) in the Storage Transfer Period until the end of the Storage Transfer Period.

4.6.2 Where under paragraph 4.6.1 the Transferee Storage User elects to be registered as holding Storage Capacity:

- (a) the Transferee Storage User shall notify Transco LNG Storage, as soon as reasonably practicable and in any event not more than 5 Business Days after Transco LNG Storage's notice under paragraph 4.6.1(a), of such election, specifying the Storage Capacity and period in accordance with paragraphs 4.6.1(c)(i) and (ii);
- (b) the Transferee Storage User will be registered as holding Storage Capacity in the amount and for the period elected (notwithstanding any other requirement of the Code as to the prior notice required for or the period of registration);
- (c) the Transferee Storage User will accordingly be liable for Storage Capacity Charges in respect of the elected Storage Capacity at the Transfer Storage Facility for the elected period;
- (d) where the Annual Storage Invitation was made under paragraph 3.1.2(b) the Storage Capacity Charges referred to in paragraph (c) will be at the weighted average of the rates of Storage Charges payable by all Users who were allocated Storage Capacity pursuant to such invitation.

4.6.3 Where during the Storage Transfer Period in respect of a Storage Capacity Transfer the Transferee Storage User ceases, pursuant to paragraph 10, to be a User for the purposes of Section Z:

- (a) Transco LNG Storage will so notify the Transferor Storage User as soon as reasonably practicable and in any event not more than 5 Business Days after giving a Storage Termination Notice to the Transferee Storage User;
- (b) with effect from the Storage Discontinuance Date, the Storage Capacity Transfer will lapse and the Transferee Storage User will cease to be treated as holding the Transferred Storage Capacity which will revert to (and be treated as held by) the Transferor Storage User.

4.6.4 For the avoidance of doubt, the fact that a User shall cease to be a User for the purposes of Section Z under paragraph 10 shall not affect any Storage Gas Transfer made before the Storage Discontinuance Date.

## **5 INJECTION**

### **5.1 Introduction**

- 5.1.1 Subject to this paragraph 5, a User may inject gas into a Transco LNG Storage Facility on any Day (including a Day on which gas is being withdrawn from the facility) during the period (the "**Transco LNG Injection Period**") in which Transco LNG Storage will accept injections of gas by such User into the relevant Transco LNG Storage Facility. The Transco LNG Injection Period for each User shall commence on 1 May in the Storage Year and shall end on the later of
- (a) 31 October in the Storage Year; or
  - (b) the first Day in the Storage Year following 31 October:
    - (i) where the User does not have a Storage Nomination Quantity pursuant to a Storage Injection Nomination equal to or greater than its Available Storage Injectability; or
    - (ii) where the User has no unfilled Storage Space; or
    - (iii) which Transco LNG Storage shall determine and notify to Users as the date with effect from which rights to inject gas to a Transco LNG Storage Facility, other than pursuant to paragraph 5.4, shall be terminated.
- 5.1.2 The User may (subject to the provisions of this Section Z) nominate to inject gas at a rate in excess of its available injection rate, but shall not inject a quantity in excess of its unfilled Available Storage Space.
- 5.1.3 Subject to paragraph 5.1.5, Users may not inject gas into a Transco LNG Storage Facility in an Injection Maintenance Period.
- 5.1.4 For the purposes of paragraph 5.1.3, in relation to a Transco LNG Storage Facility:
- (a) an "**Injection Maintenance Period**" is a continuous period of one (1) hour or more in the Transco LNG Injection Period on which the injection facilities of the Transco LNG Storage Facility are withdrawn from service for maintenance;
  - (b) the duration of an Injection Maintenance Period shall not exceed what is reasonably required for the purposes of the relevant maintenance, and in any event the aggregate total of Injection Maintenance Periods shall not exceed three hundred and sixty (360) hours in any Transco LNG Injection Period;
  - (c) the Injection Maintenance Periods shall be specified in the Annual Storage Invitation, provided that Transco LNG Storage may revise (but without prejudice to paragraph (b)) the periods which are Injection Maintenance Periods in any month by providing for additional maintenance and/or by varying the dates or periods of any maintenance already provided for, upon notifying relevant Users not less than 30 Days (or such lesser period as relevant Users may agree) before:
    - (i) the date on which (following such revision) such maintenance is to commence; or
    - (ii) where the effect of the revision is to defer maintenance, the date of commencement thereof as shown in the Annual Storage Invitation before such revision.

- 5.1.5 Users may inject gas into a Transco LNG Storage Facility during an Injection Maintenance Period to the extent that the Storage Nomination Quantities under the Storage Injection Nominations do not exceed the Nomination Quantities under Storage Withdrawal Nominations for the Injection Maintenance Period in respect of the same facility; and where required the Nomination Quantities under such Storage Injection Nominations will be reduced pro-rata, and Transco LNG Storage will inform relevant Users of the extent of such a pro-rata reduction as soon as practicable.

## 5.2 Nominations and Renominations

- 5.2.1 A User shall submit Storage Injection Nominations not later than the LNG Storage Injection Nomination Time. Where a User has not submitted a Storage Injection Nomination for the Gas Flow Day by the LNG Storage Injection Nomination Time, the User shall be deemed to have submitted a Storage Injection Nomination in respect of the Gas Flow Day with a Storage Nomination Quantity of zero.
- 5.2.2 Subject to the provisions of this Section Z, a User may make a Storage Renomination in respect of a Storage Injection Nomination.
- 5.2.3 Where a User makes a Storage Injection Nomination or a Storage Renomination of a Storage Injection Nomination (such a Storage Renomination or Storage Nomination a **"relevant Storage Injection Nomination"**) the implied injection rate shall not be less than zero.
- 5.2.4 Where a User makes a relevant Storage Injection Nomination in respect of which the implied injection rate is greater than the available injection rate, the User shall pay a Storage Overrun Charge in accordance with paragraph 7.1.
- 5.2.5 Where a User makes a relevant Storage Injection Nomination in respect of which the implied injection rate is less than zero, Transco LNG Storage may (but shall not be required to) reject the relevant Storage Injection Nomination.
- 5.2.6 For the purposes of this Section Z, in relation to a relevant Storage Injection Nomination:
- (a) the **"available injection rate"** is the rate (in kWh/hour) determined as the sum of:
    - (i) the Available Storage Injectability divided by 24; and
    - (ii) where the User is a party to an arrangement for Special Storage Capacity, the lesser of:
      - (1) the maximum permissible Nomination Quantity thereunder divided by 24;
      - (2) following any reduction to the Nomination Quantity, the User's reduced Nomination Quantity divided by the period (in hours) from the time at which the revision takes effect until the end of the Gas Flow Day;
  - (b) the **"implied injection rate"** is the prevailing injection rate plus (in the case of an increase in Nomination Quantity or System Entry Sell) or minus (in the case

of a decrease in Nomination Quantity or System Entry Buy) the incremental injection rate;

- (c) the "**prevailing injection rate**" is:
    - (i) where no earlier such Renomination has been made, the rate (in kWh/hour) determined as the Nomination Quantity under the User's Storage Injection Nomination divided by 24 (or where the User had made no Storage Injection Nomination, zero);
    - (ii) in any other case, the implied injection rate, determined in accordance with this paragraph 5.2.6, prevailing immediately before the relevant Storage Injection Nomination;
  - (d) the "**incremental injection rate**" is the rate (in kWh/hour) determined as the amount of the increase or decrease in Nomination Quantity divided by the relevant period;
  - (e) the "**relevant period**" is the period in hours calculated from the time when the relevant Storage Injection Nomination becomes effective, and continues until either (i) the time when a further relevant Storage Injection Nomination becomes effective, or (ii) the end of the Gas Flow Day, whichever shall occur first and for the purposes of calculating the relevant period, a relevant Storage Injection Nomination shall become effective at the time the nomination is made or in respect of a Contract Renomination at the time the Physical Market Transaction giving rise to the requirement to make the Contract Renomination was made plus the injection lead time prevailing at such time or the Transaction Effective Time in relation to such Physical Market Transaction if longer.
- 5.2.7 In respect of any Transco LNG Storage Facility the "**injection lead time**", as at any time after the LNG Storage Injection Nomination Time, is the period of notice required (by reference to the prevailing operational status of the facility at such time) before Transco LNG Storage can give effect to an increase or (as the case may be) a decrease in the rate of injection of gas into the facility on the Gas Flow Day. The injection lead time in respect of any Transco LNG Storage Facility shall never be greater than 15 Days.
- 5.2.8 With effect from the LNG Storage Injection Nomination Time Transco LNG Storage will make available to Users the prevailing injection lead times (for an increase and for a decrease) for the Gas Flow Day in respect of each Transco LNG Storage Facility.
- 5.2.9 A User's "**Requested Injection Quantity**" for a Gas Flow Day shall be the Storage Nomination Quantity specified for that Day in the User's prevailing Storage Injection Nomination or Storage Renomination, as the case may be.
- 5.2.10 Where for any Gas Flow Day, the aggregate of all Users' Requested Injection Quantities in respect of a Transco LNG Storage Facility exceeds the Total Storage Injectability of such Transco LNG Storage Facility, the Storage Nomination Quantities of all Users will be revised in accordance with paragraph 5.2.11.
- 5.2.11 For each User a revised Storage Nomination Quantity shall be determined such that each of the following conditions is satisfied:

- (a) the aggregate of the revised Storage Nomination Quantities of all Users is equal to the Total Storage Injectability of the relevant Transco LNG Storage Facility;
- (b) no User has a revised Storage Nomination Quantity greater than its Requested Injection Quantity;
- (c) each User whose Requested Injection Quantity is less than or equal to the User's Available Storage Injectability shall have a revised Storage Nomination Quantity equal to its Requested Injection Quantity; and
- (d) the revised Storage Nomination Quantities of Users whose Requested Injection Quantity exceeds their respective Available Storage Injectability are in the same proportions as their respective Available Storage Injectability.

### **5.3 Quantity injected**

- 5.3.1 In accordance with paragraph 1.2.2, but subject to paragraph 1.5 and to any other provisions to the contrary in this Section Z, Transco LNG Storage shall secure that the quantity of gas injected by the User will be the Storage Nominated Quantity under the User's Storage Injection Nomination.

### **5.4 Injection outside the Transco LNG Injection Period**

- 5.4.1 Subject to paragraph 5.4.5, a User who holds unfilled Storage Space in a Transco LNG Storage Facility may make an injection (a "**late injection**") of gas into the facility on a Day after the end of the Transco LNG Injection Period (in the relevant Storage Year) in the circumstances in paragraph 5.4.3.
- 5.4.2 A User who wishes to make a late injection on a Day shall notify Transco LNG Storage not later than the LNG Storage Injection Nomination Time specifying the Transco LNG Storage Facility and the quantity of gas to be injected, which notification may not be withdrawn or amended.
- 5.4.3 The circumstances in which a late injection may take place are:
- (a) where other Users are withdrawing gas from the relevant Transco LNG Storage Facility in quantities in aggregate exceeding the late injection quantity; or
  - (b) where no User is withdrawing gas from the facility, the facility is not being held ready to allow such withdrawals and the injection facilities are not in the course of maintenance or other works and are otherwise capable of being put in operation for the Day and Transco NTS has not notified Transco LNG Storage of any Transportation Constraint which Transco NTS anticipates would arise if such injection were to take place.
- 5.4.4 Transco LNG Storage will make available details of the Transco LNG Storage Facilities in respect of which the circumstances under paragraph 5.4.3 are from time to time satisfied.
- 5.4.5 Transco LNG Storage may at any time (before or within the Gas Flow Day) by giving not less than 60 minutes' notice to the User cancel or discontinue or reduce the rate of any late injection where or to the extent that the circumstances in paragraph 5.4.3 cease or have ceased to be satisfied.



- 5.4.6 The restrictions under this paragraph 5.4 applying to late injections do not apply to NTS for Operating Margins Purposes.

## **5.5 Injection Charges**

- 5.5.1 Users shall pay charges ("**Storage Injection Charges**") in respect of quantities injected into each Transco LNG Storage Facility at the rate (in pence per kWh) specified in the Annual Storage Invitation in respect of such facility for the month in which such quantities were injected.
- 5.5.2 Storage Injection Charges will be invoiced and are payable monthly in accordance with paragraph 8.

## **5.6 Transco LNG Storage Interruption and Cancellation of Injection**

- 5.6.1 Where a User has made a Storage Injection Nomination in respect of a Gas Flow Day for a Storage Nomination Quantity in excess of its available injection rate, Transco LNG Storage may by notice to the User, at any time not later than 12:00 hours on the Preceding Day (or the start of the injection lead time for the Gas Flow Day, if later), interrupt that part of the User's Storage Nomination Quantity that is in excess of the User's available injection rate. In the event of such interruption, no compensation shall be due to the User and the User's Storage Nomination Quantity pursuant to Storage Injection Nominations for such Day(s) will be deemed to be the User's available injection rate multiplied by the number of full remaining hours in the Gas Flow Day.
- 5.6.2 Where it is planned or known before the Gas Flow Day that (by reason of failure, repair or maintenance of such facilities, whether or not resulting from Force Majeure) the injection facilities at a Transco LNG Storage Facility will not be in operation for any reason (other than as a result of interruption by Transco NTS as set out in paragraph 5.8) in any period (not being an Injection Maintenance Period) in the Transco LNG Injection Period, or any period outside the Transco LNG Injection Period in respect of which a User has submitted a notice in accordance with paragraph 5.4:
- (a) Transco LNG Storage may notify Users that injection to that facility for such period is cancelled, by notice ("**cancellation notice**") given not later than 12:00 hours on the Preceding Day, and specifying such period of cancellation; and
  - (b) where a cancellation notice is given, the Users' Storage Nomination Quantities pursuant to Storage Injection Nominations for such Day(s) in which the period falls will be deemed to be reduced to such quantities as may be notified by Transco LNG Storage (provided no User shall have a deemed Storage Nomination Quantity pursuant to this paragraph greater than the Storage Nomination Quantity contained in the User's Storage Injection Nomination(s) for such Day(s)).
- 5.6.3 Where:
- (a) in the circumstances in paragraph 5.6.2 Transco LNG Storage does not give a cancellation notice for a Day; or
  - (b) the injection facilities at a Transco LNG Storage Facility become non-operational after 12:00 hours on the Preceding Day

then, without prejudice to paragraph 1.5, the Storage Nomination Quantities of Users will not be affected and shall be deemed to be those in the prevailing Storage Injection Nominations.

- 5.6.4 For each Day where Transco LNG Storage submits a cancellation notice or cancellation notices pursuant to 5.6.2 for the relevant Transco LNG Storage Facility such that the aggregate period or periods of cancellation exceeds three hundred and sixty (360) hours in the Transco LNG Injection Period, then Transco LNG Storage will pay to each User holding Available Storage Injectability at the relevant Transco LNG Storage Facility for the Gas Flow Day in question an amount calculated as:-

$$C * (U-F)$$

where:

- C is the Applicable Storage Injectability Charge Rate;
- U is the Storage Nomination Quantity under the User's Storage Injection Nomination (but for the avoidance of doubt not exceeding the User's Available Storage Injectability) for the Day; and
- F is the quantity of gas injected or deemed to be injected into the Transco LNG Storage Facility by the User during the Gas Flow Day in question.

## **5.7 Transco LNG Storage Injection Failure**

- 5.7.1 Where for any Day:

- (a) a User makes in respect of a Transco LNG Storage Facility a Storage Injection Nomination which complies with the requirements of this Section Z; and
- (b) Transco LNG Storage is in breach of paragraph 5.3

Transco LNG Storage will pay to the User an amount calculated in accordance with paragraph 5.7.2.

- 5.7.2 The amount payable by Transco LNG Storage shall be determined as:

$$C * (U-F)$$

where:

- C is the Applicable Storage Injectability Charge Rate;
- U is the Storage Nomination Quantity under the User's Storage Injection Nomination (but for the avoidance of doubt not exceeding the User's Available Storage Injectability) for the Day; and
- F is the quantity of gas injected or deemed to be injected into the Transco LNG Storage Facility by the User during the Gas Flow Day in question.

- 5.7.3 Upon any failure of the injection facilities of a Transco LNG Storage Facility:

- (a) Transco LNG Storage will (promptly upon such failure occurring) inform each

relevant User of such failure, and of the approximate quantities already injected by the User, and the estimated impact of such failure upon the quantities to be injected by the User, on the Day of the failure (but no such notification shall prejudice the question whether such failure is Force Majeure);

- (b) each such User may elect, by making a Renomination of its Storage Injection Nomination, to continue to inject such quantities as Transco LNG Storage have notified are available for injection by the User or to discontinue further injection on the Day.

5.7.4 Where Transco LNG Storage wilfully or recklessly fails to operate (where otherwise capable of operation) the injection facilities of a Transco LNG Storage Facility, the quantity of gas injected by a User into such facility shall, notwithstanding such failure, be equal to the Storage Nominated Quantity (and accordingly paragraph 5.7.1 shall not apply).

## **5.8 Transco NTS Interruption of Injection**

5.8.1 In respect of a Transco LNG Storage Facility, where Transco NTS notified Transco LNG Storage that it requires the interruption of the offtake of gas at a Storage Connection Point pursuant to Section R3.2, Transco LNG Storage may in respect of the Day in relation to which Transco NTS so notified Transco LNG Storage cancel injection or reduce the quantities injected by Users to such facility for the purposes of avoiding or limiting a Transportation Constraint which Transco NTS anticipates would otherwise arise.

5.8.2 Where Transco LNG Storage cancels injection or reduces injection quantities under paragraph 5.8.1, Transco LNG Storage will revise on behalf of Users their Storage Injection Nominations and notify such revised Storage Nomination Quantities as soon as reasonably practicable after the requirement for interruption was known.

5.8.3 Where in respect of a Transco LNG Storage Facility Transco LNG Storage is in receipt of a notice from Transco NTS pursuant to Section R3.2 in respect of the interruption of the offtake of gas at the Storage Connection Point, Transco LNG Storage will indemnify the User and hold it harmless against any charges payable by the User to Transco NTS pursuant to Section G6 in respect of the failure by the User to interrupt the offtake of gas at the relevant Storage Connection Point.

## **5.9 Emergencies**

5.9.1 On any Day during a Gas Supply Emergency Transco LNG Storage may take steps to suspend injection of gas at a Transco LNG Storage Facility in order to comply with Transco NTS's instructions pursuant to Section Q3.3.3 notwithstanding Users' Nominations in respect of such Day, and where Transco LNG Storage takes such steps the aggregate quantity injected on such Day will be apportioned between Users in the same proportions as their respective Storage Nomination Quantities pursuant to Storage Injection Nominations on such Day.

5.9.2 Paragraph 6.7.2 shall apply in the event of a Network Gas Supply Emergency.

5.9.3 Following a Gas Supply Emergency Transco LNG Storage will cooperate with Users with a view to enabling Users to inject quantities into Transco LNG Storage Facilities (notwithstanding such injection may conflict with any requirements under this Section

Z) to replace gas withdrawn from Transco LNG Storage Facilities during the Gas Supply Emergency.

#### **5.10 Storage Injectability Refund**

5.10.1 Where a User has satisfied the conditions set out in paragraph 5.10.2, the provisions of paragraph 5.10.3 shall apply.

5.10.2 The conditions referred to in paragraph 5.10.1 are that:

- (a) the User has gas-in-storage less than its Registered Storage Space in a Transco LNG Storage Facility at the end of the Transco LNG Injection Period; and
- (b) the sum of:
  - (i) the User's opening balance; plus
  - (ii) the aggregate of the Storage Nomination Quantities of Storage Injection Nominations made by the User in respect of the relevant Transco LNG Storage Facility during the Transco LNG Injection Period; plus
  - (iii) the aggregate quantities of gas-in-storage transferred to the User as transferee during the Transco LNG Injection Period; less
  - (iv) the aggregate of the Storage Nomination Quantities of Storage Withdrawal Nominations made by the User in respect of the relevant Transco LNG Storage Facility during the Transco LNG Injection Period; less
  - (v) the aggregate quantities of gas-in-storage transferred by the User as transferor during the Transco LNG Injection Period

is (other than as a result of any interruption pursuant to paragraph 5.6.1 or cancellation pursuant to paragraph 5.6.2) greater than or equal to the Registered Storage Space of the User.

5.10.3 Where this paragraph applies, the User shall be entitled (upon giving notice to Transco LNG Storage in accordance with paragraph 5.10.4) to return to Transco LNG Storage an amount of Storage Space equal to the amount of the User's Registered Storage Space which exceeds the User's gas-in-storage, as referred to in paragraph 5.10.2(a).

5.10.4 The notice referred to in paragraph 5.10.3 shall:

- (a) be given with 5 Days of the end of the Transco LNG Injection Period for the User in question; and
- (b) specify the quantity of Storage Space to be returned.

5.10.5 The return referred to above shall take effect on the Day falling 10 Days after the end of the Transco LNG Injection Period for all Users. The User's Registered Storage Space shall be reduced by the amount of Storage Space returned to Transco LNG Storage pursuant to this paragraph 5.10. The Available Storage Space of any other User or Users to whom the returned Registered Storage Space had been transferred pursuant to this Section Z shall likewise be reduced accordingly.

- 5.10.6 Where a return takes effect pursuant to this paragraph 5.10, Transco LNG Storage shall pay to the User an amount equal to the Applicable Storage Space Charge Rate in respect of the quantity of Storage Space returned.

## **6 WITHDRAWALS**

### **6.1 Entitlement to withdraw**

- 6.1.1 Subject to paragraph 6.1.4, a User may withdraw gas from a Transco LNG Storage Facility on any Day (including a Day on which gas is being injected into the facility) during the Storage Year.
- 6.1.2 The User may not withdraw:
- (a) a quantity of gas on a Day which exceeds the User's gas-in-storage;
  - (b) subject to paragraph 7.3, gas at a rate in excess of its available withdrawal rate.
- 6.1.3 For the purposes of enabling Users to make Storage Withdrawal Nominations Transco LNG Storage will provide to Users the calorific value from time to time of gas which may be withdrawn from each Transco LNG Storage Facility.
- 6.1.4 Subject to paragraph 6.1.6, Users may not withdraw gas from a Transco LNG Storage Facility on a Withdrawal Maintenance Day.
- 6.1.5 For the purposes of paragraph 6.1.4, in relation to a Transco LNG Storage Facility:
- (a) a "**Withdrawal Maintenance Day**" is a Day in the period from 1 May to 30 September in any Storage Year on which the withdrawal facilities of the Transco LNG Storage Facility are withdrawn from service for maintenance;
  - (b) the number of Withdrawal Maintenance Days shall not exceed what is reasonably required for the purposes of the relevant maintenance, and in any event shall not exceed 28 Days in any Storage Year or 70 Days in any three consecutive Storage Years;
  - (c) the Withdrawal Maintenance Days shall be specified in the Annual Storage Invitation, provided that Transco LNG Storage may revise (but without prejudice to paragraph (b)) the Days which are Withdrawal Maintenance Days in any month by notice to relevant Users given not later than the Day before the LNG Storage Injection Nomination Time.
- 6.1.6 Users may withdraw gas from a Transco LNG Storage Facility on a Withdrawal Maintenance Day to the extent that the Storage Nomination Quantities under the Storage Withdrawal Nominations do not exceed the Nomination Quantities under Storage Injection Nominations for the Day in respect of the same facility; and where required the Nomination Quantities under such Storage Withdrawal Nominations will be reduced pro rata, and Transco LNG Storage will inform relevant Users of the extent of such a pro rata reduction as soon as practicable.

### **6.2 Renominations**

- 6.2.1 Subject to the provisions of this Section Z and Section R4, a User may make a Storage

Renomination in respect of a Storage Withdrawal Nomination.

- 6.2.2 Where a User makes a Storage Renomination of a Storage Withdrawal Nomination (such a Storage Renomination or a Storage Nomination a "**relevant Storage Withdrawal Nomination**") the implied withdrawal rate shall not exceed the available withdrawal rate and shall not be less than zero.
- 6.2.3 Where a User makes a relevant Storage Withdrawal Nomination in respect of which the implied withdrawal rate is greater than the available withdrawal rate, the User shall pay:
- (a) a Storage Overrun Charge in accordance with paragraph 7.1; and
  - (b) any Storage Management Charge which may be payable in accordance with paragraph 7.3.
- 6.2.4 Where a User makes a relevant Storage Withdrawal Nomination in respect of which the implied withdrawal rate is less than zero, Transco LNG Storage may (but shall not be required to) reject the relevant Storage Withdrawal Nomination; and where Transco LNG Storage does not reject the relevant Storage Withdrawal Nomination the User shall pay a Storage Management Charge in accordance with paragraph 7.3.
- 6.2.5 For the purposes of this Section Z, in relation to a relevant Storage Withdrawal Nomination:
- (a) the "**available withdrawal rate**" is the rate (in kWh/hour) determined as the sum of:
    - (i) the Available Storage Deliverability divided by 24; and
    - (ii) where the User is a party to an arrangement for Special Storage Capacity, the lesser of:
      - (1) the maximum permissible Nomination Quantity thereunder divided by 24;
      - (2) following any reduction to the Nomination Quantity, the User's reduced Nomination Quantity divided by the period (in hours) from the time which the revision takes effect until the end of the Gas Flow Day;
  - (b) the "**implied withdrawal rate**" is the prevailing withdrawal rate plus (in the case of an increase in Nomination Quantity or a System Entry Buy) or minus (in the case of a decrease in Nomination Quantity or a System Entry Sell) the incremental withdrawal rate;
  - (c) the "**prevailing withdrawal rate**" is:
    - (i) where no earlier such Renomination has been made, the rate (in kWh/hour) determined as the Nomination Quantity under the User's Storage Withdrawal Nomination divided by 24 (or where the User had made no Storage Withdrawal Nomination, zero);
    - (ii) in any other case, the implied withdrawal rate, determined in accordance with this paragraph 6.2.5, prevailing immediately before the

relevant Storage Withdrawal Nomination;

- (d) the "**incremental withdrawal rate**" is the rate (in kWh/hour) determined as the amount of the increase or decrease in Nomination Quantity divided by the relevant period; and
  - (e) the "**relevant period**" is the period in hours calculated from the time when the relevant Storage Withdrawal Nomination becomes effective, and continues until either (i) the time when a further relevant Storage Withdrawal Nomination becomes effective, or (ii) the end of the Gas Flow Day, whichever shall occur first and for the purposes of calculating the relevant period, a relevant Storage Withdrawal Nomination shall become effective at the time the nomination is made or in respect of a Contract Renomination at the time the Physical Market Transaction giving rise to the requirement to make the Contract Renomination was made plus the withdrawal lead time prevailing at such time or the Transaction Effective Time in relation to such Physical Market Transaction if longer.
- 6.2.6 In respect of any Transco LNG Storage Facility the "**withdrawal lead time**", as at any time after the LNG Storage Withdrawal Nomination Time, is the period of notice required (by reference to the prevailing operational status of the facility at such time) before Transco LNG Storage can give effect to an increase or (as the case may be) a decrease in the rate of withdrawal of gas from the facility on the Gas Flow Day.
- 6.2.7 With effect from the LNG Storage Withdrawal Nomination Time Transco LNG Storage will make available to Users the prevailing withdrawal lead times (for an increase and for a decrease) for the Gas Flow Day in respect of each Transco LNG Storage Facility.
- 6.2.8 Where in respect of a Constrained Storage Day a User has made a Storage Withdrawal Nomination in respect of a Constrained Storage Facility which exceeds the Storage Constrained Nomination Quantity (in accordance with paragraph 6.9.2(c) but not (d)) the User may make a Storage Renomination such that the revised Storage Nomination Quantity is not less than the Storage Constrained Nomination Quantity (in accordance with paragraph 6.9.2(c) but not (d)).
- 6.2.9 Transco LNG Storage will determine the operational Standby State for each Transco LNG Storage Facility. Each Transco LNG Storage Facility will be held at the shortest withdrawal lead time on a day where at 16:00 hours on the previous Day, the conditions set out in the Annual Storage Invitation are satisfied.
- 6.2.10 Should Users require a particular facility to be brought to a shorter lead time than the prevailing one then they will be charged at the relevant rate shown in the Annual Storage Invitation unless, for the Day for which shorter lead time is requested, at any time between 16:00 hours on the previous Day and the end of the relevant Day, the conditions in 6.2.7 are satisfied, or the User withdraws gas from the facility on the Day.

### **6.3 Quantity withdrawn**

In accordance with paragraph 1.2.2, but subject to paragraph 1.5 and to any other provisions to the contrary in this Section Z, Transco LNG Storage shall secure that the quantity of gas withdrawn by the User will be the Storage Nominated Quantity under the User's Storage Withdrawal Nomination.

#### **6.4 Mandatory Withdrawals**

- 6.4.1 Subject to paragraphs 6.4.3 and 6.4.6, where on any Day a User becomes liable to pay a Storage Overrun Charge in accordance with paragraph 7.1.1, the User shall be deemed to have made a Storage Withdrawal Nomination (and accordingly shall withdraw gas), for each of the 5 consecutive Days (Days 1 to 5) following such Day, for a Storage Nomination Quantity determined as  $1/n$  times the amount of the User's Excess Gas-in-Storage.
- 6.4.2 For the purposes of paragraph 6.4.1:
- (a) 'n' is 5 for Day 1, 4 for Day 2, 3 for Day 3, 2 for Day 4 and 1 for Day 5;
  - (b) the User's "**Excess Gas in Storage**" on any of Days 1 to 5 is the amount by which the User's gas-in-storage, less the Permitted Uncovered Amount (under paragraph 3.6.2), exceeds its Available Storage Space, on that Day.
- 6.4.3 If the User makes a Storage Withdrawal Nomination for any of Days 1 to 5 for a Storage Nomination Quantity greater than that required under paragraph 6.4.1, the User's Nomination shall prevail over the deemed Nomination under paragraph 6.4.1.
- 6.4.4 The User may not make a Storage Renomination pursuant to which the Storage Nomination Quantity for any of Days 1 to 5 would be less than that required under paragraph 6.4.1.
- 6.4.5 The Storage Withdrawal Nomination deemed made under paragraph 6.4.1 shall be given effect irrespective of the User's Available Storage Deliverability, and the User shall be liable for any Storage Overrun Charge and any Storage Management Charge which may be payable in consequence thereof (as well as for Storage Withdrawal Charges).
- 6.4.6 Where the Total Storage Deliverability is insufficient to give effect on any Day to the Storage Withdrawal Nomination pursuant to paragraph 6.4.1 as well as all other withdrawals from the relevant Transco LNG Storage Facility, the Storage Withdrawal Nomination shall be made only for such quantity for which the Total Storage Deliverability is so sufficient; and further Storage Withdrawal Nomination(s) shall be deemed to be made for the balance of the quantity required to be withdrawn by the User on the next Day(s) on which it is possible for a quantity to be withdrawn.

#### **6.5 Withdrawal Charges**

- 6.5.1 Users shall pay charges ("**Storage Withdrawal Charges**") in respect of quantities withdrawn from each Transco LNG Storage Facility at the rate (in pence per kWh) specified in the Annual Storage Invitation in respect of such facility for the month in which such quantities were withdrawn.
- 6.5.2 Storage Withdrawal Charges will be invoiced and are payable monthly in accordance with paragraph 8.

#### **6.6 Transco LNG Storage Withdrawal Failure**

- 6.6.1 Subject to paragraphs 1.5 and 6.6.4, where for any Day:



- (a) a User makes in respect of a Transco LNG Storage Facility a Storage Withdrawal Nomination which complies with the requirements of this Section Z; and
- (b) Transco LNG Storage fails to ensure that the quantity of gas withdrawn by the User is equal to the Storage Nominated Quantity (and is accordingly in breach of paragraph 6.3)

Transco LNG Storage will pay to the User an amount calculated in accordance with paragraph 6.6.2.

6.6.2 The amount payable by Transco LNG Storage shall be determined as:

$$C * (N - A)/5$$

where:

C is the Applicable Storage Deliverability Charge Rate;

N is the amount of the Nominated Quantity under the User's Storage Withdrawal Nomination (but for the avoidance of doubt not exceeding the User's Available Storage Deliverability) for the Day; and

A is the quantity of gas which is withdrawn by the User on the Day.

6.6.3 Upon any failure of the withdrawal facilities of a Transco LNG Storage Facility:

- (a) Transco LNG Storage will (promptly upon such failure occurring) inform each relevant User of such failure, and of the approximate quantities already withdrawn by the User, and the estimated impact of such failure upon the quantities to be withdrawn by the User, on the Day of the failure (but no such notification shall prejudice the question whether such failure is Force Majeure);
- (b) subject to Section R4.2.5, each such User may elect, by making a Renomination of its Storage Withdrawal Renomination, to continue to withdraw such quantities as Transco LNG Storage has notified are available for withdrawal by the User or to discontinue further withdrawal on the Day.

6.6.4 Where Transco LNG Storage wilfully or recklessly fails to operate (where otherwise capable of operation) the withdrawal facilities of a Transco LNG Storage Facility, the quantity of gas withdrawn by a User from such facility shall, notwithstanding such failure, be equal to the Storage Nominated Quantity (and accordingly paragraph 6.6.1 shall not apply).

## **6.7 Emergencies**

6.7.1 On any Day during a Gas Supply Emergency Transco LNG Storage may take steps to increase and/or decrease (as the case may be) the flow rates at a Transco LNG Storage Facility in order to comply with Transco NTS instructions pursuant to Section Q3.3.3 notwithstanding Users' Nominations in respect of such Day, and where Transco LNG Storage takes such steps the aggregate quantity withdrawn on such Day will be apportioned between Users in the proportions in which they have gas-in-storage on such Day.

- 6.7.2 In respect of each Day or part of a Day during a Network Gas Supply Emergency, the provisions of Section Z as to Storage Overrun Charges, Storage Management Charges and Injection Scheduling Charges will not apply, and the rules as to injection and withdrawal shall be modified or disapplied to the extent necessary to give effect to this paragraph 6.7.

## **6.8 Effect of Nomination**

- 6.8.1 Each User holding Storage Space in a Constrained Storage Facility authorises the Storage Operator to deliver gas to the Total System at the Storage Connection Point pursuant to a Storage Constrained Renomination.
- 6.8.2 The Storage Constrained Nomination Quantity under a Storage Constrained Renomination will be independent of the relevant User's Available Storage Deliverability, and other than where the circumstances in paragraph 6.8.3 apply, Transco NTS and not the User, will be liable (in accordance with paragraph 7, which shall apply mutatis mutandis to Transco NTS for the purposes of this paragraph) to pay (to Transco LNG Storage) any Storage Overrun Charges which may arise from a Storage Constrained Renomination.
- 6.8.3 Where the relevant User has made or makes a Storage Withdrawal Nomination for the Constrained Storage Facility in respect of which the Storage Nomination Quantity exceeds the Storage Constrained Nomination Quantity (in accordance with paragraph 6.9.2(c) but not (d)) the User will be liable (in accordance with paragraph 7) to pay any Storage Overrun Charges which may arise from the Storage Withdrawal Nomination.

## **6.9 Storage Constrained Nomination Quantity**

- 6.9.1 On a Constrained Storage Day Storage Withdrawal Nominations will be made by Transco LNG Storage on behalf of Users ("**Storage Constrained Renomination**"); and the Storage Nomination Quantities will be determined in accordance with this paragraph 6.9.
- 6.9.2 Subject to paragraph 6.9.3, where on any Constrained Storage Day more than one User has gas-in-storage in a Constrained Storage Facility, the Storage Nomination Quantity ("**Storage Constrained Nomination Quantity**") for each User shall be determined so that each of the following conditions are satisfied:
- (a) the aggregate of the Storage Constrained Nomination Quantities under the Storage Constrained Renominations shall be equal to the Total Constrained Quantity;
  - (b) for each User, the Storage Constrained Nomination Quantity shall not exceed the User's gas-in-storage for the Constrained Storage Day;
  - (c) subject to paragraph (d), for each User the Storage Constrained Nomination Quantity shall be in the proportions in which all Users have Available Storage Space in the Constrained Storage Facility on the Constrained Storage Day;
  - (d) subject to (a), where one or more Users have already made Storage Withdrawal Nominations or make a Storage Renomination under paragraph 6.2.8 for the Constrained Storage Facility in respect of which the Storage Nomination Quantity exceeds the Storage Constrained Nomination Quantity (in accordance

with paragraph 6.9.2(c) but not this paragraph(d)) the Storage Constrained Nomination Quantity:

- (i) for any User with such a prevailing Storage Withdrawal Nomination or Storage Renomination, shall be equal to the prevailing Storage Nomination Quantity; and
- (ii) in respect of other Users shall be the remainder of the Total Constrained Quantity in the proportions in which all such other Users have Available Storage Space in the Constrained Storage Facility on the Constrained Storage Day.

6.9.3 Where the Total Constrained Quantity is less than the aggregate of the Storage Nomination Quantities under Storage Withdrawal Nominations already made by Users in respect of the relevant Constrained Storage Facilities for the Constrained Storage Day:

- (a) Storage Constrained Nomination Quantities will be determined in accordance with paragraph 6.9.4;
- (b) the Storage Constrained Renominations shall not take effect to revise the Storage Withdrawal Nominations made by Users and prevailing at the time the Storage Constrained Renomination is made (and accordingly the Storage Nomination Quantity under each such User's Storage Withdrawal Nomination shall prevail over the Storage Constrained Nomination Quantity); and
- (c) no User may make a Storage Renomination in respect of the relevant Storage Connection Point such that the Storage Nomination Quantity (prevailing after such Storage Renomination) would be less than the Storage Constrained Nomination Quantity determined in accordance with paragraph 6.9.4.

6.9.4 Storage Constrained Nomination Quantities shall be determined in accordance with paragraph 6.9.2 but so that the following provisions shall apply in lieu of paragraphs 6.9.2(c) and (d) (which shall not apply):

- (a) where the User has not already made a Storage Withdrawal Nomination the Storage Constrained Nomination Quantity shall be zero;
- (b) where a User has already made a Storage Withdrawal Nomination, the Storage Constrained Nomination Quantity shall not be greater than the Storage Nomination Quantity prevailing at the time the Storage Constrained Renomination is made;
- (c) for each User for whom the Storage Constrained Nomination Quantity is less than the Storage Nomination Quantity prevailing under any Storage Withdrawal Nomination already made, the Storage Constrained Nomination Quantities shall be in the proportions in which all such Users' have Available Storage Space on the Constrained Storage Day.

## **7 STORAGE OVERRUN, SCHEDULING AND MANAGEMENT CHARGES**

### **7.1 Storage Overrun Charges**

7.1.1 Where on any Day ("**storage overrun day**") as a result of a Storage Transfer and/or the submission of a Storage Nomination in respect of a Transco LNG Storage Facility:

- (a) the amount of a User's gas-in-storage, excluding uncovered gas-in-storage in the Permitted Uncovered Amount, exceeds the User's Available Storage Space; and/or
- (b) the quantity of gas withdrawn by a User exceeds the User's gas-in-storage; and/or
- (c) the Transferred Gas-in-Storage under a Storage Gas Transfer for which the User is Transferor Storage User exceeds the User's gas-in-storage; and/or
- (d) in respect of a User's Storage Withdrawal Nomination, the implied withdrawal rate exceeds the available withdrawal rate; and/or
- (e) in respect of a User's Storage Injection Nomination, the implied injection rate exceeds the available injection rate

the User shall pay a charge ("**Storage Overrun Charge**") to Transco LNG Storage determined in accordance with paragraph 7.1.2.

7.1.2 The Storage Overrun Charge shall be calculated:

- (a) for the purposes of paragraph 7.1.1(a), in respect of the amount by which the User's gas-in-storage exceeds the User's Available Storage Space, at a rate of 110% of the Applicable Storage Space Charge Rate;
- (b) for the purposes of paragraphs 7.1.1(b) and (c), in respect of the overrun quantity (in accordance with paragraph 7.1.4), at a rate of 110% of the System Marginal Buy Price for the storage overrun day;
- (c) for the purposes of 7.1.1(d):
  - (i) where the overrun occurs during the Winter Period, at a rate equal to the greater of 150% of the System Marginal Buy Price for the storage overrun day in question or 0.5 pence per kWh;
  - (ii) where (i) does not apply, at a rate equal to the greater of 130% of the System Marginal Buy Price for the storage overrun day in question or 0.5 pence per kWh;
  - (iii) where the overrun is a Permitted Deliverability Overrun, the Charge Rate as specified within the Annual Storage Invitation;
- (d) for the purposes of paragraph 7.1.1(e), at a rate equal to the Daily Injection Overrun Price.

7.1.3 Storage Overrun Charges will be invoiced and are payable monthly in accordance with paragraph 8.

7.1.4 In the cases in paragraphs 7.1.1(b) and (c):

- (a) Transco LNG Storage will purchase gas to replace for the account of the User

the overrun quantity which will be extinguished with effect from the storage overrun day (accordingly the User's gas-in-storage will not become negative);

- (b) the "**overrun quantity**" is the quantity of gas determined as the amount by which (for the purposes of paragraph 7.1.1(b)) the quantity of gas withdrawn by the User on the Day, or (for the purposes of paragraph 7.1.1(c)) the Transferred Gas-in-Storage, exceeds the User's gas-in-storage on the Day.
- 7.1.5 Where the Annual Storage Invitation was made under paragraph 3.1.2(b), references in this paragraph 7.1 to the Applicable Storage Space Charge Rate and Applicable Storage Deliverability Charge Rate are to the late booking rates pursuant to paragraph 3.7.8.
- 7.1.6 Where pursuant to Section R4.4.8 Transco LNG Storage makes an Output Nomination (as User) in respect of a Storage Connection Point (for injection into a Transco LNG Storage Facility):
  - (a) such injection quantity will be treated as injected by the relevant User into the Transco LNG Storage Facility (but will not be treated as being offtaken from the Total System by the User) on the Day in respect of which Transco LNG Storage makes such Output Nomination; and
  - (b) the relevant User shall pay Transco LNG Storage an amount calculated as 110% of the System Marginal Buy Price for the relevant Day multiplied by the relevant quantity.
- 7.1.7 For the purposes of this Section Z:
  - (a) "**Daily Injection Overrun Price**" shall mean the rate (in pence per kWh) applicable to the Gas Flow Day in question, as notified by Transco LNG Storage to Users not later than 12:00 on the later of:
    - (i) the Day falling 15 Days prior to the Gas Flow Day in question; or
    - (ii) the first Day of the injection lead time in respect of the Gas Flow Day in question

provided that the such rate shall not be greater than the Monthly Injection Overrun Cap; and

  - (b) "**Monthly Injection Overrun Cap**" shall mean the rate (in pence per kWh) set by Transco LNG Storage no later than the thirteenth day of the month preceding the month in which the Gas Flow Day falls and shall mean the lesser of:
    - (i) 0.1365 pence per kWh, or such lower amount as may be specified in the Annual Storage Invitation; and
    - (ii) the rate calculated as follows:

where:

ASGP	is calculated as $(ASAP + EFPA) / 2$
ASAP	is the average of the System Average Price for each Day from 1 May in the current Storage Year up to (but not including) the Day on which the Monthly Injection Overrun Cap is set by Transco LNG Storage. For the avoidance of doubt, ASAP shall be zero for any injection overrun that occurs in the month of May in any Storage Year;
EFPA	is the average of the NBP Bid prices published in the European Spot Gas Markets – The Heren Report (" <b>Heren</b> ") on the Day on which the Monthly Injection Overrun Cap is set by Transco LNG Storage for each Day from the Day on which the Monthly Injection Overrun Cap is set by Transco LNG Storage up to (and including) 31 October in the current Storage Year. For the avoidance of doubt, EFPA shall be zero for any injection overrun that occurs after 30 November in any Storage Year; and
ACP	is the NBP Bid price, published in Heren on the Day on which the Monthly Injection Overrun Cap is set by Transco LNG Storage, for the month in which the injection overrun occurs

provided always that, where ACP is greater than ASGP, then the rate calculated as set out in this paragraph (ii) shall be deemed to be zero and provided further that in the event that any index referred to above ceases (either temporarily or permanently) to be published or made available then this paragraph (ii) shall cease to apply.

## 7.2 Permitted Deliverability Overruns

- 7.2.1 Subject to paragraphs 7.2.2 to 7.2.8 below and the provisions of paragraph 6, a User will be permitted to submit a Storage Withdrawal Nomination (or a Storage Renomination in respect of such a Storage Withdrawal Nomination), pursuant to which the implied withdrawal rate exceeds the User's available withdrawal rate at the relevant Transco LNG Storage Facility.
- 7.2.2 A "**Maximum Permitted Deliverability Overrun Level**" shall be defined as the lesser of the aggregate of all Users' available withdrawal rates at that Transco LNG Storage Facility; or a rate that can be offered due to maintenance, other works or of which the Transco LNG Storage Facility is otherwise capable.
- 7.2.3 The "**User Permitted Deliverability Overrun**" shall be calculated as the User's implied withdrawal rate minus the User's available withdrawal rate at the relevant Transco LNG Storage Facility, except where the aggregate exceeds the Maximum Permitted Deliverability Overrun Level, when 7.2.5 shall apply.

- 7.2.4 Where in any hour a User has a nomination which entails a User Permitted Deliverability Overrun, the User shall pay a charge for each kWh of the User Permitted Deliverability Overrun (the "**Permitted Deliverability Overrun Charge**") to Transco LNG Storage.
- 7.2.5 Subject to the provisions of paragraph 6, where for any hour within the Gas Flow Day, the Maximum Permitted Deliverability Overrun Level is exceeded, each User Permitted Deliverability Overrun will be adjusted such that each of the following conditions is satisfied:
- (a) the aggregate implied withdrawal rate for all Users (pursuant to Storage Withdrawal Nominations or Storage Renominations in respect of such Storage Withdrawal Nominations) at that Transco LNG Storage Facility is equal to the Maximum Permitted Deliverability Overrun Level;
  - (b) a User Permitted Deliverability Overrun is not less than zero; and
  - (c) the revised Users' Permitted Deliverability Overruns shall be in the same proportion to the User's Available Storage Deliverability but not greater than the User Permitted Deliverability Overrun before adjustment.
- 7.2.6 A User shall be notified of any modified Maximum Permitted Deliverability Overrun Level, as stated in 7.2.5, not later than 30 minutes before the relevant hour begins.
- 7.2.7 A User may request that its Storage Nomination Quantity be curtailed so that the User does not overrun beyond the User Permitted Deliverability Overrun.
- 7.2.8 Subject to paragraph 7.2.7, where a User submits a Storage Withdrawal Nomination (or any Storage Renomination of such Storage Withdrawal Nomination), which would result in a Storage Overrun Charge in accordance with 7.1.1 (d), Transco LNG Storage will use reasonable endeavours to adjust the User's Storage Withdrawal Nomination (or any Storage Renomination of such Storage Withdrawal Nomination) in order to allow the User to avoid such a charge. A User shall be notified of any such adjustment, not later than 30 minutes before the relevant hour begins.

### **7.3 Storage Management Charges**

- 7.3.1 Where:
- (a) an event has occurred or circumstances arisen in respect of which any provision of this Section Z requires a User to pay a Storage Management Charge; and
  - (b) in consequence of such event or circumstance Transco LNG Storage incurs any relevant loss (in accordance with paragraph 7.3.2) in doing anything with a view to:
    - (i) complying with its obligations to Users under this Section Z;
    - (ii) ensuring the safe and proper operation of the LNG Facilities; or
    - (iii) avoiding a greater relevant loss

the User shall pay to Transco LNG Storage an amount equal to the amount of the

relevant loss so incurred.

- 7.3.2 For the purposes of this paragraph 7.3, a "**relevant loss**" is any Balancing Charge or increase in a Balancing Charge payable by, or reduction in a Balancing Charge payable to, Transco LNG Storage.
- 7.3.3 Transco LNG Storage will (at the time the Storage Management Charge is invoiced under paragraph 7.3.5) certify the amount of any relevant loss and provide to the User reasonable details (excluding any information which is commercially sensitive in relation to Transco LNG Storage or any other User) of the circumstances in which the relevant loss was incurred in consequence of the event or circumstance referred to in paragraph 7.3.1(a) and the determination of the amount of the relevant loss.
- 7.3.4 Where a relevant loss is incurred in circumstances in which more than one User is liable to pay a Storage Management Charge, the amount payable by each User will be determined by Transco LNG Storage having regard (so far as practicable) to the extent to which each User contributed to the relevant loss, and otherwise on such basis as Transco LNG Storage shall determine to be reasonable.
- 7.3.5 The amounts referred to in paragraph 7.3.1 shall be a "**Storage Management Charge**" and shall be invoiced and are payable monthly in accordance with paragraph 8.

## **8 INVOICING AND PAYMENT**

### **8.1 Invoicing**

- 8.1.1 The amounts payable by the User to Transco LNG Storage and by Transco LNG Storage to the User in accordance with this Section Z will be invoiced and are payable in accordance with this paragraph 8:
  - (a) a "**Storage Invoice Period**" is a calendar month;
  - (b) a "**Storage Invoice**" is an invoice submitted by Transco LNG Storage to a User in accordance with this paragraph 8;
  - (c) a "**Storage Invoice Item**" is an item (in respect of all charges of a particular kind) shown as payable by Transco LNG Storage or by a User in a Storage Invoice (including where relevant a Storage Self Bill Amount) including interest payable in accordance with this paragraph 8;
  - (d) a "**Storage Invoice Amount**" is in relation to a Storage Invoice Item, the amount payable by the User or Transco LNG Storage under the relevant Storage Invoice.
- 8.1.2 Each Storage Invoice submitted by Transco LNG Storage will specify:
  - (a) the identity of the User;
  - (b) the Storage Invoice Period;
  - (c) in respect of each Storage Invoice Item, the Storage Invoice Amount;
  - (d) a unique reference number; and



- (e) the amount of Value Added Tax (if any) payable in respect of each Storage Invoice Item and the further details required under regulation 14 of the regulations referred to in paragraph 8.1.3

and shall be accompanied by all reasonably necessary supporting data and information.

- 8.1.3 A Storage Invoice may show as a Storage Invoice Amount an amount (a "**Storage Self Bill Amount**") payable by Transco LNG Storage to the User in respect of which Regulation 13(3) of the Value Added Tax Regulations 1995 is to apply.
- 8.1.4 A Storage Invoice may contain an adjustment by way of a credit ("**Storage Invoice Credit**") in respect of a Storage Invoice Amount in another Storage Invoice (and where a Storage Invoice contains a Storage Invoice Credit it will identify the amount of the Storage Invoice Credit and the Storage Invoice to which the Storage Invoice Credit relates).
- 8.1.5 The User may elect, by notice in writing to Transco LNG Storage, to receive Storage Invoices by post or by such electronic means as the User and Transco LNG Storage agree will be available for the submission of Storage Invoices, and Transco LNG Storage will submit Storage Invoices by post or (as the case may be) by such electronic means.
- 8.1.6 Transco LNG Storage will submit a Storage Invoice in respect of each Storage Invoice Period by the Storage Invoice Submission Date (provided that no delay in submitting a Storage Invoice will prejudice the liability of the User or Transco LNG Storage for the amounts in relation thereto).
- 8.1.7 The date on which Transco LNG Storage shall submit a Storage Invoice ("**Storage Invoice Submission Date**") shall be the 7th Business Day of the month following the Storage Invoice Period.
- 8.1.8 Notwithstanding paragraph 8.1.6, Transco LNG Storage may at any time after submitting a Storage Termination Notice (in accordance with paragraph 10) submit a Storage Invoice in respect of a Storage Invoice Period or part of a Storage Invoice Period ending at or before the time at which Transco LNG Storage submits such Storage Invoice, and where Transco LNG Storage has submitted a Storage Termination Notice to the User, all amounts payable by the User to Transco LNG Storage or Transco LNG Storage to the User (whether the Storage Invoice in which such amounts are shown was submitted before or after the date of the Storage Termination Notice) shall be immediately payable notwithstanding paragraph 8.1.10.
- 8.1.9 All amounts expressed as payable under this Section Z are exclusive of any applicable Value Added Tax and Value Added Tax shall be paid by the paying party where payable in respect of any such amount.
- 8.1.10 The "**Storage Invoice Due Date**" in respect of a Storage Invoice is the day ending at 24:00 hours on whichever was the later of:
  - (a) the 12th Day after the Storage Invoice was deemed to be received in accordance with GT Section B5;
  - (b) the 20th Day after the last Day of the Storage Invoice Period to which the Storage Invoice relates.

- 8.1.11 The account name, number, name, address and sort code of the bank in the United Kingdom to which payments by the User to Transco LNG Storage or by Transco LNG Storage to the User are to be made shall be those advised by the User and Transco LNG Storage pursuant to Section S3.2 provided that the User and Transco LNG Storage shall advise the other of any changes in such details for the purposes of this Section Z not less than 30 Days before such change occurs.

## **8.2 Payment**

- 8.2.1 Payments of amounts payable under this Section Z shall be in pounds sterling (and not in euro) in same day funds to the account of the payee at a bank in the United Kingdom notified to the payer under paragraph 8.1.11 and the payer shall instruct the bank remitting payment of any amount payable under this Agreement to quote the number (under paragraph 8.1.2(d)) of the relevant Storage Invoice when remitting such payment.

- 8.2.2 Without prejudice to paragraph 8.3.4, amounts payable pursuant to this Section Z shall be paid:

- (a) free and clear of any restriction, reservation or condition; and
- (b) except to the extent (if any) required by law, without deduction or withholding in respect of tax or on account of any amount due or to become due to the paying party, whether by set-off, counterclaim or otherwise; and
- (c) where payment is to be made by the User and any deduction or withholding is required to be made by the law of any country other than the United Kingdom:
  - (i) such that the deduction or withholding does not exceed the minimum required;
  - (ii) and the User shall pay Transco LNG Storage such additional amounts as will ensure that the net amount received by Transco LNG Storage will be equal to the amount which Transco LNG Storage would have received had no such deduction or withholding been made;
  - (iii) and the User shall pay the amount deducted or withheld to the relevant authority in accordance with the relevant requirement of the law, and provide to Transco LNG Storage a receipt issued by such authority (or where such a receipt is not available) a certificate in respect of such payment.

- 8.2.3 Without prejudice to paragraph 8.3.8, where any amount payable under a Storage Invoice is not paid on or before the Storage Invoice Due Date, the paying party shall pay interest, before and after judgment, at the Applicable Interest Rate, on the unpaid amount from the Storage Invoice Due Date until the Day on which the payment is made (and nothing in this paragraph 8.2.3 shall be construed as permitting late payment of a Storage Invoice Amount).

- 8.2.4 Interest payable under this paragraph 8 shall:

- (a) accrue on a daily basis and on the basis of a 365 day year; and

- (b) be compounded to the extent and by virtue of being invoiced (not more frequently than each calendar month) in a Storage Invoice.

8.2.5 The "**Applicable Interest Rate**" is the rate of interest, expressed as a percentage rate per annum, payable in respect of amounts overdue for payment, or the subject of repayment, under this Agreement, and shall be the base rate for the time being of Barclays Bank plc plus:

- (a) except as provided in (b), three (3) percentage points per annum;
- (b) for the purposes only of paragraphs 8.3.7 and 8.3.9, one (1) percentage point per annum.

### 8.3 Invoice Queries

8.3.1 For the purposes of this paragraph 8 a "**Storage Invoice Query**" is any question or dispute as to the proper calculation of any amount shown as payable by the User or Transco LNG Storage under a Storage Invoice or as to whether any such amount was or is properly payable and references to the amount of a Storage Invoice Query are to the amount by which the User considers the Storage Invoice Amount to be incorrect.

8.3.2 Transco LNG Storage and the User will endeavour to resolve Storage Invoice Queries by agreement (and any references in this paragraph 8 to the resolution of a Storage Invoice Query is a reference to the resolution thereof by agreement between Transco LNG Storage and the User or to the outcome of any proceedings commenced by Transco LNG Storage or the User in respect thereof).

8.3.3 Where the User wishes to raise a Storage Invoice Query in respect of any amount shown as payable by the User under a Storage Invoice, the User may by not later than the Day before the Storage Invoice Due Date notify Transco LNG Storage of the Storage Invoice Query; specifying:

- (a) the number of the Storage Invoice;
- (b) the Storage Invoice Item to which the Storage Invoice Query relates;
- (c) an explanation of the basis on which the Storage Invoice Query arises, and the amount of the Storage Invoice Amount which is subject to the Storage Invoice Query:
  - (i) identified by reference to the particular item of supporting data in respect of which the Storage Invoice Query arises;
  - (ii) where the basis of the Storage Invoice Query is that the value of any parameter by reference to which the Storage Invoice is determined is incorrectly stated in the supporting data, the amount (estimated as accurately as reasonably practicable) by which such value is incorrectly stated;
- (d) the amount of the Storage Invoice Amount which is not subject to the Storage Invoice Query determined on the basis that only so much of the Storage Invoice Amount as identified in (c) is subject to the Storage Invoice Query.

- 8.3.4 Where the User raises a Storage Invoice Query in accordance with the requirements of paragraph 8.3.3 (but not otherwise) the amount subject to the Storage Invoice Query shall not be payable on the Storage Invoice Due Date, but without prejudice to paragraph 8.3.6.
- 8.3.5 Except as provided in paragraph 8.3.4, but without prejudice to paragraph 8.3.8 the whole amount shown as payable by the User shall be payable on the Storage Invoice Due Date.
- 8.3.6 Where pursuant to paragraph 8.3.4, any amount is not paid on the Storage Invoice Due Date by the User, the amount (if any) which is agreed or determined (following resolution of the Storage Invoice Query) to be payable by the User shall be payable upon such resolution, and interest from the Storage Invoice Due Date shall be payable in accordance with paragraph 8.2.3 (but subject to paragraph 8.3.7) on such amount.
- 8.3.7 For the purposes of paragraph 8.3.6, where it is agreed or determined that the question or dispute the subject of the Storage Invoice Query pursuant to paragraph 8.3.4 was a bona fide question or dispute, the Applicable Interest Rate shall be that under paragraph 8.2.5(b) until the expiry of two (2) Business Days following the resolution of the Storage Invoice Query.
- 8.3.8 Subject to paragraph 8.3.10, nothing in this paragraph 8 shall prevent the User raising a Storage Invoice Query other than pursuant to paragraph 8.3.3, including in respect of any amount after payment has been made of such amount, or from paying any such amount at the same time as notifying a Storage Invoice Query in respect thereof; provided that (without prejudice to the resolution of the Storage Invoice Query) no constructive trust or other implied term as to the receipt or application by the payee of the amount paid shall arise.
- 8.3.9 Where, upon resolution of a Storage Invoice Query or otherwise, it is agreed or determined that any amount or part of any amount paid should not have been paid, the payee shall repay the overpaid amount with interest at the Applicable Interest Rate from the date on which the payment was made to it or if later the Storage Invoice Due Date until the date of such repayment.
- 8.3.10 As soon as reasonably practicable after any Storage Invoice Query is resolved, and in any event by the end of the second following month, Transco LNG Storage will prepare and submit to the relevant User an appropriate Storage Invoice in respect of the amount (if any) agreed or determined to be payable or repayable by Transco LNG Storage or the relevant User.
- 8.3.11 In the absence of fraud, after the expiry of 18 months (or any other period agreed between Transco LNG Storage and the User) after the Storage Invoice Due Date in respect of a Storage Invoice:
- (a) no adjustment may be made to a Storage Invoice Amount under that Storage Invoice, other than:
    - (i) an adjustment of which Transco LNG Storage has given notice to the User; or
    - (ii) an adjustment pursuant to a Storage Invoice Query raised by the User in accordance with this paragraph 8; or

- (iii) before the expiry of such period;
- (b) no Storage Invoice Query may be raised in respect of the Storage Invoice;
- (c) the Storage Invoice shall (subject to any adjustments already made and any permitted under (a)) be deemed final and conclusive as to the amounts payable thereunder.

## **9 STORAGE CREDIT LIMIT**

### **9.1 General**

9.1.1 Transco LNG Storage will, in accordance with the TLNGS Credit Rules, determine and assign to each User a Storage Credit Limit, and will keep each User informed of its Storage Credit Limit (as revised in accordance with TLNGS Credit Rules) for the time being.

9.1.2 The "**TLNGS Credit Rules**" are the rules from time to time established and revised by Transco LNG Storage and issued to Users setting out (inter alia):

- (a) the principles on which Transco LNG Storage will assess and from time to time revise (in accordance with the TLNGS Credit Rules) its assessment of the credit-worthiness of Users (and persons providing surety for Users) and establish Storage Credit Limits;
- (b) the basis on which a User may (with a view to increasing its Storage Credit Limit) provide surety or security for Storage Indebtedness, or (with a view to reducing its Storage Indebtedness) make prepayments to Transco LNG Storage; and
- (c) procedures by which a User may discuss its Storage Credit Limit with Transco LNG Storage.

9.1.3 The TLNGS Credit Rules do not form a part of the Code and (but without prejudice to the further provisions of this paragraph or to anything done pursuant to the TLNGS Credit Rules) nothing in the Code shall make compliance with such rules an obligation of Transco LNG Storage or Users.

9.1.4 Nothing in the Code or the TLNGS Credit Rules shall constitute any duty of care or other obligation on the part of Transco LNG Storage (whether to or for the benefit of the User in question or Users in general) in relation to the implementation of the Storage Credit Rules or the provisions of this paragraph 9.

9.1.5 For the purposes of this paragraph 9:

- (a) "**Storage Credit Limit**" is an amount representing a User's maximum permitted Storage Indebtedness;
- (b) "**Storage Indebtedness**" is
  - (i) the aggregate amount for which the User is at any time liable to Transco LNG Storage pursuant to this Section Z, any Long Term Storage Arrangement and any Tanker Filling Arrangement determined

on the basis of amounts accrued and irrespective of whether such amounts have been invoiced or (where invoiced) have become due for payment; less

- (ii) any amount which has been paid to Transco LNG Storage by the User by way of prepayment, on the basis that Transco LNG Storage may apply such amount without the User's consent in or towards payment of amounts referred to in paragraph (i), and which has not yet been so applied; less
- (iii) the amount of any invoices which are the subject of a bona fide dispute by the User in accordance with the terms of this Section Z, any Long Term Storage Arrangement and any Tanker Filling Arrangement.

## **9.2 Storage Indebtedness**

### **9.2.1 Where:**

- (a) the User's Storage Indebtedness exceeds 70% of its Storage Credit Limit and Transco LNG Storage has given notice to that effect to the User;
- (b) at any time following such notice the User's Storage Indebtedness exceeds 85% of its Storage Credit Limit and Transco LNG Storage has given notice to that effect to the User (which may be given at the same time as that under paragraph (a))

paragraphs 9.2.2 and 9.2.3 shall apply.

### **9.2.2 Where and for so long as the Storage Indebtedness of a User exceeds 85% of the User's Storage Credit Limit, Transco LNG Storage shall be entitled to reject or refuse to accept any of the following from the User:**

- (a) an application for Storage Capacity under this Section Z; or
- (b) a Storage Capacity Transfer under paragraph 4 in respect of which the User is Transferee Storage User.

### **9.2.3 Where and for so long as the Storage Indebtedness of a User exceeds 100% of the User's Storage Credit Limit, Transco LNG Storage may serve on the User a Storage Termination Notice in accordance with paragraph 10.**

### **9.2.4 Where Transco LNG Storage reasonably believes that following the submission of a Nomination the Storage Indebtedness of the User will exceed 100% of the User's Storage Credit Limit Transco LNG Storage shall be entitled to reject such Nomination.**

### **9.2.5 Where a User is required pursuant to the Transco LNG Storage Credit Agreement to provide Transco LNG Storage with security (in accordance with applicable provisions of the Transco LNG Storage Credit Agreement) Transco LNG Storage shall be entitled to reject or refuse to accept a Nomination or Storage Transfer until such time as the User has made such security available to Transco LNG Storage in accordance with any applicable requirements of the Transco LNG Storage Credit Agreement.**

### **9.2.6 It shall not be a condition to Transco LNG Storage giving a Storage Termination Notice**

that Transco LNG Storage shall have first made any call upon, or taken any steps to enforce and realise any security made available pursuant to the Transco LNG Storage Credit Agreement.

## **10 STORAGE TERMINATION**

### **10.1 General**

10.1.1 Without prejudice to the provisions of Section V4, a User may cease to be a User for the purposes of this Section Z pursuant to paragraph 10.2 or 10.3; and for the purposes of this Section Z, a "**Discontinuing Storage User**" is a User who so ceases to be a User for the purposes of this Section Z and the "**Storage Discontinuance Date**" is the date with effect from which (in accordance with paragraph 10.2 or 10.3) a Discontinuing Storage User ceases to be a User for the purposes of this Section Z provided that such cessation shall be without prejudice to the User continuing to be a User for the purposes of the Code.

10.1.2 Upon a User's ceasing to be a User for the purposes of this Section Z in accordance with paragraph 10.1.1 subject to paragraph 10.3.5, this Section Z shall cease to bind the Discontinuing Storage User and (as respects the Discontinuing Storage User) Transco LNG Storage.

10.1.3 Transco LNG Storage will as soon as reasonably practicable after the Storage Discontinuance Date notify all other Users for the purposes of this Section Z of a User's ceasing to be a User for the purposes of this Section Z.

### **10.2 Voluntary discontinuance**

10.2.1 A User may at any time by giving notice ("**Storage Discontinuance Notice**") to Transco LNG Storage apply to cease to be a User for the purposes of this Section Z.

10.2.2 A User may not cease to be a User for the purposes of this Section Z under this paragraph 10.2 until such time as:

- (a) all amounts payable or which may become payable by the User to Transco LNG Storage pursuant to any provision of this Section Z, have been paid in full; and
- (b) the User has no gas-in-storage in a Transco LNG Storage Facility; and
- (c) any outstanding breach, being a breach capable of remedy and of which Transco LNG Storage has given notice to the User, by the User of any provision of this Section Z shall have been remedied.

10.2.3 Where a User has given notice under paragraph 10.2.1:

- (a) the User and Transco LNG Storage shall remain bound by the provisions of this Section Z until the requirements of paragraph 10.2.2 are satisfied;
- (b) the Storage Capacity which the User is registered as holding in Transco LNG Storage Facilities shall not be reduced or cancelled other than in accordance with the relevant provisions of this Section Z (and the User will remain liable for payment of Storage Capacity Charges in respect thereof but may elect to

make prepayment thereof).

10.2.4 Where a User has given notice under paragraph 10.2.1, after the satisfaction of last of the requirements of paragraph 10.2.2 to be satisfied:

- (a) with effect from the 5th Business Day following such satisfaction, the User will cease to be a User for the purposes of Section Z;
- (b) without prejudice to paragraph 10.2.5, Transco LNG Storage will as soon as reasonably practicable (and where possible before such date) inform the User of the date on which it ceases to be a User for the purposes of this Section Z under paragraph (a).

10.2.5 Notwithstanding paragraph 10.2.4, Transco LNG Storage or (as the case may be) the Discontinuing Storage User shall remain liable, subject to and in accordance with this Section Z, to the other after the Storage Discontinuance Date:

- (a) for any amount which was or becomes payable under this Section Z in respect of any period before the Storage Discontinuance Date; and
- (b) in respect of any outstanding breach of any provision of this Section Z where such breach was not (for the purposes of paragraph 10.2.2(d)) capable of remedy or (notwithstanding that paragraph) was capable of remedy but was not remedied.

### 10.3 Termination

10.3.1 For the purposes of this paragraph there shall have occurred a "**User Storage Default**" in relation to a User (the "**Defaulting Storage User**") in any of the following events or circumstances:

- (a) where in relation to any amount (or amounts in aggregate) of not less than £10,000 which has become due for payment by the Defaulting Storage User under this Section Z (excluding for the avoidance of doubt amounts the subject of a Storage Invoice Query which by virtue of paragraph 8 have not become due for payment):
  - (i) the Defaulting Storage User has not paid the amount in full by the 5th Business Day after the due date for payment; and
  - (ii) on or after the 5th Business Day after the due date for payment Transco LNG Storage has given notice to the Defaulting Storage User requiring payment of such amount; and
  - (iii) the Defaulting Storage User has not paid such amount in full by the 5th Business Day after the date of Transco LNG Storage's notice under paragraph (ii); or
- (b) where:
  - (i) the Defaulting Storage User is in material breach, other than such a breach as is referred to in paragraph 10.3.7, of any material provision (other than a payment obligation) of this Section Z; and



- (ii) the breach is capable of remedy by the Defaulting Storage User; and
  - (iii) Transco LNG Storage has given notice (making reference to this paragraph 10.3) of such breach to the Defaulting Storage User; and
  - (iv) within 14 Days after Transco LNG Storage's notice under paragraph (iii), the Defaulting Storage User does not either:
    - (1) remedy the breach in all material respects, where the breach is capable of remedy within such period of 14 Days; or
    - (2) where the breach is not so capable of remedy, provide to Transco LNG Storage a programme (setting out the steps to be taken by the User and the timetable for taking such steps) for the remedy of the breach as soon as is reasonably practicable; and
  - (v) in the case in paragraph (iv)(2), the Defaulting Storage User does not:
    - (1) remedy the breach in all material respects with all reasonable diligence and so far as reasonably practicable in accordance with the programme provided under that paragraph or a revised programme pursuant to paragraph (2); and
    - (2) where notwithstanding the reasonable diligence of the User it is not reasonably practicable for the User to remedy the breach in accordance with that programme, provide to Transco LNG Storage a revised such programme; and
  - (vi) the breach remains unremedied in any material respect after the expiry of 7 Days after a further notice by Transco LNG Storage to the Defaulting Storage User to the effect that the Defaulting Storage User has not complied with paragraph (iv) or (v); or
- (c) where:
  - (i) the Defaulting Storage User is in material breach of this Section Z, other than such a breach as is referred to in paragraph 10.3.7, of any relevant provision (other than a payment obligation) of this Section Z; and
  - (ii) the breach is not capable of remedy; and
  - (iii) Transco LNG Storage has given notice (making reference to this paragraph 10.3) of the breach to the Defaulting Storage User; and
  - (iv) at any time within the period of 12 months following Transco LNG Storage's notice under paragraph (iii), there occurs a further material breach by the Defaulting Storage User of the same provision of this Section Z; and
  - (v) Transco LNG Storage has given a notice of such further breach to the Defaulting Storage User and a period of 7 Days has expired following such notice; or

- (d) where:
- (i) the Defaulting Storage User is unable to pay its debts (within the meaning of Section 123(1) or (2) of the Insolvency Act 1986, but subject to paragraph 10.3.2), or any voluntary arrangement is proposed in relation to it under Section 1 of that Act or it enters into any composition or scheme of arrangement (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
  - (ii) the Defaulting Storage User has a receiver (which expression shall include an administrative receiver within the meaning of Section 29 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking appointed; or
  - (iii) the Defaulting Storage User has an administration order under Section 8 of the Insolvency Act 1986 made in relation to it; or
  - (iv) the Defaulting Storage User passes any resolution for winding-up (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
  - (v) the Defaulting Storage User becomes subject to an order by the High Court for winding-up.

10.3.2 For the purposes of paragraph 10.3.1(d)(i), Section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for "£750" there was substituted "£10,000"; and the Defaulting Storage User shall not be deemed to be unable to pay its debts for the purposes of that paragraph if any such demand as is mentioned in the said Section is being contested in good faith by the Defaulting Storage User with recourse to all appropriate measures and procedures.

10.3.3 Upon the occurrence of a User Storage Default, and at any time after such occurrence at which the User Storage Default is continuing, Transco LNG Storage may give notice ("**Storage Termination Notice**") to the Defaulting Storage User to the effect that the User shall cease to be a User for the purposes of this Section Z with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice.

10.3.4 Where Transco LNG Storage gives a Storage Termination Notice to a Defaulting Storage User, with effect from the date specified in the notice, the User will cease to be a User (for the purposes of this Section Z only) and paragraph 10.1.2 shall apply.

10.3.5 The giving of a Storage Termination Notice and the application of paragraph 10.3.4:

- (a) shall not affect the rights and obligations of Transco LNG Storage and the Defaulting Storage User under this Section Z (including rights and obligations in respect of the User Storage Default, and in respect of amounts including interest payable by either Party, and rights and obligations arising pursuant to any provision of this Section Z and in respect of the User's ceasing to be a User for the purposes of this Section Z) accrued up to the date referred to in paragraph 10.3.4, which shall continue to be enforceable notwithstanding that paragraph; and

- (b) shall not relieve the User from liability to pay Storage Capacity Charges that would otherwise have been payable in respect of the period from the date referred to in paragraph 10.3.4 until the end of the Storage Year in which such date falls which such Storage Capacity Charges shall be payable immediately by the User.
- 10.3.6 Where Transco LNG Storage has given a Storage Termination Notice it shall be entitled to inform such persons as it thinks fit that it has done so.
- 10.3.7 For the purposes of paragraph 10.3.1(b)(i) and 10.3.1(c)(i) the following breaches are excluded:
  - (a) a breach which results from a breach by Transco LNG Storage of this Section Z;
  - (b) a breach other than a wilful breach of a provision of Section Z where this Section Z specifically provides some other remedy for such breach and such other remedy may reasonably be considered to be adequate in the circumstances.
- 10.3.8 For the purposes of paragraph 10.3.1(c)(i) a breach is a material breach of a relevant provision where and only where:
  - (a) in the case of a material provision, the breach is wilful or reckless; or
  - (b) in the case of any provision, as a result of the breach Transco LNG Storage or any other User is in material breach of any material provision of the Code or any Legal Requirement or incurs any material liability or expense.

#### **10.4 Gas-in-storage on termination**

- 10.4.1 Where Transco LNG Storage gives a Storage Termination Notice to a User who has gas-in-storage in any Transco LNG Storage Facility:
  - (a) the User shall cease to have the entitlement conferred pursuant to paragraph 1.3.2 in respect of such gas-in-storage; and
  - (b) Transco LNG Storage will, within a reasonable time after the Storage Discontinuance Date seek to make Storage Gas Transfer(s) (without any accompanying Storage Capacity Transfer) in respect of an amount of gas-in-storage equal to the gas-in-storage of the Discontinuing Storage User by conducting a tender on a basis similar to that provided for in Section K3.3.2 in respect of Residual Surplus Gas;
  - (c) Transco LNG Storage shall be entitled to set-off against and deduct from the proceeds (if any) of the tender under paragraph (b) the amounts described in paragraph 10.4.2, in the priority therein stated; and
  - (d) Transco LNG Storage will pay the balance if any of such proceeds to the Discontinuing Storage User.
- 10.4.2 The amounts referred to in paragraph 10.4.1(c) are:

- (a) first expenses incurred by Transco LNG Storage in connection with the tender referred to in paragraph 10.4.1(b);
- (b) secondly, all amounts for which the User is liable to Transco LNG Storage pursuant to Section Z (whether or not having become due for payment), including accrued interest thereon.

## **11 TRANSCO LNG STORAGE ASSIGNMENT**

### **11.1 Transco LNG Storage Right to Assign**

- 11.1.1 Subject to paragraph 11.2, Transco LNG Storage may assign all or part of its rights and obligations in respect of a Transco LNG Storage Facility under this Section Z to a 33 1/3% Affiliate operating the relevant Transco LNG Storage Facility and having the necessary technical expertise and financial resources.
- 11.1.2 Except as provided in paragraph 11.1.1, Transco LNG Storage shall not assign or transfer and shall not purport to assign or transfer any of its rights or obligations under this Section Z.

### **11.2 Precondition**

- 11.2.1 Where Transco LNG Storage assigns its rights and obligations under this Section Z pursuant to paragraph 11.1.1:
  - (a) it shall be a condition precedent to such assignment that such person shall enter into an agreement with each User who is a User for the purposes of this Section Z covenanting to be bound by the terms equivalent to those terms set out in this Section Z and such other terms of the Code as are necessary to give effect and meaning to the terms set out in this Section Z; and
  - (b) Transco LNG Storage shall be released from its obligations under this Section Z arising after such time as such assignment was effective, but shall remain liable for any obligations accruing up to such time.