

LDZ SYSTEM MINIMUM NETWORK ENTRY AGREEMENT

between

SCOTLAND GAS NETWORKS PLC

and

[Name of Company]

in respect of

[insert Gas Project Name and Site Location]



Legal Services  
St Lawrence House  
Station Approach  
Horley  
Surrey  
RH6 9HJ

File Ref: [insert file reference]

THIS AGREEMENT is made on

BETWEEN:-

- (1) **SCOTLAND GAS NETWORKS PLC**, (Company Number SC264065) a company incorporated in Scotland whose registered office is at Axis House, 5 Lonehead Drive, Newbridge, Edinburgh EH28 8TG (“**Network Operator**”); and
- (2) [**DFO Company Name**], (Company Number [insert number]) a company incorporated in [England and Wales/Scotland] whose registered office is at [insert address] (the “**Delivery Facility Operator**” or “**DFO**” as the case may be).

**WHEREAS:-**

- (A) The Network Operator is the owner and operator of a gas distribution pipeline system in Scotland and holds a licence as a gas transporter under the Gas Act 1986 (as amended), pursuant to which the Network Operator has entered into the Uniform Network Code (which incorporates the Uniform Network Code);
- (B) The DFO is the operator of the Delivery Facility;
- (C) the Network Operator is the owner and operator of the Network Operator Facility (which will constitute a LDZ System Entry Point for the purposes of the Uniform Network Code) and a Gas Transporter pursuant to the Gas Act;
- (D) The Parties wish to facilitate the safe and efficient operation of the Delivery Facility, the Network Operator Facility and the System; and
- (E) The Network Operator and the DFO have therefore agreed to enter into this Agreement, which shall be the LDZ System Network Entry Agreement relating to the LDZ System Entry Point for the purposes of Section I of the Transportation Principal Document within the Uniform Network Code, upon the terms and conditions provided herein (including the Local Operating Procedures referred to herein).

In consideration of the mutual obligations and undertakings given herein, IT IS HEREBY AGREED as follows:

## **1 DEFINITIONS**

- 1.1 In this Agreement (including the Appendices hereto) the following words and expressions shall, unless the context otherwise requires, have the following meanings:

“**Actual Flow Rate**” at any time shall mean the total instantaneous volumetric flow rate, in the form of Gas, expressed in kscm/d that is being delivered at the LDZ System Entry Point;

“**Additional Site Specific Arrangements**” shall mean those provisions detailed in Schedule 2 (Local Operating Procedures);

“**Affiliate**” shall mean any subsidiary or any holding company of either Party or any company which is a subsidiary company of the ultimate holding company of either Party where the expressions “holding company” and “subsidiary” having the meanings ascribed thereto by section 1159 of the Companies Act 2006 as amended;

**“Agreement”** shall mean this agreement including the Schedules, as may be amended in accordance with its terms, and any reference to **“Network Entry Agreement”** or **“NEA”** shall be construed accordingly;

**"Bar"** shall be as defined in ISO 1000-1992(E);

**“Calorific Value”** that number of Megajoules produced by the complete combustion at a constant Standard Pressure of 1 Cubic Metre of gas at a Standard Temperature with excess air at the same temperature and pressure as the gas when the products of combustion are cooled to 15°C and when the water formed by combustion is condensed to the liquid state and the products of combustion contain the same total mass of water vapour as the gas and air before combustion; and for the avoidance of doubt calorific value shall be REAL as defined in ISO 6976-1:1995(E);

**“Commencement Date”** shall mean [insert date] notwithstanding the date or dates hereof;

**“Competent Authority”** means the Gas and Electricity Markets Authority, Ofgem, or any local, national or supra national agency, authority, department, inspectorate, minister, ministry, court, tribunal or official or public or statutory person (whether autonomous or not) of, the United Kingdom (or the government thereof) or of the European Union which has jurisdiction over the Network Operator or the DFO or the subject matter of this Agreement;

**"Cubic Metre" or "m<sup>3</sup>":** means, when applied to gas, that amount of gas which at Standard Temperature and Standard Pressure and being free of water vapour occupies one 1 cubic metre;

**"°C":** refers to a thermodynamic temperature scale, the particular interval between the temperature in Kelvin and the temperature 273.15 Kelvin as defined in ISO 1000-1992(E);

**“D-1 Gas Day”** shall mean the Day before the Gas Day;

**“D Gas Day”** shall mean the Gas Day;

**“D+1 Gas Day”** shall mean the Day after the Gas Day;

**“Daily Flow Notification”** or **“DFN”** shall be the notification given by facsimile (or other agreed means) by the DFO to the Network Operator in respect of a Gas Day showing the daily notifications in the form set out in Schedule 3;

**“Day”** shall have the meaning specified in the General Terms Section C paragraph 2.2.1 (a) of the Uniform Network Code;

**“Delivery Facility”** shall mean the facility operated by the DFO at the Site as detailed within Schedule 1 from which Gas may be tendered for delivery at the Network Operator Facility for injection to LDZ System Entry Point and, for the avoidance of doubt, is a Connected Delivery Facility as defined in Section I of the Transportation Principal Document;

**“Delivery Facility Operator”** or **“DFO”** shall mean the operator of the Delivery Facility as defined within this Agreement, including its successors in title and permitted assignees;

**“Delivery Facility Representative”** shall mean the person notified in writing by the DFO from time to time to the Network Operator as its representative for the provision and receipt of information in accordance with the Local Operating Procedures set out in Schedule 5;

“**Directive**” shall mean any present or future directive, request, requirement, instruction, code of practice, direction or rule of any Competent Authority, (but only if it has the force of law or either Party is bound to comply with it) and includes any modification, extension or replacement thereof;

“**Duly Authorised Representative**” shall mean any of those employees of a Party whose names have been notified in writing to the other Party as having authority to bind the Party in circumstances where its agreement is required hereunder and, until otherwise notified, shall in the case of the Network Operator be such person who from time to time shall occupy the position of Network Director and in the case of the DFO, shall be such person who from time to time shall occupy the position of site manager. For the avoidance of doubt, the Duly Authorised Representative will not be the Delivery Facility Representative or the Network Operator Shift Representative;

“**Emergency Shut Down Condition**” shall mean any condition requiring the Network Operator, in accordance with the Safety Case or any Legal Requirements, to cease forthwith to accept Gas at the LDZ System Entry Point in the interest of preventing possible damage to the System or the injury or death of any person, include cessation where gas delivered to the Network Operator Facility is not compliant with the Gas Entry Conditions;

“**End of Day Volume**” shall mean the total volume of Gas, in kscm/d, delivered at the LDZ System Entry Point during the Gas Day;

“**End of Day Energy Quantity**” shall mean the total quantity of energy of Gas, in MWh, delivered at the LDZ System Entry Point during the Gas Day;

“**Exact Hour**” shall mean the time in full hours and minutes (e.g. 15.00 hours is an Exact Hour) except that the time 23.59 hours will be used as the Exact Hour for midnight;

“**Expected End of Day Volumetric Quantity**” shall mean the total volume of Gas, in kscm, reasonably estimated by the DFO to be delivered at the LDZ System Entry Point by the end of the Gas Day;

“**Expected Flow Rate**” in respect of any Gas Day shall mean the total instantaneous volumetric estimated flow rate for each remaining hour of such Gas Day expressed in kscm/d that the DFO expects in its reasonable opinion will be delivered at the LDZ System Entry Point;

“**Firm Entry Capacity**” shall mean the volume of gas, in kscm/h, that Network Operator will allow to flow into its System at the LDZ System Entry Point except during a **Network Restriction** on the System as identified at Schedule 2;

“**Gas**” shall mean any hydrocarbons or mixture of hydrocarbons and other gases consisting primarily of methane which at Standard Temperature and Standard Pressure are or is predominantly in the gaseous state;

“**Gas Act**” shall mean the Gas Act 1986 (as amended) and any regulations issued there under, as such Gas Act and regulations are amended or supplemented from time to time;

“**Gas Day**” shall mean the period of hours beginning at 06.00 hours on any calendar day and ending at 05.59 hours on the following calendar day such original day being specified on the DFN;

**“Gas Entry Conditions”** shall mean in respect of the LDZ System Entry Point the limits and other requirements as to the composition, pressure, temperature and other characteristics of Gas delivered or tendered for delivery at the LDZ System Entry Point as set out in Schedule 8;

**“Gas Transporter”** shall mean a holder of a gas transporter licence granted (or treated as granted) under section 7(1) of the Gas Act, together with any successor or assignee thereof;

**“Gauge”**: when used in relation to pressure, means the pressure in excess of 1 standard atmosphere where 1 standard atmosphere is 1.01325 Bar;

**“Individual System Entry Point”** shall mean a point on the System at which gas can flow into the System;

**“Joule”** shall have the meaning specified in the General Terms Section C paragraph 3.2.1 of the Uniform Network Code;

**“kscm/d”** shall mean thousands of Standard Cubic Metres per Day;

**“kWh”** shall mean a kilowatt hour or three million six hundred thousand (3,600,000) Joules;

**“LDZ System Entry Point”** shall mean the point on the System comprising the Individual System Entry Point located on the incoming pipeline from the Delivery Facility to the Network Operator Facility which is so defined in Attachment A to Schedule 1;

**“LDZ System Entry Point User”** means a System User at an LDZ System Entry Point;

**“Legal Requirement”** shall mean any Act of Parliament, regulation, licence, Directive of a Competent Authority, or the UNC;

**“Local Operating Procedures”** shall mean the procedures between the Parties in connection with the Delivery Facility and the Network Operator Facility as set out in Schedule 2 and as may be amended in accordance with this Agreement

**“MWh”** shall mean Mega Watt hour or one thousand (1,000) kWh;

**“MWhD”** shall mean Mega Watt hours per Gas Day;

**“Measurement Provisions”** as set out in Schedule 9, shall mean those procedures, methods and standards by which Gas delivered or tendered for delivery at the LDZ System Entry Point will be measured, sampled and analysed and the volume, Calorific Value, quantity and delivery characteristics of such Gas will be determined;

**“Megajoules”** shall mean one million (1,000,000) Joules;

**“Metre”**: the metre as defined in ISO 1000-1992(E);

**“MMJ”** shall mean millions of Megajoules;

**“MMJD”** shall mean millions of Megajoules per Gas Day;

**“MJ/CM”** shall mean Megajoules per Standard Cubic Metre;

**“Mole”**: the molecular weight of a component in the respective mass units;

**"Mole%":** molecular percentage the ratio of the number of Moles of a particular component in a mixture of the total number of Moles present multiplied by one hundred per cent (100%);

**"Network Connection Agreement"** means the means the connection agreement for the design and construction of the Network Entry Facility at the Site.

**"Network Entry Facility"** shall mean both the Delivery Facility and Network Operator Facility which together contain the equipment necessary to enable Gas to be injected into the System;

**"Network Entry Provisions"** means the requirements, as set out in Schedule 7 and Schedule 8 which specify for an Individual System Entry Point the Gas Entry Conditions, the Measurement Provisions and the point or points of delivery;

**"Network Operator Facility"** means the facilities operated by the Network Operator at the Individual System Entry Point as more particularly described in Schedule 1;

**"Network Operator Shift Representative"** shall mean the person or post notified by the Network Operator from time to time to the DFO as the Network Operator's representative for the provision and receipt of information in accordance with the Local Operating Procedures;

**"Network Operator Support Representative"** shall mean the person or post notified by the Network Operator from time to time to the DFO as the Network Operator's representative for the provision and receipt of information in accordance with any planned notifications;

**"Network Restriction"** means any planned or unplanned work on the System which reduces its capacity to accept gas at the SEP;

**"Operating Limits"** shall mean the restrictions and or limitations that may be placed on the DFO injecting into the System at the Delivery Facility due to System Demands.

**"Out of Specification Gas"** shall mean gas that does not comply with the Gas Entry Conditions;

**"Parties"** shall mean the parties to this Agreement from time to time, and **"Party"** shall be construed accordingly;

**"Reasonable and Prudent Operator"** means a person acting, in good faith, to perform its contractual obligations and, in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;

**"Remotely Operated Valve"** shall mean the valve(s) used by the Network Operator to close the connection to the System (in accordance with this Agreement) as identified in Schedule 1;

**"Safety Case"** shall mean the safety case of the Network Operator prepared in accordance with the Gas Safety (Management) Regulations 1996, specifically Regulations 2(5) and 3(1)(a);

**"Standard Cubic Metre"** or **"scm"** shall mean that amount of Gas that, at Standard Temperature and Standard Pressure and being free of water vapour, occupies one cubic metre;

**"Standard Pressure"** shall mean one decimal zero one three two five (1.01325) Bar;

**“Standard Temperature”** shall mean fifteen degrees Celsius (15°C);

**“System”** shall mean the pipeline system operated by the Network Operator for the conveyance of Gas which is authorised by the licence granted to the Network Operator as a Gas Transporter;

**“System Capacity”** has the meaning as specified within the section B1.2.1 of the Transportation Principal Document;

**“System Demand”** shall mean the demands on the System which (without limitation) may vary according to weather or time of day which are used to determine the Operating Limits;

**“System Users”** or **“Users”** shall mean a Gas Shipper licensed under Section 7A of the Gas Act which are party to the Uniform Network Code and from time to time deliver Gas into the System at the LDZ System Entry Point;

**“Tolerances”** shall mean (unless otherwise agreed between the Parties Duly Authorised Representatives from time to time):

- (i) for changes to the Expected Flow Rate a tolerance of plus or minus three per cent (3%) of the then prevailing Expected Flow Rate;
- (ii) for changes to the Network Operator’s estimated Calorific Value a tolerance of plus or minus zero decimal point five (0.5) MJ/CM; and
- (iii) or changes to the DFO’s estimated Expected End of Day Volumetric Quantity a tolerance of plus or minus three per cent (3%) of the then prevailing Expected End of Day Volumetric Quantity.

**“Transportation Flow Advice”** or **“TFA”** means the advice given by facsimile (or other agreed means) by the Network Operator to the DFO whenever:-

- (i) the Expected Flow Rate notified by the DFO or the Actual Flow Rate will not, in the Network Operator’s reasonable opinion, be able to be accommodated by the System; or
- (ii) gas tendered for delivery at the LDZ System Entry Point does not, in the Network Operator’s opinion (acting reasonably), comply with the Gas Entry Conditions;
- (iii) and shall be as set out in Schedule 4;

**“Transportation Principal Document”** shall have the meaning as given in the “UNC Introduction” section under the General Terms within the Uniform Network Code;

**“Uniform Network Code”** or **“UNC”** means the Uniform Network Code prepared by the Network Operator (together with the other relevant Gas Transporters) pursuant to Standard Special Condition A11(6) of their gas transporters’ licences (as amended from time to time); and

**“Working Day”** shall mean any day other than a Saturday, a Sunday, Christmas Day, Good Friday, or a day which is a bank holiday in England and Wales.

- 1.2 The Clauses, paragraphs and other headings in this Agreement are for convenience only and shall not affect its interpretation or construction.
- 1.3 Any reference in this Agreement to the singular shall (save where the context requires otherwise) include a reference to the plural (and vice versa).
- 1.4 Reference in this Agreement to any statute, statutory instrument or statutory provision includes any amendment, re-enactment or supplement thereto.
- 1.5 References to a Schedule shall, unless the context requires otherwise, include the Schedules thereto.
- 1.6 Reference in this Agreement to a person includes firms, partnerships and corporations and their successors and permitted assignees or transferees.
- 1.7 In this Agreement headings are for convenience of reference only.
- 1.8 References in this Agreement to words preceding “include”, “includes”, “including” and “included” shall be construed without limitation by the words which follow those words.
- 1.9 References in this Agreement to “writing” or “written” shall include facsimile and email.
- 1.10 This Agreement comprises the following documents and if there is any ambiguity or inconsistency in or between these documents the priority of the documents shall be in accordance with the following sequence:-
  - 1.10.1 the schedules appended hereto including any attachments;
  - 1.10.2 these terms and conditions; and
  - 1.10.3 any other document referred to or forming part of the Agreement.

## **2 CONDITIONS PRECEDENT**

- 2.1 This Agreement shall be conditional upon and shall not take effect until fulfilment of the following conditions precedent:
  - 2.1.1 the payment by the DFO of £1 to the Network Operator (receipt of which is hereby confirmed by the Network Operator);
  - 2.1.2 the DFO has certified to the Network Operator that planning permissions (and all conditions therein) and consents from the Scottish Environment Protection Agency in relation to the Network Entry Facility are in place and have not been challenged or revoked and not the subject of any enforcement notices or proceedings;
  - 2.1.3 a letter of Direction pursuant to the Gas (Calculation of Thermal Energy) (Amendment) Regulations 2002 has been issued by the Competent Authority in relation to the Site;
  - 2.1.4 the successful installation and validation of the Network Entry Facility in accordance with the Network Connection Agreement for the Site;



- 2.1.5 the DFO has certified to the Network Operator that it has entered in to an agreement in writing with a System User for the sale and purchase of the Gas to be injected into the gas network;
  - 2.1.6 a Gas Quality Risk Assessment has been carried out by the DFO, under the guidance of the Network Operator, in accordance with the Network Operator management procedure the Network Operator/PM/GQ/8; and
  - 2.1.7 the DFO has provided the Network Operator with the name of the 'User' and 'Competent Person' for the purposes of the Pressure System Safety Regulations 2000.
- 2.2 Subject to Clause 2.3 and Clause 4.5, if the conditions precedents specified in Clause 2.1 have not been satisfied within thirty (30) days of execution of this Agreement, then the Network Operator shall be entitled (but not obliged) to terminate this Agreement with immediate effect without any liability to the DFO whatsoever.
- 2.3 The conditions specified in this Clause are inserted for the Network Operator's benefit. The Network Operator may waive the conditions precedent specified in Clause 2.1 in whole or in part and with or without conditions, without prejudicing the Network Operator's right to require subsequent fulfilment of such conditions.

### **3 SCOPE AND APPLICATION**

- 3.1 The Schedules form part of this Agreement and shall be interpreted and construed as though they were set out in this Agreement.
- 3.2 In the event of any inconsistency between a provision in the main body of this Agreement and a provision in any of the Schedules, the provision in Schedules shall prevail over the provision in the main body Agreement to the extent of such inconsistency.
- 3.3 In the event of any inconsistency between any provision of this Agreement (including the Schedules) and the UNC, the terms of the UNC shall prevail over the provision of this Agreement prevail to the extent of such inconsistency.
- 3.4 It is agreed between the Parties that nothing in this Agreement shall be held to either constitute an amendment or modification to:
- 3.4.1 any agreement for the sale and purchase, processing, redelivery and transportation of Gas; or
  - 3.4.2 the Uniform Network Code
- 3.5 Except as provided in this Agreement (and without prejudice to the relevant provisions of the Uniform Network Code), nothing shall impose any obligation or confer any entitlement on the Delivery Facility Operator (or a third party) to deliver Gas to the System, or as to the rates, quantities, pressure and quality of gas so delivered.
- 3.6 Without prejudice to any other agreement between the Parties, this Agreement shall not require the Network Operator or the Delivery Facility Operator to reinforce any part of the System or (as the case may be) Delivery Facility to increase the flow rate capacity, or to take any other step with a view to it being feasible to accept the delivery of gas into the System

from the Delivery Facility at the LDZ System Entry Point in any quantities or at any rate, nor to accept an application by any LDZ System Entry Point User for any particular System Capacity or capacity in the Delivery Facility. Notwithstanding the aforementioned, the Firm Entry Capacity shall be made available to the DFO for the delivery of Gas into the System, except in the event of a Network Restriction or Emergency Shut Down Condition which the DFO acknowledges may restrict or prevent such Firm Entry Capacity from being available.

- 3.7 Save as expressly provided otherwise in this Agreement, each Party will perform its duties under this Agreement in accordance with the standard, and at the level, of a Reasonable and Prudent Operator.
- 3.8 Both Parties shall comply with the terms of the UNC insofar as they relate to the nature and/or operation of this Agreement.

#### **4 DURATION**

- 4.1 Subject to Clauses 2.1 and 14, this Agreement shall continue in full force and effect unless and until terminated by agreement in writing between the Parties or pursuant to Clause 4.3.
- 4.2 Subject to Clause 4.3, if at any time after the date of this Agreement either Party wishes to terminate this Agreement, then the Parties hereby agree to meet in good faith to discuss and agree all matters pertaining to a termination of this Agreement, including the timing thereof.
- 4.3 The DFO shall be entitled to terminate this Agreement upon giving not less than eighteen (18) months' prior notice to the Network Operator. Following the giving of such notice, the Parties hereby agree to meet in good faith to discuss and agree all matters pertaining to such termination of this Agreement. The Network Operator shall be entitled to notify System Users that the DFO has given notice to terminate this Agreement and to advise System Users of the date of such notice and the date on which such termination will take effect.
- 4.4 Upon termination of this Agreement or the Delivery Facility otherwise ceasing to be connected to the Network Operator Facility, the DFO shall be responsible for the costs of any decommissioning and disassembly or removal of the Network Operator Facility. Such costs shall be invoiced and paid for in accordance with the provisions of Clause 16.
- 4.5 The termination of this Agreement shall not affect nor prejudice any rights or obligations which have accrued to either Party prior to such termination.

#### **5 IMPLEMENTATION OF LOCAL OPERATING PROCEDURES**

- 5.1 The Parties agree that, with effect from the start of the Gas Day following the Commencement Date (or as otherwise agreed between the Parties in writing); the Local Operating Procedures shall apply between the Parties.
- 5.2 The Network Operator shall keep under review, and (as may be appropriate for reasons of safety or prudent operation) from time to time revise the Local Operating Procedures and the Parties agree that any such revisions shall be effective with immediate effect (unless otherwise agreed by the Network Operator).
- 5.3 Each Party shall provide information to the other in accordance with, and otherwise comply with, the Local Operating Procedures.

## **6 OWNERSHIP, OPERATION AND MAINTENANCE**

- 6.1 The ownership of the Delivery Facility and the Network Operator Facility is as described in Schedule 1 (as further describe in the Network Connection Agreement).
- 6.2 The Parties acknowledge and agree that the Network Operator retains the right to shut-off, reduce or curtail all or part of the Network Entry Facility and the Network Operator's Site for maintenance, repair or replacement works ("Maintenance Works") which may have an impact on the availability of the Entry Capacity.
- 6.3 The Network Operator shall not be liable to any Party for any period of unavailability of the Network Entry Facility at the time irrespective of the reason for such unavailability

## **7 NETWORK ENTRY PROVISIONS**

- 7.1 The DFO shall be required to fully comply with the Network Entry Provisions at all times and any failure to do so shall constitute material breach of this Agreement.
- 7.2 The DFO recognises and acknowledges that the Network Entry Provisions are designed to protect the System and to ensure that the Network Operator can safely transport Gas within the System in compliance with its Safety Case and any Legal Requirements.
- 7.3 Subject to Clause 7.4, the Network Entry Provisions shall not be amended except by written agreement of the Duly Authorised Representative of the Network Operator. The DFO acknowledges that the Network Operator will not be able to agree to any change to the Network Entry Provisions until the Network Operator has followed the process set out in the Uniform Network Code, and has obtained the necessary consents or approvals. For the avoidance of doubt, the obtaining of such necessary consents or approvals will not oblige either Party to agree to any such change in the Network Entry Provisions.
- 7.4 Where any Party identifies a relevant Legal Requirement coming into force after the date of this Agreement and relating to the flow composition or other characteristics of Gas processed by the Delivery Facility or delivered to or conveyed by the System that in its opinion have not been complied with in this Agreement, then Duly Authorised Representatives of the Parties will meet as soon as reasonably practicable in good faith in order to discuss and agree any written amendments which may be required to this Agreement or the Delivery Facility or System in order to comply with such Legal Requirement. Until such agreement is reached, the Network Operator reserves the right to suspend the flow of Gas without any liability whatsoever to the DFO to the extent such suspension is necessary to avoid breach of such Legal Requirement.
- 7.5 The DFO will provide written notice to the Network Operator of any proposed change at the Delivery Facility that may have an impact upon the composition of the Gas and/or the requirements for monitoring and analysis at the Delivery Facility and the Network Entry Facility. Following assessment of the proposed change, where required the Parties shall meet as soon as reasonably practicable in good faith in order to discuss and seek to agree any written amendments which may be required to this Agreement.

## **8 CONNECTION FACILITIES**

- 8.1 The provisions of Schedules 2, 7 and 8 shall apply between the Parties in terms of technical

and operational compatibilities between the facilities.

- 8.2 If the Network Operator proposes to modify the Network Operator Facility or the DFO proposes to modify the Delivery Facility, in each case such that the Network Operator Facility and the Delivery Facility would cease to be technically and operationally compatible with each other following such modification ("Facility Modification"), then the Party proposing the Facility Modification shall:
- 8.2.1 give the other Party as much advance notice of the commencement of the proposed Facility Modification as is reasonably practicable and such notice shall include the reasons for the proposed Facility Modification;
  - 8.2.2 inform the other Party of the date of cessation of the operation of the Network Operator Facility or the Delivery Facility due to the commencement of the Facility Modification; and
  - 8.2.3 inform the other Party of the date of completion of the Facility Modification.
- 8.3 Following receipt of a notice pursuant to Clause 8.2 the Parties shall meet as soon as reasonably practicable to discuss in good faith as Reasonable and Prudent Operators the implications of the proposed Facility Modification.
- 8.4 Notwithstanding the foregoing, where, by reason of any Facility Modification made or to be made by the Network Operator to the Network Operator Facility or by the DFO to the Delivery Facility, the Network Operator Facility and the Delivery Facility cease or will cease to be technically and operationally compatible with each other, then in the case of modifications to the Network Operator Facility, the DFO shall promptly modify the Delivery Facility and in the case of modifications to the Delivery Facility the Network Operator shall promptly modify the Network Operator Facility, in each case so as to restore the compatibility between the Delivery Facility and the Network Operator Facility.
- 8.5 The Party whose modifications have caused the incompatibility between the Delivery Facility and the Network Operator Facility shall reimburse the other Party for any expenditure reasonably incurred by the other Party in carrying out those modifications necessary to address the incompatibility that directly results from the initial modifications, except where the Facility Modification was made in order to comply with any Legal Requirement which did not previously exist in relation to the Network Operator Facility or the Delivery Facility (as the case may be) or for reasons beyond the reasonable control of the Party making the Facility Modification in which case each Party shall seek to modify their respective facilities so as to restore the compatibility between the Delivery Facility and the Network Operator Facility and the DFO shall bear the costs in doing so and shall reimburse the Network Operator for any expenditure reasonably incurred by the Network Operator in carrying out those modifications necessary to address the incompatibility that directly results from complying with the Legal Requirement. Such costs shall be invoiced and paid for in accordance with the provisions of Clause 16.
- 8.6 Where any Party makes a Facility Modification, the other Party shall be entitled to suspend operation of the Network Operator Facility or the Delivery Facility (as the case may be) until the facility that has been modified is made technically and operationally compatible with the other facility provided that such modifications shall be made without undue delay.
- 8.7 For the avoidance of doubt:

- 8.7.1 the Network Operator shall in no circumstances be liable for any modifications required to any plant, equipment or facilities upstream of the Delivery Facility;
  - 8.7.2 the DFO shall in no circumstances be liable for any modifications required to any part of the System downstream of the Network Operator Facility save as may be agreed between the Parties where the DFO has requested a change in Firm Entry Capacity and the Network Operator determines that it needs to modify its System to accommodate the change in capacity;
  - 8.7.3 the Network Operator shall not be liable to pay the DFO any costs in respect of modifications to the Delivery Facility that arise as a result of any modifications to the System.
- 8.8 The DFO shall notify the Network Operator as soon as it becomes aware, and in any event within 5 days, of the DFO breaching any planning permissions (or any condition therein) or any consents from the Scottish Environment Protection Agency, or if planning permissions (or any condition therein) or any consents from the Scottish Environment Protection Agency are being challenged or revoked or the subject of any enforcement notices or proceedings.

## **9 DFO'S WARRANTIES**

- 9.1 The DFO warrants with continuing effect that the Delivery Facility is and will be operated and maintained as to continue to be:
- 9.1.1 technically and operationally compatible in all material respects with the System (including the prevention of back flow of gas from the System into the Delivery Facility);
  - 9.1.2 in full compliance with all relevant Legal Requirements;
  - 9.1.3 In full compliance with all relevant permits and consents necessary for the operation and maintenance of the Delivery Facility at the Site.
- 9.2 The DFO warrants that it shall not:
- 9.2.1 take any action which is likely to prejudice the safe, economic and efficient operation, from day to day, of the System by the Network Operator or any other relevant Gas Transporter; or
  - 9.2.2 deliberately mislead the Network Operator as to the DFO's expectations as to the aggregate quantity of gas to be brought onto the System by the DFO through the operation of its the pipe-line system to which this Agreement relates.
- 9.3 The DFO warrants with continuing effect that it shall act as a Reasonable and Prudent Operator in the operation of the pipe-line system connecting the Delivery Facility to the System in so far as such operation may affect the operation of the System.
- 9.4 In the event that at any time the condition of the Delivery Facility and associated off take facilities or arrangements become such that the DFO is in breach of any of the warranties set out in Clauses 9.1 to 9.3 the DFO shall immediately notify the Network Operator of such breach.

- 9.5 The DFO warrants with continuing effect that it will not do anything or fail to do anything which will result in any planning permissions (or any conditions therein) and consents from the Scottish Environment Protection Agency in relation to the Network Operator Facility being challenged or revoked and being the subject of any enforcement notices or proceedings;

## **10 SUSPENSION**

- 10.1 In the event that the DFO is in breach of any its obligations under this Agreement, the Network Operator shall be entitled to isolate the LDZ System Entry Point until such time as the breach is resolved to the Network Operator's reasonable satisfaction. The DFO shall reimburse the Network Operator with the direct costs and expenses reasonably incurred by the Network Operator associated with such isolation, including any payments to be made to Shippers under the Uniformed Network Code. For the avoidance of doubt, the Network Operator shall not be liable to the DFO for any costs or losses thereby occasioned
- 10.2 Where, following isolation in accordance with Clause 10.1, the DFO is no longer in breach of its obligations hereunder:-
- 10.2.1 the DFO shall as soon as practicable notify the Network Operator to that effect with full supporting reasons and substantiation;
- 10.2.2 if the LDZ System Entry Point has been isolated pursuant to Clause 10.1, the Network Operator will as soon as practicable following such notice and confirmation that it has been resolved to the Network Operator's reasonable satisfaction, reconnect the Delivery Facility to the System; and
- 10.2.3 the DFO shall reimburse to the Network Operator the direct costs and expenses reasonably incurred by the Network Operator in such reconnection.
- 10.3 Without prejudice to Clause 14.1, if DFO has failed to remedy any breach within 12 months following isolation to the LDZ System Entry Point pursuant to Clause 10.1, the Network Operator shall be entitled to deliver to the DFO 30 days written notice to terminate this Agreement.
- 10.4 It is a material condition of this Agreement that the DFO shall ensure that any LDZ System Entry Point User wishing to deliver gas at the LDZ System Entry Point which is the subject of this Agreement is made aware of and furnished with a copy of the Network Entry Provisions and Local Operating Procedures applicable to the LDZ System Entry Point.

## **11 INSPECTION RIGHTS**

- 11.1 The DFO hereby agrees to grant the Network Operator the right, upon giving reasonable notice to the DFO, to inspect the Delivery Facility. Such inspection rights shall extend to any regulatory body that may wish or require to inspect or audit the installation to ensure compliance with any Legal Requirement. Any failure by the DFO to grant such rights shall constitute breach of this Agreement.

## **12 NETWORK OPERATOR WARRANTIES**

- 12.1 For the duration of this Agreement, the Network Operator warrants with continuing effect that the Network Operator Facility is and will be operated and so maintained as to continue to be:

- 12.1.1 technically and operationally compatible in all material respects with the System (including the prevention of back flow of gas from the System into the Delivery Facility), and
  - 12.1.2 in full compliance with all relevant Legal Requirements.
- 12.2 In the event that at any time the condition of the Network Operator Facility and/or associated offtake facilities or arrangements become such that the Network Operator is or may be in breach of the warranty set out in Clause 11.1 the Network Operator shall immediately notify the DFO (which must then be confirmed by post).

### **13 CONFIDENTIALITY AND USE OF INFORMATION**

- 13.1 Each Party (the "First Party") warrants to the other Party (the "Second Party") that all information provided by the First Party to the Second Party pursuant to this Agreement is to the best of its knowledge and belief accurate and complete in all material respects and may be relied upon by the Second Party in connection with performance of its obligations under this Agreement.
- 13.2 Subject to Clause 13.3, The Parties hereby agree to keep confidential and shall not disclose to any third party, save for agreed representatives of the DFO or the Network Operator, any information provided by the other Party in connection with the negotiation or performance of this Agreement and such information shall only be used by those employees or sub-contractors of each Party who need to know such information for the purposes of this Agreement, provided that this restriction shall not apply to any information which at the time of disclosure is in the public domain or thereafter becomes part of the public domain otherwise than as a consequence of a breach by the a Party of its obligations under this Clause 13. Provided further that nothing in this Agreement shall prevent the disclosure of information as required by law or to any government department or any governmental or regulatory agency having jurisdiction or where reasonably necessary to effect the purpose of this Agreement. Provided further that in the event disclosure to any third party is necessary and permissible under this Clause 13, each Party shall use all reasonable endeavours to ensure that such third party shall respect the confidentiality of such information and be bound by the terms of this Clause 13 as if a party thereto.
- 13.3 For the avoidance of doubt, the Network Operator shall, in accordance with Section I paragraph 2.1.1 of the Transportation Principal Document, be entitled to release the information specified in Clause 10.3 above to any such LDZ System Entry Point User on request and the confidentiality obligations contained in this Clause 13 shall not apply to such information.
- 13.4 The foregoing obligations with regard to confidential information shall remain in effect for a period of one year after termination of this Agreement.

### **14 TERMINATION**

- 14.1 In the event that either Party (the "Defaulting Party") commits a breach which has a material effect on other Party, (the "Non Defaulting Party") then the Non defaulting Party may deliver to the Defaulting Party written notice of such breach and if (a) such breach is incapable of remedy or (b) if capable of remedy within twenty one (21) days following delivery of the said notice the Party in breach has not taken substantial steps to remedy the breach, then the Non

Defaulting Party may terminate this Agreement forthwith by written notice. Failure to exercise a right of termination pursuant to this provision shall not constitute a waiver of that right or of any other remedy at law or in equity available to the Non Defaulting Party under this Agreement.

14.2 Without prejudice to any of its rights or remedies as at the date of termination, either Party may terminate this Agreement forthwith on written notice if in respect of the other Party:

14.2.1 a petition is filed, a notice is given, a resolution is passed, or an order is made, for or on connection with its winding up; or

14.2.2 any administrator or administrative receiver is appointed in respect of the whole or any part of its assets; or

14.2.3 it is unable to pay its debts as they fall due or admits inability to pay its debts or is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;

14.2.4 it makes or offers to make any arrangement or composition for the benefit of creditors generally; or

14.2.5 Gas (for whatever reason) has not flow into the System for a period of 18 months, save where the DFO serves notice on the Network Operator (such notice to be served prior to the expiry of the 18 month period) confirming that it considers, acting as a Reasonable and Prudent Operator, that Gas will resume flow into the System within the next 6 months, which period shall be no later than 24 months since Gas has last flown into the System, ("Longstop Date"), provided that the DFO shall be obliged to reimburse the Network Operator with the direct costs and expenses reasonably incurred by the Network Operator associated with operating and maintaining the SFN Facility during such addition period; or

14.2.6 Gas has not flow into the System by the Longstop Date.

14.3 In the event a Competent Authority shall:-

14.3.1 rule or direct that this Agreement (or any part thereof) should not be performed by the Network Operator;

14.3.2 implement any change that would have a material effect on the terms or operation of this Agreement;

14.3.3 institute, threaten or take any action, suit or investigation to restrain, prohibit or otherwise challenge the rights or obligations contemplated by this Agreement; or

14.3.4 take any other action as a result of or in anticipation of the implementation of this Agreement which would have material adverse effects on the rights of the Parties,

the Network Operator and the DFO shall immediately commence negotiations in good faith with a view to agreeing provisions, actions and measures which as far as reasonably practicable retain the economic and commercial effect of the rights or obligations set out in this Agreement which may include the assignment or novation of the Agreement to an Affiliate.



14.4 In the event that Clause 14.3 applies and either:-

14.4.1 the DFO and the Network Operator cannot reach agreement in accordance with Clause 14.3; or

14.4.2 no provision, action or measure can be reasonably taken in accordance with Clause 14.3 and the dispute escalation procedure in Clause 21 has been used without a resolution being reached,

then either Party may terminate this Agreement upon such notice as shall be reasonably agreed by both Parties (and in any event no less than six months) as necessary in order to effect a transfer of the obligations of either Party under this Agreement in a safe and orderly manner to a third party as soon as reasonably practicable.

14.5 In the event that the DFO fails to inject gas for a continuous period of 24 months at any time during this Agreement, the network Operator shall be entitled to terminate this Agreement by providing the DFO with at least 30 days' written notice.

14.6 Without prejudice to any of its rights or remedies as at the date of termination, in the event of termination in accordance with this Clause 14 neither Party shall have any liability to the other in respect of the termination of this Agreement.

14.7 Without prejudice to any of its rights or remedies as at the date of termination, the Network Operator may terminate this Agreement forthwith on written notice if there is

## **15 INSURANCE**

15.1 Within 30 days of the Commencement Date and for the remaining duration of this Agreement, each Party shall take out and maintain (or shall ensure each DFO shall for their own interests maintain and administer), at their own cost, the following insurances with a reputable insurer of a good financial standing and appropriately regulated and authorised to carry out insurance business in the United Kingdom:

15.1.1 third party liability insurance including third party bodily injury and damage to property at a limit of no less than GBP 10,000,000 any one occurrence and unlimited in the number of occurrences during the policy period. An annual aggregate may apply for sudden and accidental pollution events and any products supplied. The insurances shall reflect terms, conditions and endorsements that are customarily available in the insurance market at reasonable commercial rates and include an indemnity to principal clause;

15.1.2 any other insurance as required by law, including where relevant:

(a) employers' liability insurance at an amount not less than GBP 10,000,000 each and every one occurrence and unlimited in the number of occurrences during the policy period. Cover should include an indemnity to principal clause;

(b) Motor insurance as required by applicable law in respect of all mechanically propelled vehicles used on public highways or in any circumstances such as to be liable for compulsory motor insurance in accordance with the applicable law. Cover should include:

- (c) The carriage of hazardous goods at a limit of no less than GBP 5,000,000 each and every occurrence in respect of third party injury and property damage; and
  - (d) Sudden and accidental pollution.
- 15.2 Where the insurances form part of a wider group insurance placement, each policy should include a cross liability clause.
- 15.3 Each Party shall:
  - 15.3.1 comply with all terms of the policies of insurance required under this Agreement including the procedures for the notification and administration of claims under such policies;
  - 15.3.2 not do anything or omit to do anything which might render such policies voidable or entitle the insurer to avoid liability thereunder.
- 15.4 Each Party shall at their own request provide the other with broker verified evidence of its insurance policies required hereunder and evidence that such policies have been renewed on the policy's renewal anniversary. Such evidence shall be provided within 7 Business Days on commencement of the Contract Date and thereafter on request. Failure to provide such evidence may be taken to indicate a failure to meet its obligations to provide insurance cover required under this Agreement.
- 15.5 Where a Party has failed to purchase any of the insurances or maintain any of the insurances in full force and effect it shall notify the other Party immediately. The other Party may elect (but shall not be obliged) to purchase the relevant Insurances, and shall be entitled to recover the reasonable premium and other reasonable costs incurred in connection therewith as a debt due from the defaulting Party.
- 15.6 Each Party shall promptly give immediate notice to the other in the event of cancellation or material change to an insurance policy which it is obliged to effect under this Clause 13 - Insurance.
- 15.7 Each Party shall promptly notify to the other Party and keep the other Party notified of any matter arising from, or in relation to, this Agreement for which it may be entitled to claim under any of the insurances referred to in this Clause 13 – Insurance.

## **16 INVOICING AND PAYMENT**

- 16.1 Where pursuant to this Agreement either Party is required to make any payment to the other (the "payee") the provisions of this Clause 16 shall apply.
- 16.2 As soon as practicable after the end of each month the payee shall prepare and send to the other Party an invoice for the total amount (rounded to the nearest penny) payable hereunder (including any applicable VAT) in respect of such month together with any supporting data and information required (under the relevant provision hereof) to be given.
- 16.3 On the later of the thirtieth day of the month following that to which the invoice relates or the twentieth (20<sup>th</sup>) Business Day after submission of the invoice, the paying Party shall pay such invoice in immediately available funds to such account as the payee may direct.

- 16.4 Where any sum is disputed the paying Party shall pay the undisputed portion thereof in accordance with Clause 16.3 and the Parties shall seek to resolve the dispute but if such dispute is not resolved within thirty (30) days after the due date of such invoice then the provisions of Clause 21 shall apply.
- 16.5 Where any amount payable hereunder is not paid by the due date in accordance with Clause 16.3, the paying Party shall pay interest on the overdue amount from the date such amount was due to the date it is eventually paid at an annual rate equal to Barclays' Bank plc's base rate from time to time plus three (3) percentage points per annum, or if payment of any part of the overdue amount was withheld pursuant to Clause 16.4 by reason of a bona fide dispute, Barclays' Bank plc's base rate from time to time plus three (3) percentage points per annum on the balance.
- 16.6 If the paying Party defaults in paying any amount payable hereunder (other than an amount subject to a bona fide dispute) for a period of thirty (30) days or more after the due date, the payee may without prejudice to any other rights or remedies suspend the performance of its obligations hereunder or terminate this Agreement, and such termination shall be without prejudice to the rights and obligations of the Parties which have accrued at the date of such termination
- 16.7 Unless expressly otherwise stated, amounts provided to be payable by either Party hereunder are stated exclusive of any applicable VAT, and such VAT shall be payable in addition to the amount stated.

## **17 FORCE MAJEURE**

- 17.1 Neither Party shall be liable to the other for any breach of this Agreement (other than an obligation to pay money) to the extent that such breach is caused by a Force Majeure Event.
- 17.2 If a Party is prevented, hindered or delayed from or in performing any of its obligations under this Agreement by a Force Majeure Event (the "Affected Party"):
- 17.2.1 each Party's obligations (save for outstanding payment obligations) under this Agreement are suspended while the Force Majeure Event continues and to the extent that it is so prevented hindered or delayed;
  - 17.2.2 as soon as reasonably possible after the start of the Force Majeure Event the Affected Party shall notify the other Party in writing of the Force Majeure Event, the date on which the Force Majeure Event started and the effects of the Force Majeure Event on its ability to perform its obligations under this Agreement;
  - 17.2.3 the Affected Party shall make all reasonable efforts to mitigate the effects of the Force Majeure Event on the performance of its obligations under this Agreement; and
  - 17.2.4 the Affected Party shall notify the other Party in writing when the Force Majeure Event has ended and resume performance of its obligations under this Agreement.
- 17.3 If the Force Majeure Event continues for more than three (3) calendar months starting on the day the Force Majeure Event starts, either Party may terminate this Agreement by giving not less than thirty (30) days' written notice to the other Party.

17.4 For the purposes of this Clause 17, “Force Majeure Event” shall mean any event beyond the reasonable control of the Affected Party (as defined in Clause 17.2) including, but not limited to, act of God, war, riot, act of terrorism, civil commotion, malicious damage, accident, fire, flood, storm, extreme weather or the act or omission of any highway or other regulatory body including (but without limit to) any Government or local authority. For the avoidance of doubt, neither lack of funds nor any industrial action (including strikes and lockouts) taken by the employees of either Party (other than official strikes conducted lawfully within United Kingdom laws of employment and labour relations and not limited solely to employees of the Affected Party) shall be an event or circumstance beyond the reasonable control of either Party.

## **18 LIMITATION OF LIABILITY**

18.1 This Clause 18 sets out the entire financial liability of each Party to the other (including any liability for the acts or omissions of its employees, agents and sub-contractors) in respect of:

18.1.1 any breach of this Agreement; and

18.1.2 any representation, statement or tortious act or omission (including negligence) arising under or in connection with this Agreement.

18.2 All warranties, conditions and other terms implied by statute or common law are, to the fullest extent permitted by law, excluded from this Agreement.

18.3 Neither Party shall be liable to the other for:

18.3.1 loss of profit,

18.3.2 loss of renewable heat incentive (RHI),

18.3.3 loss of revenue,

18.3.4 loss of use,

18.3.5 loss of production,

18.3.6 business interruption;

18.3.7 or any similar damage or for consequential or indirect losses of any kind,

arising under or for breach of this Agreement.

18.4 Neither Party shall be liable for any breach or failure to comply with the terms of this Agreement to the extent that such breach or failure is caused by the act or omission of the other Party.

18.5 Neither Party excludes or restricts liability of the other Party or their servants, agents or employees for death or personal injury resulting from that Party’s negligence.

18.6 Subject to Clause 18.5 and without prejudice to Clause 18.3 and 18.4, the maximum aggregate liability of the Network Operator to the DFO in respect of this Agreement (whether in contract, tort (including negligence or otherwise)) for any loss or damage suffered by the DFO to the

extent caused by the Network Operator or as a result of any breach of contract or negligence of the Network Operator or its agents or employees shall be limited in aggregate to £1,000,000 in relation to any and all claims made by the DFO pursuant to this Agreement.

- 18.7 Subject to Clause 18.5 and without prejudice to Clauses 18.3 and 18.4, the maximum aggregate liability of the DFO to the Network Operator in respect of this Agreement (whether in contract, tort (including negligence or otherwise)) for any loss or damage suffered by the Network Operator to the extent caused by the DFO or as a result of any breach of contract or negligence of the DFO or its agents or employees shall be limited in aggregate to £1,000,000 in relation to any and all claims made by the Network Operator pursuant to this Agreement.
- 18.8 The Network Operator shall not be liable to the DFO in respect of any failure of the Network Operator to accept (for whatever reason) Gas tendered for delivery at the LDZ System Entry Point.
- 18.9 The DFO shall not be liable to the Network Operator in respect of any failure of the DFO to deliver or tender for delivery Gas pursuant to this Agreement.

## **19 CONTRACT REVIEW**

- 19.1 Either Party may at any time (but no more than once in any calendar year without agreement) require a review of the terms of this Agreement by serving a notice on the other Party in accordance with this Clause 19.1 (which notice shall be a "Contract Review Notice").
- 19.2 Any Contract Review Notice served under Clause 19.1 above shall be accompanied by a statement in Writing of:
- 19.2.1 the reasons for the Party's decision to issue a Contract Review Notice; and
- 19.2.2 the terms, part or parts of the Agreement to which the Party wishes to propose amendments and the reasons for such proposed amendments.
- 19.3 Within thirty (30) days following the issue of a Contract Review Notice, the Parties shall meet to discuss the matter. At that meeting and thereafter for a period of at least six (6) days, the Parties shall in good faith consider possible amendments to the terms of this Agreement to address the issues raised by the Party that has served the Contract Review Notice.
- 19.4 The issue of a Contract Review Notice shall not affect either Party's obligations under the Agreement (including the right of either Party to serve a notice terminating the Agreement under Clause 21 and/or any other provision which is applicable in the circumstances) and the Agreement shall continue in full force and effect unless and until amended in writing by agreement of the Parties.

## **20 AMENDMENT**

- 20.1 No amendment or variation to this Agreement shall be effective unless in writing and signed by the Duly Authorised Representatives of both Parties.
- 20.2 Where after the date of this Agreement there is any:
- 20.2.1 change in any Legal Requirement (or change in the interpretation of any Legal Requirement by a Competent Authority) relating to the composition or other

characteristics of gas delivered to or conveyed by the System, as a result of which any provision of this Agreement is not consistent with or does not enable either Party to comply with applicable Legal Requirements; and/or

20.2.2 modification to the Uniform Network Code as a result of which any provision of this Agreement is inconsistent with or does not enable the Network Operator to comply with the Uniform Network Code or involves a material increase in extra costs and/or charges and/or unduly onerous liabilities to the Network Operator,

20.3 then either Party may require that the relevant provision of this Agreement shall be amended so as to be so consistent or enable such compliance; and where either Party notifies the other of such a requirement, if the Parties have not agreed upon the appropriate amendment within a reasonable time after such notice, the matter shall be resolved in accordance with Clause 21 of this Agreement. Each Party shall use reasonable endeavours to ensure that this Agreement is modified in accordance with this Clause 20.

## **21 DISPUTE ESCALATION PROCEDURE**

21.1 If a dispute or difference shall arise between the Parties concerning this Agreement or any of their respective obligations under this Agreement either Party may refer the dispute or difference in writing for settlement to:

In the case of the Network Operator: - Head of Network Management

In the case of the DFO: - Managing Director

(or, if they are not available, their appointed deputies). The Parties shall ensure that these representatives consider the dispute as soon as practicable.

21.2 If the persons appointed in Clause 21 are unable to resolve the dispute or difference within 20 Working Days of the referral, either Party may refer the dispute in writing for settlement to:

In the case of the Network Operator: - Network Director

In the case of the DFO: - Managing Director

(or, if they are not available, their appointed deputies). The Parties shall ensure that these representatives consider the dispute as soon as practicable.

21.3 If the persons appointed in Clause 21.1 are also unable to resolve the dispute or difference within 20 Working Days from referral to them the Parties shall have no further obligation to follow this resolution procedure. Each Party shall notify the other Party immediately in writing of any changes to the above representatives from time to time.

21.4 Where the procedure set out in Clauses 21 to 21.3 does not resolve such dispute or difference:

21.4.1 It shall then be referred for final settlement to an expert nominated jointly by the Parties or, failing such nomination within 15 Working Days after a Party's request to the other for such nomination, nominated at the request of a Party by the President from time to time of the Institute of Gas Engineers and Managers (or any successor body to such organisation should it cease to exist);

- 21.4.2 the expert shall act as an expert and not as an arbitrator;
  - 21.4.3 each Party will co-operate in these proceedings and comply with all requests or requirements of the expert for information, representations, or evidence (whether written or oral) within such time limits as the expert may decide and shall use their reasonable endeavours to ensure that the expert comes to a decision as soon as is reasonably practicable; and
  - 21.4.4 the expert's decision shall (in the absence of clerical or manifest error) be final and binding on the Parties and his fees shall be borne by the Parties as the expert directs (and if one Party pays more than the share of such fees allocated to it, it shall be entitled to immediate reimbursement from the other Party).
- 21.5 In no event shall the provisions of this Clause 21 operate to prevent a Party from seeking interim relief in respect of any dispute.

## **22 ACCESSION AND RETIREMENT**

- 22.1 In the event that the DFO proposes to transfer the operation of the Delivery Facility, the DFO shall procure that either the transferee accedes to this Agreement using the template provided at Schedule 10 or the DFO enters into a deed of novation (in the form set out at Schedule 11) with the Network Operator prior to such novation. .
- 22.2 In the event that the DFO intends to cease being the operator of the Delivery Facility, it shall notify the Network Operator at least fourteen (14) days prior to such cessation, specifying the date on which such cessation will occur which shall not be earlier than the date of such notice.
- 22.3 In the event that the DFO serves a notice pursuant to Clause 22.2 it shall cease to be a Party to this Agreement on the date specified in such notice as being the date on which it will cease to be the operator of the Delivery Facility and this Agreement shall (as between the DFO and the Network Operator) terminate on such date (such termination being without prejudice to any of its rights or remedies as at the date of termination) unless the DFO procures the novation of this Agreement from the DFO to the new operator of the Delivery Facility.

## **23 ASSIGNMENT & SUB-CONTRACTING**

- 23.1 The Network Operator may at any time assign, mortgage, charge, subcontract, delegate, declare a trust over or deal in any other manner with any or all of its rights and obligations under this Agreement, provided that it gives prior written notice of such dealing to the DFO.
- 23.2 The DFO shall not assign, transfer, mortgage, charge, subcontract, delegate, declare a trust over or deal in any other manner with any of its rights and obligations under this agreement without the prior written consent of the Network Operator (which may be withheld for any reason by the Network Operator).

## **24 NOTICES**

- 24.1 Any notice or other communication to be given by one Party to the other pursuant to the terms of this Agreement shall be personally delivered to the addressee or sent by prepaid recorded delivery post or facsimile and shall be deemed to have been given:

- 24.1.1 on the day when delivered if delivered by hand;
  - 24.1.2 on the day when received in legible form if sent by facsimile (subject only to confirmation or satisfactory completion of such transmission to the correct number or address); or
  - 24.1.3 when received if sent by post.
- 24.2 Any notice or communication given by facsimile (other than routine notices and communications pursuant to the Local Operating Procedures in Schedule 2) shall be promptly confirmed by letter sent by prepaid recorded delivery or by hand but without prejudice to the validity of the original notice if received.
- 24.3 Unless otherwise specified and subject to the service of notices for the purposes of the Local Operating Procedures to the addresses set out in Schedule 5 the addresses to which notices and communications under and pursuant to this Agreement shall be sent shall be sent to the registered office of each Party.

**25 SURVIVAL**

- 25.1 Any provision of this Agreement which is expressed to survive termination or which is required to give effect to such termination or the consequence of such termination shall survive after termination.

**26 SEVERABILITY**

- 26.1 If any term or provision in the Agreement shall be held to be illegal or unenforceable in whole or in part, under any enactment or rule of law, such term or provision or part shall to that extent be deemed not to form part of the Agreement but the validity and enforceability of the remainder of the Agreement shall not be affected.

**27 NO WAIVER**

- 27.1 A waiver of any right or remedy under this agreement or by law is only effective if given in writing and shall not be deemed a waiver of any subsequent right or remedy. The failure to exercise or delay in exercising a right or remedy under this Agreement shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies and no single or partial exercise of any right or remedy under this Agreement shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy. The rights and remedies contained in this Agreement are not cumulative and are exclusive of any rights or remedies provided by law.

**28 THIRD PARTY RIGHTS**

- 28.1 Subject to any rights which may accrue to any successor or permitted assign of the Parties, no provision of the Agreement shall or may be construed as creating any rights enforceable by a third party and all third party rights as may be implied by law are hereby excluded to the fullest extent permitted by law from the Agreement.



**29 ENTIRE AGREEMENT**

29.1 The documents forming the Agreement shall be read as one and shall constitute the entire express agreement between the Parties with respect to the subject matter hereof and shall prevail and supersede all prior agreements, understandings, statements, representations, commitments, warranties and communications between the Parties hereto with respect to the subject matter hereof and no Party shall rely on or be bound by any of the foregoing not appearing in or incorporated by specific reference into the Agreement. Nothing in this Clause 29 shall operate to exclude a Party’s liability to the other for fraudulent misrepresentation.

**30 GOVERNING LAW AND JURISDICTION**

30.1 Unless otherwise provided for by mandatory local law, this Agreement (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter shall be governed by and construed in accordance with the laws of England and Wales.

30.2 Each Party irrevocably agrees that the Courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement.

This agreement has been entered into on the date stated at the beginning of it.

Signed by .....

for and on behalf of **INSERT DFO COMPANY NAME]** Director

Signed by .....

for and on behalf of **SCOTLAND GAS NETWORKS PLC** Authorised Signatory

## SCHEDULE 1

### OWNERSHIP

#### 1 SCHEMATIC DIAGRAM OF THE CONNECTION BETWEEN THE FACILITIES

- 1.1 The Delivery Facility and the Network Operator Facility are shown schematically in the drawing [insert drawing reference] attached as Attachment A to this Schedule 1. The downstream boundary of the Delivery Facility and the upstream boundary of the Network Operator Facility is the line indicated on [insert location].

#### 2 SITE LAYOUT OF THE FACILITIES

- 2.1 Attachment drawing [insert drawing reference] to this Schedule 1 shows the site layout of the facilities. The Delivery Facility coloured red and the Network Operator Facility coloured blue.

#### 3 3. EQUIPMENT OWNERSHIP TABLE

Equipment	Owner
Propane Enrichment Equipment	DFO
[Pressure Reduction Equipment][Slam shut device]	DFO
Odourising Plant	DFO
Three Way Diverter Valve [insert details]	DFO
Gas Quality Equipment (Calorimeter/Danalyser)	DFO
Metering Equipment	DFO
Communication System	DFO
Dedicated Flow Computer	DFO
Remotely Operated Valve [insert details] (ROV)	Network Operator
Remote Telemetry Unit (RTU)	Network Operator

Remote Shutdown/Trip PLC	Network Operator
Satellite Dish, Router and Switch	Network Operator

## Attachment A

### SCHEMATIC DIAGRAM OF THE CONNECTION BETWEEN THE FACILITIES

[insert schematic flow diagram of the Delivery Facility and the Network Operator Facility  
– to be provided by the DFO]

## Attachment B

### SITE LAYOUT OF THE FACILITIES

[insert site layout of the Delivery Facility and the Network Operator Facility – to be provided by the DFO]

## SCHEDULE 2

### LOCAL OPERATING PROCEDURES

#### 1 INTRODUCTION

- 1.1 This Schedule sets out Local Operating Procedures between the Delivery Facility Operator and the Network Operator for the provision of Gas flow related information to each other so as to facilitate the safe and efficient operation of the Delivery Facility, the Network Operator Facility and the System.

#### 2 ROUTINE NOTIFICATIONS

##### 2.1 Notices

Notices given by the DFO to the Network Operator in accordance with these Local Operating Procedures will be made to the Network Operator Shift Representative.

Notices given by the Network Operator to the DFO in accordance with these Local Operating Procedures will be made to the Delivery Facility Representative.

The telephone, facsimile numbers, email addresses and the addresses of the Parties for service of notices given in accordance with these Local Operating Procedures are set out in Schedule 5. In the event of the telephone number, facsimile number, email address or other details being changed, the Party whose number or details are subject to such change shall notify the other Party as soon as it is reasonably practicable and in any event in advance of such changes taking place.

##### 2.2 Daily Notifications of Gas Expected Flow Rate, Calorific Value and Expected End of Day Volumetric Quantity

The DFO shall notify the Network Operator at the earliest practicable opportunity but no later than 18:00 on D-1 Gas Day of the Expected Flow Rate and Expected End of Day Volumetric Quantity.

The notification will be in the form of a completed Daily Flow Notification to be notified by facsimile, email or other agreed means by the DFO to the Network Operator.

The DFN shall be in a form substantially similar to the proforma set out in Schedule 3.

In the event that the Network Operator receives a notice under this paragraph 2.2 specifying an Expected Flow Rate which the Network Operator reasonably anticipates that the System will be unable to accommodate, then the Network Operator shall advise the DFO in accordance with paragraph 3.5.4.

##### 2.3 Re-notification of Gas Expected Flow Rate and Expected End of Day Volumetric Quantity

On D-1 Gas Day

###### 2.3.1

2.3.2 Before D Gas Day commences the DFO shall, as soon as is reasonably practicable

following the time at which it is made aware of any changes requiring an update to the DFN, notify the Network Operator Shift Representative of any such changes as exceed the relevant Tolerances. Any revision to the previous DFN will be provided in the form of additional information on the previous notice. Notification of such change will be made by facsimile or other agreed means.

- 2.3.3 The revised Expected Flow Rate on the DFN shall indicate when the change is likely to take effect and will show the Expected End of Day Volumetric Quantity that is estimated will be delivered on that Gas Day.
- 2.3.4 In the event that the Network Operator receives a notice under paragraphs 2.2 or 2.3.2 specifying an Expected Flow Rate which the Network Operator reasonably anticipates that the System will be unable to accommodate, then the Network Operator shall advise the DFO in accordance with paragraph 3.5.4.

#### Within D Gas Day

- 2.3.5 Within D Gas Day the DFO will, subject to the relevant Tolerances, notify the Network Operator of any changes to the Expected End of Day Volumetric Quantity and/or Expected Flow Rate as soon as is reasonably practicable following the time at which it is made aware of such changes.
- 2.3.6 Notification will be made by facsimile or other agreed means. The revised completed DFN will indicate the revised Expected Flow Rate (showing when the change is likely to take effect), the revised Expected End of Day Volumetric Quantity that is estimated will be delivered for the remainder of D Gas Day.
- 2.3.7 Where the change is not due to a re-nomination, the DFO shall indicate this fact on the DFN. The DFO may at its sole discretion provide additional information related to the reason for the change.
- 2.3.8 In the event that the Network Operator receives a notice under paragraph 2.3.5 specifying an Expected Flow Rate which in the Network Operator's reasonable opinion the System will be unable to accommodate, it shall as soon as is reasonably practicable so advise the DFO in accordance with paragraph 3.5.4.
- 2.3.9 In the event that the Actual Flow Rate is in excess of the Expected Flow Rate and cannot be accommodated by the System then the Network Operator shall as soon as is reasonably practicable so advise the DFO in accordance with paragraph 3.5.4.
- 2.3.10 Notified variations to the Expected Flow Rate will be effective from a specified Exact Hour. However, the Actual Flow Rate may change within fifteen (15) minutes before or after the Exact Hour.
- 2.3.11 The DFO shall take due cognisance of the provisions of Section 13.10 of the Transportation Principal Document within the Uniform Network Code when managing its flow rates.

### **3 CONFIRMATION OF GAS QUANTITIES DELIVERED AT THE LDZ SYSTEM ENTRY POINT**

- 3.1 Within Gas Day Gas End of Day Energy Quantity the Network Operator Shift Representative will contact the Delivery Facility Representative by telephone or email from time to time as

reasonably required with a view to avoiding any disparities in the Parties measurement of the End of Day Energy Quantity, calorific value and volume of Gas delivered at the LDZ System Entry Point during the Gas Day.

3.2 Not later than the later of:

3.2.1 08.00 hours on each D+1 Gas Day; or

3.2.2 one (1) hour after the DFO receives the necessary data on calorific value from the Network Operator in respect of the Gas Day;

3.3 the DFO will advise the Network Operator by facsimile (or other agreed method, including e-mail) of the End of Day Volume, End of Day Energy Quantity and calculated calorific value of Gas determined to have been delivered at the LDZ System Entry Point on D Gas Day. The notification shall be substantially in the form set out in Schedule 6.

3.4

The DFO will notify the Network Operator of any revision made to the End of Day Energy Quantity and calculated calorific value in accordance with Paragraph 3 as soon as reasonably practicable by telephone or e-mail and then confirmed by facsimile (or other approved means).

3.5 Other Notifications/Communications

3.5.1 General Communication

(a) Subject to the Party's duty of confidentiality to any third party the Delivery Facility Representative and the Network Operator Shift Representative will at all times keep each other informed of all matters likely to have, or which are already having, a significant effect on Gas flow, pressure or quality at the LDZ System Entry Point. Both Parties will use reasonable endeavours to give as much notice to the other as possible.

(b) Upon an unforeseen change in gas flow, pressure or quality, the Delivery Facility Representative or the Network Operator Shift Representative shall inform the other of the nature and estimated duration of the change as soon as reasonably practicable.

3.5.2 Planned Flow Changes due to Maintenance Procedures

(a) The Network Operator shall, in good faith, seek to coordinate their maintenance activities at the LDZ System Entry Point in order to minimise disruption to each other and to ensure that there is no discontinuance of supply of Gas.

(b) Representatives of the Delivery Facility Operator and the Network Operator shall meet at least once per year and on other occasions as required to discuss their respective planned maintenance programmes, emergency shutdown tests, pipeline operations and procedures associated with these activities to assist the integrity and safety of the Entry Facility. In addition, representatives of the Delivery Facility Operator and the Network Operator shall meet at least once per year and on other occasions as required to discuss any new supplies and changes to existing supplies to assist the integrity and safety of the Entry



Facility. The two meetings referred to above may be held separately from each other or combined to form a single meeting, as the Parties may agree from time to time.

- (c) If any need to deviate from a uniform flow profile as a result of planned maintenance is made known at such meetings it will be discussed and both Parties will make reasonable efforts to accommodate the requirements of the other and any other planned maintenance, by telephone one week before they are intended to take effect. The maintenance related flow profiles will subsequently be detailed on the Daily Flow Notification in accordance with paragraph 2.

### 3.5.3 Gas Quality Variations

- (a) The Parties recognise that within the Natural Gas quality requirement set out in the Gas Entry Conditions (Schedule 8 Paragraph 1) there may be variations of the Gas quality.
- (b) In the event that the DFO reasonably identifies or anticipates any significant variations to the Gas quality it will notify the Network Operator as soon as is reasonably practicable. The DFO shall provide to the Network Operator, on a monthly basis, a report detailing the type and volume of feedstock used in the production of the Gas.
- (c) If the DFO becomes aware, or reasonably anticipates that the Gas to be delivered, may not comply with the Gas Entry Conditions and/or is in breach of any statutory gas safety requirement (including without limitation, schedule 3 of the Gas Safety (Management) Regulations 1996), then the DFO shall give the Network Operator as much notice as is reasonably practicable and inform the Network Operator by facsimile (or other agreed means) of the expected quality of the Gas and the likely duration of this supply. The Parties will then liaise and co-operate with each other regarding whether and at what level the continued flow of this Gas may be acceptable to the Network Operator.
- (d) If Gas is delivered that does not comply with the Gas Entry Conditions and/or is in breach of any statutory gas safety requirement (including without limitation, schedule 3 of the Gas Safety (Management) Regulations 1996), the monitoring systems will activate the automatic closure of the ROV.
- (e) Following delivery of Gas that does not comply with the Gas Entry Conditions, and/or is in breach of any statutory gas safety requirement (including without limitation, schedule 3 of the Gas Safety (Management) Regulations 1996), the Parties shall co-operate in returning to normal conditions as soon as is reasonably practicable.
- (f) The Network Operator may return to the DFO for disposal, any material that has resulted from the DFO's failure to comply with the Network Entry Provisions, and the DFO shall accept delivery of such materials.
- (g) Furthermore, in the event of a failure or scheduled shut down of the Delivery Facility and the subsequent restarting of the Delivery Facility, the Network

Operator will use its reasonable endeavours to accept delivery of any gas at the Individual System Entry Point during the recommissioning of the Delivery Facility. This Gas shall meet the requirements set out in the Gas Entry Conditions. In the event of a failure or scheduled shut down in the local System and the subsequent restarting of the relevant equipment the DFO will use its reasonable endeavours to re-establish normal operations. In such circumstances the Operators will liaise and co-operate with each other regarding the continued flow and acceptance of this gas by the Network Operator at the Individual System Entry Point to ensure that the gas entering from the System complies with the statutory gas safety requirements.

- (h) Where in the Network Operator's reasonable opinion, the composition of gas input, or to be input, to the System is outside the Gas Entry Conditions, then the Network Operator shall notify the DFO, both by telephone and in accordance with paragraph 3.5.4.

#### 3.5.4 Transportation Flow Advice (TFA)

- (a) If in the Network Operator's reasonable opinion, the System will be unable to accommodate any Expected Flow rate or Expected End of Day Volumetric Quantity as notified on the DFN, or any Actual Flow Rate, the Network Operator will advise the DFO by means of a Transportation Flow Advice (TFA) facsimile, which will be in the form substantially as set out in Schedule 4. In so doing, the Network Operator will advise the DFO as to the flow rates and End of Day Quantity that it anticipates the System may be able to accommodate. The Network Operator will provide the DFO with a reason for its TFA.
- (b) If gas tendered for delivery at the LDZ System Entry Point does not comply with the Gas Entry Conditions and/or is in breach of any statutory gas safety requirement (including without limitation, schedule 3 of the Gas Safety (Management) Regulations 1996), the monitoring systems will activate the automatic closure of the ROV. The Network Operator will issue a TFA that advises of the specification parameter that is being breached.
- (c) If the gas tendered for delivery at the LDZ System Entry Point is brought back within the Gas Entry Conditions and/or any statutory gas safety requirement (including without limitation, schedule 3 of the Gas Safety (Management) Regulations 1996), then the Network Operator will advise that the TFA is removed and that the DFO may return to its expected flow rate. If, once the TFA has been lifted, the DFO needs to increase its expected gas flow rate in order to meet its notified Expected End of Day Volumetric Quantity, and then the DFO shall resubmit its Expected Flow Rates in accordance with paragraphs 2.3.5 to 2.3.11.
- (d) If the gas tendered for delivery at the LDZ System Entry Point is not brought back within the Gas Entry Conditions and/or any statutory gas safety requirement (including without limitation, schedule 3 of the Gas Safety (Management) Regulations 1996) within a reasonable timeframe then the Network Operator may issue a further TFA requesting a further reduction in, or a cessation of, flow, or may isolate the Delivery Facility from the System by closing the necessary valves at the Entry Facility.

- (e) The DFO recognises and acknowledges that the Network Operator issues a TFA to protect the System either from contamination by gas outside the agreed specification or from over-pressurisation. Where the Network Operator has issued a TFA to the DFO, the DFO shall reduce or cease flow (as the case may be) such that the flow from the Delivery Facility is less than or equal to the flow rate specified in the TFA. If the DFO fails to comply with the TFA in a timely manner, it may become necessary for the Network Operator to isolate the flow from the Delivery Facility (by closing the necessary valves at the Network Operator Facility) to prevent over-pressurisation of the System or to prevent gas outside the agreed specification entering the System.
- (f) Where the Network Operator issues a TFA pursuant to this paragraph 3.5.4, the DFO shall resubmit its Expected Flow Rates in accordance with paragraphs 2.3.5 to 2.3.11 based on the flow of gas specified in the TFA.

#### 3.5.5 Minimum Flows

- (a) In the event that the DFO's Expected End of Day Volumetric Quantity is less than the Delivery Facility can reasonably tolerate at uniform rates, then the DFO will notify the Network Operator as soon as is reasonably practicable and the Parties will co-operate in defining mutually acceptable flow rates.

#### 3.5.6 Information Quality

- (a) If it becomes apparent over a period of time that the estimates of the changes do not reasonably reflect the actual changes, then the representatives will meet to discuss the relevant data with a view to improving the accuracy of such estimates in future. If reasonably requested by the Network Operator, the DFO will use its reasonable endeavours to co-operate in the provision of additional information to the Network Operator regarding DFN changes in any analysis of the balancing of the System.

#### 3.5.7 Ramp Rates

- (a) In the event that either Party anticipates a significant change to the Actual Flow Rate then that Party will notify the other Party as soon as is reasonably practicable and the Parties will co-operate in defining mutually acceptable ramp rates.

#### 3.5.8 Unplanned Changes in Flow

- (a) Whenever the Flow Rate and/or End of Day Volumetric Quantity deviates from the Expected Flow Rate and/or Expected End of Day Volumetric Quantity respectively by more than plus or minus twenty percent (+20 or -20 %) or the site is changing from or to zero flow, the Operator will immediately telephone the Network Operator providing a verbal confirmation that a significant supply variation has happened, including an initial view on the likely significance of the loss (magnitude and duration). This will be immediately followed by the completion of an updated DFN containing the following information:
  - (i) the revised Expected Flow Rate in kscm/d.

- (ii) reason for the variation in Expected Flow Rate (e.g. compressor trip).
- (iii) anticipated flow rates for the remainder of the Gas Day.
- (iv) updated Expected End of Day Volumetric Quantity in kscm/d.
- (v) indication of intention to adjust flow once the reasons for the unplanned supply variation are resolved, and if so the likely maximum flow rate.

In all cases and at all stages the Operator shall use reasonable endeavours to provide the Network Operator with the Operator's most realistic indication of potential supply variation.

### 3.5.9 Notification of Upstream Maintenance

- (a) The DFO shall, by the end of each month of each year during the term of this Agreement, provide the Network Operator's Support Representative with all available details of planned maintenance activities for the following calendar year that in the DFO's reasonable opinion, could impact on the deliverability of gas to the System. Information should be provided for any maintenance activity that may affect the availability of gas delivery to the System.
- (b) The following information should be provided in a form substantially the same as Schedule 6:
  - (i) activity reference number.
  - (ii) the start and finish dates of the maintenance activity.
  - (iii) the anticipated reduction in gas deliverability (in kscm/D) at the point at which the Delivery Facility is connected to the System as a consequence of the maintenance activity.
  - (iv) details of the maintenance activity.
  - (v) whether the details of the maintenance activity are provisional or confirmed.
  - (vi) contact details for a specific person/role within the DFO's organisation from whom the Network Operator could request additional information if required.
- (c) The completed planned maintenance proforma should be faxed to the Network Operator who will confirm receipt of the maintenance information.
- (d) If the Network Operator has not received the maintenance information by the end of each calendar month, then the Network Operator will contact the DFO and request that this information be provided as soon as reasonably practicable.
- (e) On a quarterly basis, no later than the end of each calendar month of (December, March, June & September), the DFO will advise the Network Operator of all changes to their scheduled planned maintenance programme

as submitted to the Network Operator pursuant to this paragraph 3.5.9. Updated information shall be provided for any existing or new maintenance activity that may affect the deliverability of gas at the Delivery Facility.

- (f) This information, including a null response, if there have been no changes from the previous submission, should be faxed to the Network Operator using the proforma in Schedule 7. The Network Operator will confirm receipt of the update.
- (g) If the Network Operator has not received the maintenance information by the relevant date, then the Network Operator will contact the DFO and request that this information be provided as soon as reasonably practicable, or covered in the end of month notification.
- (h) If the DFO becomes aware of any change to maintenance plans between the quarterly updates, then the DFO should provide the Network Operator with an updated maintenance form as soon as reasonably practicable.
- (i) In the last few months through to the maintenance activity actually being undertaken, the DFO shall give greater priority in informing the Network Operator of any changes to previously communicated planned maintenance dates that subsequently occur.

#### **4 INFORMATION RELATED TO THE LOCAL SECURITY OF THE DELIVERY FACILITY AND THE SYSTEM**

##### **4.1 Arrangements to Safeguard the System**

4.1.1 Under normal operating conditions the 3 Way Diverter Valve [insert valve number] will be the primary equipment utilised to ensure non-compliant gas from the Delivery Facility is not entered in to the Network Operator Facility. The Diverter Valve will close automatically on receipt of non-compliant gas from the Delivery Facility and will only open when gas from the Delivery Facility is within the specification and confirmation from the DFO that site conditions are stable.

4.1.2 If there is a complete cessation of the flow from the Delivery Facility (including a telemetry blackout), the Network Operator may at its sole discretion shut the necessary valves to the Network Operator Facility to safeguard the System. When the Delivery Facility is able to resume flows the Delivery Facility Representative will telephone the Network Operator Shift Representative and confirm by facsimile or other agreed means that the Delivery Facility is again capable of delivering the Expected Flow Rate. Both Parties will then co-operate in returning to normal conditions as soon as practicable.

4.1.3 The Network Operator will open the Remotely Operated Valve [insert valve number] on receipt of three scans of gas quality from the Delivery Facility which indicates gas quality is within specification and confirmation from the DFO that site conditions are stable.

##### **4.2 Unforeseen Cessation of Gas Flow**

4.2.1 In the event of an Emergency Shut Down Condition on the System (including a

telemetry blackout), the Network Operator will close the necessary valves at the Network Operator Facility and/or elsewhere on the System. The Network Operator will as soon as is practicable following such event inform the Delivery Facility Representatives of the reasons and the likely duration of the Emergency Shut Down Condition.

4.2.2 In the event of an emergency at the Delivery Facility requiring immediate cessation of supply, the Delivery Facility Representative will close the necessary valves at the Delivery Facility. The DFO will inform the Network Operator Shift Representative as soon as possible of the emergency, give the reasons therefore and, if possible, estimate the likely duration of the emergency.

4.2.3 It is acknowledged that emergency procedures are in place at both the Delivery Facility and the Network Operator Facility. In the event of an emergency at either facility, that could have an impact on the Gas flows, this paragraph 4.2 provides for the appropriate communications to be made. Such communications will be made as soon as is reasonably practicable.

## **5 ADDITIONAL SITE SPECIFIC ARRANGEMENTS**

5.1 The LDZ System Entry Point on the [insert pressure details] system is designed to be able to accommodate (under normal operating conditions and assuming a calorific value of 39.1 MJ/CM) a Firm Entry Capacity of [insert site volume] standard cubic meters per hour.

5.2 The Network Operator agrees to make available System Capacity (as defined in the Uniform Network Code) at the SEP to accommodate the flow set out in paragraph 5.1 above. Notwithstanding the foregoing, the DFO acknowledges and accepts that if from time to time, despite the reasonable endeavours of the Network Operator, low levels of demand in the System preclude injection at the Entry Capacity, then the DFO shall temporarily be limited to injecting at whatever capacity the System is able to accept at the LDZ System Entry Point at that time.

5.3 The DFO may request additional capacity and the Network Operator will use reasonable endeavours to make this available. The DFO shall comply with the relevant requirements within this Schedule 2 with regard to Flow Notifications.

5.4 The DFO will have no obligation to input gas at any time but shall use reasonable endeavours to meet requests from the Network Operator to flow at particular times.

5.5 The DFO recognises that the arrangements for entry capacity are being developed and that:

5.5.1 new entry connections in the same part of the System may wish to use entry capacity that may be available from time to time that is not allocated to the DFO as Firm Entry Capacity and that this capacity will be allocated by the Network Operator equitably with no preference given to any one entrant.

5.5.2 reductions in volumes of gas taken by exit connections in the same part of the System may reduce the accessible entry that is available. In the event of such loss the Network Operator and the DFO shall meet in good faith as soon as reasonably practicable to discuss the available options which may necessitate the amendment of these Local Operating Procedures.

- 5.6 In the event that gas is delivered to the System through the LDZ System Entry Point that does not comply with the Gas Entry Conditions (“Out of Specification Gas”), including the failure of the odorant injection system or by intervention from the Network Operator System Control, the following procedure shall be applied:
- 5.6.1 Gas quality alarms will be signalled from the Delivery Facility to the relevant the Network Operator control centre and to the Delivery Facility Operator via the telemetry system. In these circumstances, the DFO will investigate the cause of the alarm and where necessary will take appropriate actions to keep gas being delivered to the System from the Delivery Facility within the Gas Entry Conditions this may require cessation or reduction of flow into the affected LDZ System Entry Point(s). If flow is reduced this will be immediately followed up by the necessary Transportation Flow Advice as required pursuant to paragraph 3.5.4.
  - 5.6.2 If the action taken by the DFO pursuant to paragraph 5.6.1 does not keep the gas within Gas Entry Conditions or the Network Operator is not satisfied that the action proposed by the DFO will have the desired effect within such period of time, then the Network Operator may close the ROV at the affected LDZ System Entry Point.
  - 5.6.3 If, in the event of a gas quality alarm, the Network Operator is unable to contact the DFO then the Network Operator may close the ROV to isolate the LDZ System Entry Point.
  - 5.6.4 Out of Specification Gas will be indicated by telemetry alarms. Out of Specification Gas shall not be allowed to enter the System. Any condition, which requires the flow of gas from the Delivery Facility to cease, shall be notified to the Network Operator Shift Representative who will respond according to the following circumstances:-
    - (a) The Network Operator is required to action the remotely operated valve to be caused by the Network Operator equipment failure;
    - (b) The Network Operator may attend site in normal working hours to liaise with the DFO’s Representative if the DFO expects a prolonged shut down of the Delivery Facility due to Out of Specification Gas;
    - (c) Under no circumstances will the DFO recommence flow of gas from the Delivery Facility to the System if the instrumentation continues to indicate that gas does not meet the Gas Entry Conditions, except as in paragraph 5.6.4(d) below; and
    - (d) If the Network Operator Shift Representative on site reasonably believes that the Out of Specification Gas indication is due to equipment failure, this must be reported immediately to the Network Operator Manager or Deputy. If the Network Operator has requested the DFO to cease flow as a result of a faulty indication, then the Network Operator Manager or Deputy may, after being informed that the DFO confirms satisfactory gas quality, authorise the recommencement of flow into the System.
  - 5.6.5 If Out of Specification Gas which has been delivered to the System from the Delivery Facility (i.e. has been registered on the main meter at the Delivery Facility) is subsequently purged back from the System to the Delivery Facility, then;

- (a) the uncorrected index reading of the meter and the corrected index reading must be taken by the DFO at the start and finish of purge;
- (b) the corrected volume should be subtracted from the export meter's registered volume at the end of the day; and
- (c) the figures should be passed to the Network Operator's Audit Information Management (AIM), the Network Operator Gas Control, by the DFO for agreement with the DFO's accountant.

5.6.6 All routine maintenance of equipment by the Network Operator and the DFO at the Delivery Facility will meet the following requirements:-

- (a) The Network Operator is responsible for all maintenance of the Network Operator plant and equipment and the DFO is responsible for its plant and equipment, as listed in Schedule 1 together with the site as a whole. The Network Operator maintenance will comply with the DFO's site procedures and permit to work systems and shall be performed to the standard of a reasonable and prudent operator applying good industry practice;
- (b) Planned the Network Operator maintenance should be sequenced and confined to one visit at a time, to avoid unnecessary restriction of the flow of gas from the Delivery Facility into the System. This is to minimise capacity constraints and loss of telemetry indications;
- (c) The only circumstances envisaged which may disable either the Network Operator's or the DFO's equipment at the Delivery Facility are the electrical checks of resistivity and earthing systems, for which an agreed written procedure shall be followed. During this time, instrument readings should be passed by telephone from the Delivery Facility control centre to the relevant the Network Operator control centre at 60 minute intervals;
- (d) Any failure indicated by the active instruments, including but not limited to Instrumentation, Telemetry, Power Supplies, etc. that is confirmed to be occurring by the DFO and/or other measurements must be assumed to be a failure of gas quality and the relevant procedures in paragraph 5.6 applied;
- (e) Where the Network Operator proposes to carry out maintenance work to any of the Network Operator equipment located at or downstream of the Delivery Facility that will (in the Network Operator's reasonable opinion) have an adverse effect on the physical capability of the System to accept delivery of gas from the Delivery Facility, the Network Operator shall give the DFO a much advance notice of such maintenance as is reasonably practicable in the circumstances. Following the giving of any such notice, the Network Operator and the DFO shall meet to discuss (in good faith) what measures (if any) may be taken to minimise or mitigate the effects of the maintenance on the physical capability of the System to accept delivery of gas from the Delivery Facility; and
- (f) The provisions of paragraph 3.5.9 shall apply *mutates mutandis* to any maintenance work to any the Network Operator equipment located downstream of the Delivery Facility that the Network Operator proposes to



carry out that will (in the Network Operator's reasonable opinion) have an adverse effect on the physical capability of the System to accept delivery of gas from the Delivery Facility.

- 5.6.7 Where possible, the principles set out in paragraph 5.6.6 in respect of routine maintenance also apply in respect of non-routine and breakdown maintenance. The Network Operator will attend site within a reasonable time in response to any the Network Operator equipment breakdowns that the Network Operator becomes aware of or is notified of by the DFO.
- 5.6.8 The Network Operator control room will fully log information on all faults which relate to the interface between the Delivery Facility and the System. However nothing in this Agreement shall be taken as a guarantee that information will be recorded or that the records will be retained. A copy of the log must be made available by the Network Operator to the DFO within a reasonable period when requested in writing by the DFO. Only information directly pertaining to the Delivery Facility is required to be provided by the Network Operator to the DFO. Such information will include:
- (a) times;
  - (b) summary of fault and reason for fault;
  - (c) correction required;
  - (d) any associated loss of gas production or reasons for delays; and
  - (e) records of communications.
- 5.7 The Network Operator may at their discretion close the ROV at the LDZ System Entry Point if there is an emergency situation affecting the System, which requires immediate closure of the ROVs without prior consultation with the DFO. If, as a result of an emergency situation, the Network Operator closes the ROV without prior consultation with DFO then the Network Operator shall contact the DFO as soon as reasonably practicable to explain the situation. In all other circumstances (i.e. when there is not an emergency), the Network Operator shall obtain the DFO's prior agreement (not to be unreasonably withheld) before closing the ROV. Neither Party may re-open the ROV following its closure pursuant to this paragraph without the prior written approval of the other Party (not to be unreasonably withheld).
- 5.8 The DFO will install automatic protection equipment on the LDZ System Entry Point at which Delivery Facility is connected to the system. The automatic protection equipment will be set such that, if the gas flowing from the Delivery Facility into the Network Operator's system is outside the specification set out in Schedule 8 of this Agreement or Schedule 3 of the Gas Safety (Management) Regulations 1996, the relevant ROV will immediately close automatically. In the event that the automatic protection equipment operates, the Network Operator will contact the DFO to discuss the reason for the operation of the protection equipment and to agree the actions to be taken. The Network Operator may reopen the ROV as described in paragraph 4.1.
- 5.9 The gas pressure at the LDZ System Entry Point should be within the range [insert pressure values]. The pressure allowable within day will be determined from actual pressures in the Network Operator's downstream system and will match the prevailing system pressure. The

DFO will conform to the above constraints and inform the Network Operator control centre if they are approaching these constraints. The DFO will also provide “protective devices” set to ensure that the above pressure constraints are not breached.

- 5.10 The Gas Quality Equipment installed at the LDZ System Entry Point will require a minimum inlet pressure of 5.5bar in order to operate effectively, i.e. the supply of instrument air. Pressure below this level will cause operating problems with the instrumentation and will require the equipment to be isolated.
- 5.11 For the avoidance of doubt, “Out of Specification Gas” also covers the situation when the gas pressure at any point within the Delivery Facility is outside the permitted range, as such the procedures specified in paragraph 5.6 will apply.
- 5.12 The efficiency of the metering equipment installed at the Individual System Entry Point can have a significant commercial bearing on both the DFO and the Network Operator. Therefore any faults identified on this equipment must be reported, at the earliest opportunity, to the Network Operator Gas Control.

## **6 REVISION OF LOCAL OPERATING PROCEDURES**

- 6.1 The Parties agree to meet annually to review and consider amendments to the Local Operating Procedures. The Parties shall discuss and negotiate any such proposed amendments in good faith, and shall use reasonable endeavours to agree the extent of any such proposed amendments. For the avoidance of doubt, the provisions of Clauses 7, 18 and 21 shall apply to any such amendment.
- 6.2 The DFO shall notify the Network Operator should there be: change in feedstock to the AD plant (e.g. use of food or animal waste); change in the AD process (e.g. out with normal operating temperatures, the use of air / oxygen or chemical dosing with ferric chloride or similar; change in the Gas treatment process and changes in regulation or any significant change to plant operation effecting gas output).
- 6.3 Any change in feedstock will require a review to be undertaken between both Parties within one month of notification of such a change by the DFO to the Network Operator and may result in the amendment of these Local Operating Procedures.

**SCHEDULE 3**

**DAILY FLOW NOTIFICATION**

Delivery Facility :

Nomination for Gas Day ##/##/##

Start of Day (SoD)	Nominated Flow Rate	Units
SoD +1hr		kscm/h
SoD +2hr		kscm/h
SoD +3hr		kscm/h
SoD +4hr		kscm/h
SoD +5hr		kscm/h
SoD +6hr		kscm/h
SoD +7hr		kscm/h
SoD +8hr		kscm/h
SoD +9hr		kscm/h
SoD +10hr		kscm/h
SoD +11hr		kscm/h
SoD +12hr		kscm/h
SoD +13hr		kscm/h
SoD +14hr		kscm/h
SoD +15hr		kscm/h
SoD +16hr		kscm/h
SoD +17hr		kscm/h
SoD +18hr		kscm/h

SoD +19hr		kscm/h
SoD +20hr		kscm/h
SoD +21hr		kscm/h
SoD +22hr		kscm/h
SoD +23hr		kscm/h
SoD +24hr		kscm/h

Expected EoD		kscm/h
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**SCHEDULE 4**

**TRANSPORTATION FLOW ADVICE**

TRANSPORTATION FLOW ADVICE (TFA)
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ENTRY POINT		DFO	
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GAS DAY	
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The Network Operator hereby notifies you that, due to a [constraint on the System][breach of the Gas Entry Conditions], the System is unable to accept, to the extent identified in this TFA, Gas from the DFO's connected delivery facility at the rate and/or amount specified in the latest DFN. The instantaneous delivery rate should not exceed the specified TFA rate.

**Instruction to cease flow of gas to the Network Operator**

Effective from TIME (24 hour clock time)	Current DFN (kscm/h)	Effective to HOUR (24 hour clock time)	Note

ISSUED	
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The information contained in the facsimile is confidential and may be privileged. This facsimile is intended only for the DFO named above. If you are not the intended recipient any review, dissemination or copying of this facsimile is prohibited. If you have received this facsimile by accident, please notify the Network Manager immediately by telephone on 08450 737953.

## SCHEDULE 5

### COMMUNICATIONS

#### 1 Network Operator Shift Representative

SGN Gas Control

Scotland Gas Networks plc

St Lawrence House

Station Approach

Horley

Surrey

RH6 9HJ

Telephone:

Network Control Manager (Control Room) 08450 737 953

Scotland LDZ Network Control Engineer (Control Room) 08450 737 957

Facsimile (Control Room) 08450 737 961

Email Address [gascontrol.operations@sgn.co.uk](mailto:gascontrol.operations@sgn.co.uk)

#### 2 Network Operator Support Representative

Physical Strategy Engineer

Scotland Gas Networks plc

SGN Gas Control

St Lawrence House

Station Approach

Horley

Surrey

RH6 9HJ

Telephone: (Day Office)

08450 737 964

Facsimile: (Control Room)

08450 737 961

Email Address

gascontrol.operations@sgn.co.uk

### 3 Delivery Facility Representative

[DFO to provide details]

SCHEDULE 6

GAS QUALITY DELIVERY STATEMENT

From:	To: Scotland Gas Networks the Network Operator
Address:	Address: < Network Operator Shift Representative> [ ]
Fax:	Fax: 08450 737 961 [ ]
Tel:	Tel: 08450 737 957 [ ]

Gas Delivery Statement for [Delivery Facility]

Date: [ ]

Time: [ ]

**Gas Day:** [ ]

Gas Injection [ ]

Volume Delivered (kscm): [ ]

**Energy Delivered (kWh):** [ ]

**Calorific Value (MJ/m<sup>3</sup>):** [ ]

Signature: \_\_\_\_\_

Position: \_\_\_\_\_



**SCHEDULE 7**

**NOTIFICATION OF MAINTENANCE**

To:	Company Name	Scotland Gas Networks plc
	Contact Name	Network Operator Support Representative
	Telephone Number	08450 737 964
	Fax Number	08450 737 961

From:	Company Name	
	Location	
	Contact Name	
	Telephone Number	
	Signed	

**MAINTENANCE DETAILS:**

Start Date	Finish Date	Details of Maintenance Activity	Impact to the Network Operator (kscm/D)	Provisional or Confirmed

## SCHEDULE 8

### GAS ENTRY CONDITIONS

#### 1 GAS ENTRY CONDITIONS

- 1.1 The Gas Safety (Management) Regulations 1996, specifically Schedule 3 shall apply to these Gas Entry Conditions in relation to the LDZ System Entry Point.
- 1.2 The gas will comply with the System's statutory safety requirements, failing which the Network Operator shall be entitled to isolate the LDZ System Entry Point from the System.
- 1.3 Gas delivered to the System at the LDZ System Entry Point shall not contain any solid, liquid or gaseous material which would interfere with the integrity or operation of the System or any pipeline connected to such System or any appliance which a consumer might reasonably be expected to have connected to the System. In addition, all gas delivered to the System at the LDZ System Entry Points shall be in accordance with the following values:-

- |   |  |
|---|--|
| <i>(a) Hydrogen Sulphide</i>                  | <i>less than or equal to 5 mg/CM.</i>  |
| <i>(b) Total Sulphur</i>                      | <i>less than or equal to 50 mg/CM.</i>   |
| <i>(c) Hydrogen Content</i>                   | <i>less than or equal to 0.1% (molar).</i>   |
| <i>(d) Oxygen Content</i>                     | <i>less than or equal to 1% (molar) (subject always to HSE consent), this may be modified by individual project exemption as agreed with HSE</i>   |
| <i>(e) Hydrocarbon Dewpoint</i>               | <i>not more than minus two degrees Celsius (-2°C) at any pressure up to the delivery pressure provided in paragraph (o).</i>   |
| <i>(f) Water Content</i>                      | <i>The Water Dewpoint to be no more than minus ten degrees Celsius (-10°C) at [insert pressure]</i>  |
| <i>(g) Wobbe Number</i>                       | <i>shall be between 47.20 MJ/CM, and 51.41 MJ/CM.</i>  |
| <i>(h) Incomplete Combustion Factor (ICF)</i> | <i>less than or equal to 0.48.</i>   |
| <i>(i) Soot Index (SI)</i>                    | <i>less than or equal to 0.60.</i>   |
| <i>(j) Odour</i>                              | <i>gas delivered to the System shall be odourised with odorant NB (80% tertiarybutyl mercaptan, 20% dimethyl sulphide), and the odorant injection rate will be 7 mg/scm and may be varied at the</i> |

*Network Operator's written request between 4 mg/scm and 8 mg/scm*

*(k) Carbon Dioxide*

*less than or equal to 2.5% (molar).*

*(m) Gross Calorific Value*

*shall:-*

*(i) not be lower than 36.9 MJ/CM or (if greater) the Target CV; and*

*(ii) not be higher than 42.3 MJ/CM;*

*provided that gas may be delivered to the System at the LDZ System Entry Points with a Gross Calorific Value as low as 0.6 MJ/CM below the Target CV (provided that the Gross Calorific Value of gas delivered to the System shall not be less than 36.9 MJ/CM) where the DFO is able to demonstrate to the Network Operator's reasonable satisfaction that the flow weighted average calorific value of gas to be delivered to the System at the LDZ System Entry Points during the Gas Flow Day in question is not anticipated to be less than the Target CV.*

*For the purposes of this paragraph (m):-*

*(A) "Target CV" shall mean the flow weighted average gross calorific value of gas (the calculation of which shall be determined by the Network Operator in accordance with all relevant legislation) which the Network Operator reasonably estimates it will be accepting for delivery into the Network from all Relevant Input Points and the LDZ System Entry Point on the relevant Day;*

*as from time to time notified by the Network Operator to the DFO as set out below, it being acknowledged that the Network Operator shall not have any liability whatsoever to the DFO, the Delivery Facility Owners or any other person should its estimates above prove to be incorrect. the Network Operator shall inform the DFO from 18:00 hrs on D-1 to 04:00 hours on D of the Target CV that the DFO must achieve during the Gas Day. In*

*the event that the Network Operator does not inform the DFO of a Target CV from 18:00 hrs on D-1 to 04:00 hours on D then it shall be considered that the Target CV for D-1 shall apply to the coming Gas Day. If the Network Operator or the DFO wishes to change the Target CV from 18:00 on D-1 to 04:00 hours on D then it shall be by agreement. If the DFO believes that it cannot meet the Target CV (whether before or during the Gas Day) it shall inform the Network Operator immediately; and*

**(B) “Relevant Input Points” shall mean all LDZ System Entry Points (as defined in the Uniform Network Code) as may exist from time to time for the purpose of entering gas onto the Network Operator’s network.**

**(n) Delivery Temperature** shall be between zero and twenty degrees Celsius (0°C and 20°C).

**(o) Pressure** shall be that required to deliver gas into the System taking account of the back pressure as the same shall vary from time to time. The delivery pressure shall be not less than [insert pressure and value references].

Incomplete combustion factor (ICF) and Soot Index (SI) have meanings as defined in Part 1 of schedule 3 of the Gas Safety (Management) Regulations 1996.

1.4 In order to meet the calibration ranges for typical analysis equipment, unless agreed otherwise by the Parties (such agreement not to be unreasonably withheld or delayed), the concentration ranges of the following components in the gas delivered shall be as follows:-


1.5 The Parties acknowledge that the Network Operator will require the approval of Ofgem prior to being able to agree to any change to the concentration ranges referred to above, and the Network Operator will act reasonably in seeking approval from Ofgem in an expedient manner, but the Network Operator confirms that it will not otherwise unreasonably withhold or delay its agreement to any such change.

1.6 Biogas contains compounds not found in Gas. In addition, biogas has a higher level of Oxygen than the limit prescribed by the Gas Safety (Management) Regulations 1996 (GSMR) which requires an exemption from the HSE in order to be injected into the System (see paragraph 1.3 (d) above). The limits for these additional compounds are contained in the table below:

- |                                |                                  |
|--------------------------------|----------------------------------|
| (a) Siloxanes                  | less than or equal to 0.5 mg/CM. |
| (b) Volatile Organic Compounds | less than or equal to 30 mg/CM.  |

## **2 MEASUREMENT PROVISIONS**

2.1 The Measurement Provisions shall be as set out in Schedule 9.

## **3 POINTS OF DELIVERY**

3.1 The points of delivery at the LDZ System Entry Point shall be those illustrated in the diagram contained in Attachment A to Schedule 1.

## SCHEDULE 9

### MEASUREMENT PROVISIONS

#### 4 MEASUREMENT EQUIPMENT

4.1 The Measurement Equipment shall together include:

4.1.1 Gas Quality (Calorimeter/Danalyser);

4.1.2 Metering Equipment;

4.1.3 Communication System;

4.1.4 Dedicated Flow Computer; and

4.1.5 any other equipment required to fulfill the DFO's obligations under this Agreement.

4.1.6

#### 5 INSTALLATION, COMMISSIONING, OPERATION AND MAINTENANCE OF THE MEASUREMENT EQUIPMENT COMPRISED WITHIN THE CONNECTED DELIVERY FACILITY:-

5.1 This Schedule 9 specifies the obligations of the DFO to provide and maintain metering, sampling, analysis and other equipment defined as the Measurement Equipment at the LDZ System Entry Point for the purposes of measuring the flow, quality, volume and energy, including the calorific value, of gas.

5.2 The Measurement Equipment shall be installed and maintained by the DFO to meet the requirements of the Measuring Instruments Gas (Meters) Regulations 2006, the Gas Safety (Management) Regulations 1996, the Gas Act 1986 and the Gas (Calculation of Thermal Energy) Regulations 1996 (as appropriate).

5.3 The Network Operator shall have the right to evaluate all instruments used in the determination of the Measurement Equipment and witness the calibrations or perform tests on the apparatus.

##### General Requirements

5.4 The DFO undertakes to ensure that the Measurement Equipment:

5.4.1 complies with standards that allow for the determination of the gas quality parameters as stated within the Gas Entry Conditions;

5.4.2 is capable of determining the volume and energy of all gas transferred from the Delivery Facility to the System under the relevant contractual and regulatory obligations, where applicable. The requirements for these determinations that must be met or exceeded are set out within these Measurement Provisions; and

5.4.3 shall be validated prior to any gas flow being allowed into the System.

## **Gas Quality**

5.5 The DFO undertakes to ensure that the Measurement Equipment:

- 5.5.1 shall be installed commissioned, operated and maintained to determine the characteristics (as defined in the Gas Entry Conditions) of any gas that is passed from the Delivery Facility to the System. Such equipment shall meet the following criteria:
- (a) All measurement biases shall as far as is practicable be eliminated or compensated for;
  - (b) The uncertainty of measurement shall be such that the risk of the DFO and the Network Operator flowing gas that they are both unaware is outside schedule 3 of the Gas Safety (Management) Regulations 1996 is minimised. The uncertainties shall be better than those in the specified ranges;
  - (c) The sampling system used to obtain the sample of gas for quality measurements shall ensure that the sample is representative of the gas passed between the System and the Delivery Facility and that no change to the gas composition occurs between the sample point and the analytical instrument; and
  - (d) Measurements and validation of equipment to make such measurement shall, where feasible, be traceable to national or international standards.

5.6 In the event that the gas quality equipment referred to above fails, the Network Operator may require the DFO to cease flow from the Delivery Facility into the System with immediate effect (taking into account the requirement to shut down equipment on site safely).

## **Volume Measurement**

5.7 The DFO undertakes to ensure that the Measurement Equipment shall be installed, commissioned, operated and maintained to determine instantaneous and integrated volume flows out of the Delivery Facility such that:

- 5.7.1 All volume flows to the System shall comply with this paragraph 5.7;
- 5.7.2 All volumes shall be corrected to metric Standard Temperature and Standard Pressure conditions, and reported as cubic metres of gas; and
- 5.7.3 The measurement of volume shall be without bias and with an uncertainty of better than plus or minus 1.0% of reading over the specified flow range.

## **Energy measurement:**

5.8 The DFO undertakes to ensure that the Measurement Equipment shall be installed, commissioned, operated and maintained to determine calorific value to enable the determination of instantaneous and integrated energy flows out of the Delivery Facility such that:-

- 5.8.1 All volume and energy flows to the System shall comply with this paragraph 5.8;

- 5.8.2 All energy shall be corrected to metric Standard Temperature and Standard Pressure conditions, and reported in KWh; and
- 5.8.3 The uncertainty of the energy flow must be better than plus or minus 1.1% of reading over the specified flow range.

#### **Volume and Energy Calculation**

- 5.9 Volume flow rate shall be calculated by the DFO, in accordance with the appropriate standard, as specified at paragraph 5.7 of this Schedule 9, using a dedicated flow computer that shall accept all signals necessary for the calculation of the total station volume and energy flow rate.
- 5.10 The live input signals from each metering stream shall include but not be limited to:
  - 5.10.1 meter pulses;
  - 5.10.2 temperature transmitter; and
  - 5.10.3 gas composition (if a chromatograph is installed).
- 5.11 The DFO shall ensure that the dedicated flow computer shall accept the results of a calibration carried out at a suitably accredited facility to minimise the error of measurement for the proposed primary metering device. For ultrasonic and turbine meters the number of calibration points that can be entered shall not be less than six.

#### **Volume Measurement**

- 5.12 The Measurement Equipment shall be designed, built and installed in accordance with BS EN 1776. Further guidance is given in the Institute of Gas Engineers' reports IGE/GM/1 and IGE/GM/4. In addition, the following standards/guidelines shall also apply:
  - 5.12.1 for turbine metering systems, BS 7834 (ISO 9951); and
  - 5.12.2 for any other metering system, such standards/guidelines as may be agreed by the Network Operator.
- 5.13 The DFO shall ensure that uncertainty of the measurement systems must be assessed in accordance with ISO5168 and ISO9951 and BS 7965 as may be applicable (or such other standards as may be agreed between the Parties).
- 5.14 The DFO shall ensure that the calculation of density for the purpose of calculating volume flow and for correction to standard conditions shall be such that:
  - 5.14.1 all densities shall be determined as kilograms per cubic metre (kg/m<sup>3</sup>);
  - 5.14.2 the line density shall be calculated from a gas composition obtained via a gas chromatograph. The calculation of line density will be in accordance with the latest version of the ISO 12213 using a live pressure and temperature; and
  - 5.14.3 the reference density shall be calculated from gas composition obtained via a gas chromatograph. The calculation of reference density will be in accordance with the latest version of the ISO 12213 using Standard Pressure and Standard Temperature.



- 5.15 The DFO shall ensure that the measurement of temperature for the purpose of calculating volume flow and for correction to standard conditions shall be such that:
- 5.15.1 temperatures shall be determined as degrees Celsius (°C); and
  - 5.15.2 the requirements of ISO9951 (or such other standards as may be agreed between the Parties) are met.
- 5.16 The DFO shall ensure that the measurement of pressure for the purpose of calculating volume flow and for correction to standard conditions shall be such that:
- 5.16.1 Pressure shall be determined as bar gauge; and
  - 5.16.2 The requirements of the relevant parts of ISO9951.

### **CV Measurement**

- 5.17 The DFO shall install, commission, operate and maintain calorific value measurement equipment that is approved by Ofgem for the specific use of measuring Gas and its compliance with the Entry Conditions such that:
- 5.17.1 all calorific values shall be corrected to Standard Temperature and Standard Pressure, and reported as Megajoules per cubic metre (MJ/CM); and
  - 5.17.2 the equipment shall read without bias and the uncertainty of the calorific value must be better than plus or minus 0.1% of reading over the specified calorific value range. The determination of uncertainty shall be traceable to national or international standards as appropriate.
- 5.18 The DFO shall ensure that the design and operation of the Measurement Equipment shall follow all relevant national or international standards, specifically:
- 5.18.1 where the calorific value is determined by analysis of the gas composition, it shall typically be determined according to ISO 6976 (2005) or better; and
  - 5.18.2 where an on-line analytical system is used, its performance shall normally be evaluated according to ISO 10723 (1995).
- 5.19 The DFO acknowledges and agrees that as the Gas (Calculation of Thermal Energy) Regulations 1996 (as amended) apply at the LDZ System Entry Point, then the apparatus used for the determination of calorific value will be operated and maintained under direction from Ofgem and will be used for the purposes of calculating flow weighted average calorific value (FWACV) applied to that charging area.

### **Specified Ranges**

- 5.20 The DFO undertakes to ensure that the uncertainty of parameters determined by the Measurement Equipment shall be better than the values defined in the table below:

Characteristic	Unit	Specified Range	Uncertainty
Volume Flow Rate	m <sup>3</sup> /hour	[TBC]	±1% of flow
Energy Flow Rate	GJ/hour	[TBC]	±1.1% of flow
Gas Pressure (Inlet)	barg	[TBC]	Analogue
Gas Pressure (Outlet)	barg	[TBC]	Analogue
Gas Temperature	°C	[TBC]	±1 °C
Water Dewpoint	°C	[TBC]	±2 °C
Oxygen	Mole %	[TBC]	±0.01
Carbon Dioxide	Mole%	[TBC]	±0.1
Hydrogen Sulphide (Including COS)	mg/m <sup>3</sup>	[TBC]	±0.1 mg/m <sup>3</sup>
Incomplete Combustion		[TBC]	±0.02
Soot Index		[TBC]	±0.02
Inert Gases (including Carbon Dioxide and Nitrogen)	Mole%	[TBC]	±0.1mole%
Calorific Value (CV)	MJ/m <sup>3</sup>	[TBC]	±0.1 MJ/m <sup>3</sup>
Relative Density		[TBC]	±0.01
Wobbe Number	MJ/m <sup>3</sup>	[TBC]	±0.1 MJ/m <sup>3</sup>

- 5.21 For the avoidance of doubt, the maximum hourly flow rate set out in the table above is quoted in respect of volume, as Standard Cubic Metres of gas and, in respect of energy, in Megajoules, both as defined in this Agreement. Such rate does not constitute for the purposes of the Uniform Network Code or otherwise an indication of the available capacity in respect of the LDZ System Entry Point.

#### **Communication Interface**

- 5.22 The DFO acknowledges that communications are required for the purposes of operational monitoring of the Three Way diverter Valve and Remote shutdown/trip PLC and for measurement validation.
- 5.23 The DFO shall install, commission, operate and maintain communication equipment to provide signals to the Network Operator at the instrumentation kiosk located at the Delivery Facility, such signals to be of a type, quality and quantity to be agreed between the Network Operator

and the DFO. The requirement for each LDZ System Entry Point shall include:

Characteristic	Unit	Specified Range	Transmittal mode
Instantaneous Standard Volume Flow Rate	scm/hr	[TBC]	Analogue
Instantaneous Energy Flow Rate	GJ/hr	[TBC]	Analogue
Integrated Standard Volume Flow	scm/day	[TBC]	Digital
Integrated Energy Flow	GJ/day	[TBC]	Digital
Gas Pressure (Inlet)	barg	[TBC]	Analogue
Gas Pressure (Outlet)	barg	[TBC]	Analogue
Gas Temperature	°C	[TBC]	Analogue
Water Dewpoint	°C	[TBC]	Analogue
Oxygen	Mole %	[TBC]	Analogue
Carbon Dioxide	Mole%	[TBC]	Analogue
Hydrogen Sulphide (Including COS)	mg/m <sup>3</sup>	[TBC]	Analogue
Incomplete Combustion Factor (ICF)		[TBC]	Analogue
Soot Index (SI)		[TBC]	Analogue
Inert Gases (including Carbon Dioxide and Nitrogen)	Mole%	[TBC]	Analogue
Calorific Value (CV)	MJ/m <sup>3</sup>	[TBC]	Analogue
Relative Density		[TBC]	Analogue
Wobbe Number	MJ/m <sup>3</sup>	[TBC]	Analogue

The parameters listed above shall be monitored electronically and digital or analogue readings telemetered to the Network Operator on a continuous basis.

Notes:

- 1) WB, ICF and SI are not measured directly; they are calculated from other readings; and
- 2) There may be multiple characteristics and/or units.

The alarm settings listed below shall be applied to each relevant entry point.

Name	Description	Value
WB (n) HH	Wobbe Extra High Trip Level	51.41 MJ/m <sup>3</sup>
WB (n) H	Wobbe Alarm High	51.00 MJ/m <sup>3</sup>
WB (n) L	Wobbe Alarm Low	48.20 MJ/m <sup>3</sup>
WB (n) LL	Wobbe Extra Low Trip Level	47.20 MJ/m <sup>3</sup>
CV (n) HH	Calorific Value Extra High	42.00 MJ/m <sup>3</sup>
CV (n) H	Calorific Value Alarm High	41.10 MJ/m <sup>3</sup>
CV (n) L	Calorific Value Alarm Low	37.60 MJ/m <sup>3</sup>
CV (n) LL	Calorific Value Extra Low	37.15 MJ/m <sup>3</sup>
ICF HH	Incomplete Combustion Factor Extra High Trip Level	0.47
ICF H	Incomplete Combustion Factor	0.44
ICF L	Incomplete Combustion Factor	-2.00
ICF LL	Incomplete Combustion Factor Extra Low Trip Level	-2.00
SI HH	Sooting Index	0.59
SI H	Sooting Index	0.54
SI L	Sooting Index	0.00
SI LL	Sooting Index	0.00

SG (n) HH	SG Extra High Alarm	No alarms required
SG (n) H	SG High Alarm	No alarms required
SG (n) L	SG Low Alarm	No alarms required
SG (n) LL	SG Extra Low Alarm	No alarms required

**Total Inert Alarms**

CO2 HH	CO2 Extra High Alarm	2.50
CO2 H	CO2 High Alarm	2.00
CO2 L	CO2 Low Alarm	-0.50
CO2 LL	CO2 Extra Low Alarm	-1.50
ODORANT	Operating Limits	7 mg/m <sup>3</sup>

- 5.24 The DFO shall install, commission, operate and maintain communication equipment to provide signals to the Network Operator from the instrumentation kiosk located at the Delivery Facility, such signals to be of a, quality and quantity to be agreed between the Network Operator and the DFO. The requirement for each LDZ System Entry Point shall include those characteristics detailed in paragraph 5.23 above.
- 5.25 The signals shall be provided as 4-20 mA or volt-free contact signals, RS232, RS485 or modbus as agreed by both Parties.
- 5.26 Where there is insufficient telemetry information to enable satisfactory monitoring, the System Entry Point will be isolated until sufficient telemetry can be reinstated. This may involve using the DFO’s Measurement Equipment if it is deemed suitable for the gap in GSMR monitoring. The DFO shall assist the Network Operator in this matter.

**Validation**

- 5.27 The Measurement Equipment shall be validated, by the DFO, prior to any gas flow being allowed into the System. Re-validation of the Measuring Equipment must be undertaken at intervals not exceeding twelve (12) months. The results of these re-validations must be shared between the Parties.

- 5.28 The procedures for the validation and subsequent revalidation of the metering system shall be agreed between both Parties.
- 5.29 A System User or the Network Operator or the DFO may request that the Measurement Equipment be validated at any time in which case any such validation shall be carried out as soon as reasonably practicable. The costs and expense of such validation, and any adjustment or replacement of the components of the Measurement Equipment made as a result of any validation made pursuant to paragraphs 5.27 to 5.34 shall, if the Measurement Equipment is found to read without discernible bias and within the Permitted Range, be paid by the person requesting the validation and in any other case by the owner of the relevant equipment.
- 5.30 Immediately following validation, the individual components of the Measurement Equipment shall be adjusted or replaced as necessary so that the Measurement Equipment reads without bias and within the permitted range. Each individual component of the Measurement Equipment shall read within its recommended tolerance. Where the Measurement Equipment is found when so validated to read with a 0.1% systematic bias then:
- 5.30.1 the Measurement Equipment shall be assumed to have read with bias during the latter half of the period since last validated and found to be without bias or, if later, since last adjusted to read without bias (except in the case where it is proved that the Measurement Equipment has begun to read outside the Permitted Range on some other date);
- 5.30.2 for the purposes of calculating the amount of allowance to be made to or the surcharge to be made on the System Users, the quantities read as delivered to the System during the period when the Measurement Equipment is assumed to have read with bias shall be adjusted by an amount corresponding to the amount by which the Measurement Equipment was found on validation to be in error; and
- 5.30.3 the amount by which the quantity determined to have been delivered to the System on any day differs from the quantity originally determined on such Day pursuant to any validation or resolution of any dispute in relation thereto shall be treated as the Reconciliation Quantity.
- 5.31 Immediately following validation the individual components of the Measurement Equipment shall be adjusted or replaced as necessary so that the Measurement Equipment reads without bias and within the permitted range. Each individual component of the Measurement Equipment shall read within its recommended tolerance. Where the Measurement Equipment is found when so validated to read without bias and outside the Permitted Range then, for the purposes of calculating the amount of allowance to be made to or the surcharge to be made on the System Users the quantities read as delivered to the System during the period when the Measurement Equipment is assumed to have read outside the permitted range shall be accepted without adjustment.
- 5.32 Any validation pursuant to paragraphs 5.27 to 5.34 shall be conducted by the DFO who shall give reasonable advance notice of such validation to the Network Operator who shall be entitled to be present and may attend with the System User(s). The DFO shall then provide a validation report to the Network Operator and the System User(s) within fourteen (14) days of any validation stating the results of such validation.
- 5.33 The results of any validation shall be binding on the System User(s), the Network Operator and the Delivery Facility Operator unless a System User(s) or (in the case of the Network Operator

and the DFO) the Network Operator shall within fourteen (14) days after receiving the validation report specified in paragraph 5.32 give notice to DFO issuing the report that it disputes the accuracy of such validation. A System User or the Network Operator or the DFO shall not be entitled to dispute the accuracy of such validation solely on the grounds that such Party did not attend such validation.

- 5.34 At the request of a System User, the Delivery Facility Operator, all System User(s) and the Network Operator shall meet and discuss and endeavour to settle any dispute or failure to agree arising from the application of the provisions of paragraph 5.33 and if within thirty (30) Days after such request they shall have been unable to agree the matter may be referred to (at the request of a System User, the Delivery Facility Operator or the Network Operator) in the provisions set out in Clause 21 of this Agreement.

### **Inspection Rights**

- 5.35 The System User(s) and the Network Operator shall have the right, upon giving reasonable notice to the DFO to inspect the Measurement Equipment, the charts and other measurements or test data but the reading calibration and adjustment of such and the changing of any charts shall be carried out only by the DFO who shall preserve all original test data, charts and other similar records for a period of six (6) years and shall, at the expense of the requestor, make a copy thereof available upon request.

- 5.36 The Delivery Facility Operator and the Network Operator shall maintain auditable logs that shall include but not be limited to:

5.36.1 system alarms contributing to flow measurement system fault alarm and to any equipment within the measurement system;

5.36.2 configuration of flow computers and programmable devices within measurement system;

5.36.3 tests or validations of the measurement system shall include but not limited to;

(a) Ofgem 35 Day test on the 2<sup>nd</sup> day of every month;

(b) Twice yearly the provision of one month of Dannit software files;

(c) Twice yearly Condition Monitoring logs;

(d) Recording Calibration Gas and Test Gas certificates; and

5.36.4 reasons for and the dates of, any meter removal and measurement data at the time of removal / replacement.

### **Measurement Failure**

- 5.37 The DFO shall, for the purposes of facilitating any data reconciliation or the resolution of any dispute, preserve all measurement data, charts and other similar records for a period of six (6) years and shall, at the expense of the Network Operator, make a copy thereof available to the Network Operator upon request.

- 5.38 In the event of failure of the equipment for measuring quality of gas to be installed in respect of the LDZ System Entry Point:

- 5.38.1 until such time as the requirement in 2.12(b)(ii) of this Schedule is met to the reasonable satisfaction of the Network Operator, the ROV shall be closed and no Gas shall be permitted to enter the System; and
  - 5.38.2 the owner of the relevant equipment shall rectify such failure or arrange for such failure to be rectified with immediate effect.
- 5.39 The intention is to exchange information between the Parties such that no significant energy measurement errors are allowed to accumulate and an agreed end of day number is always achieved. As such:
- 5.39.1 whenever an energy measurement error occurs it will be documented in a miss-measurement report and the reconciliation of the metering errors will be in accordance with reconciliation procedures that will have been agreed between the Network Operator and the DFO;
  - 5.39.2 where details of the error are known, to include but not be limited to the start and end dates, error quantity (to include fixed or variable), the error shall be calculated from the available data; and
  - 5.39.3 where the full details of the error are not known then the normal principle used for reconciliation is that a correction for half of the measurement error shall be applied to the volume/energy for the entire period between the correction to the measurement error and the previous validation check or point at which it can be demonstrated that there was no measurement error. This process allows system average prices to be used over the period.
- 5.40 Reconciliation will be calculated using the end of day data previously recorded on UK-Link (the integrated set of computer systems developed to support the operation of the Gas Transporters' gas transportation system (including the System), in accordance with the Uniform Network Code).
- 5.41 Where the error cannot be agreed the matter may be (at the request of a System User, the DFO or the Network Operator) referred to the provisions set out in Clause 20 of this Agreement.

**Modifications**

- 5.42 The DFO shall provide not less than three (3) months' prior written notice to the Network Operator of any intended modifications to the Measurement Equipment which may affect the measurement of the flow or quality of gas at the LDZ System Entry Point. The Network Operator shall accept the Measurement System (as modified) for flow of gas once the Measurement Equipment (as amended) has been validated (as set out above).
- 5.43 Definitions for the purposes of this Schedule 9:

kscm/day	Thousands of standard cubic metres per day
Barg	Bar gauge



MJ/day

Megajoules ( $10^6$ Joules) per day

Validation

Validation of the metering system requires each installed component of the measurement system to be checked to ensure it is still operating in the manner required by the design specification.

**SCHEDULE 10**

**ACCESSION AGREEMENT**

**between**

**Scotland Gas Networks plc**

**and**

**[                    ]**

**Network Operator Legal Department**

**St Lawrence House**

**Station Approach**

**Horley**

**RH6 9HJ**

**THIS AGREEMENT** is made on

**BETWEEN:**

- (1) **SCOTLAND GAS NETWORKS PLC**, (Company Number SC264065) a company incorporated in Scotland whose registered office is at Axis House, 5 Lonehead Drive, Newbridge, Edinburgh EH28 8TG ("**Network Operator**"); and
- (2) [ ], (registered in [ ] under number [ ], whose registered office is at [ ] (the "**Applicant**").

**RECITALS:**

- (A) The Network Operator is authorised pursuant to the Network Entry Agreement dated [ ] in respect of [ ] made between the Network Operator and the other Party named therein as DFO and as now in force pursuant to Accession Agreements (if any) entered into by the Network Operator and any replacement DFO before the date of this Agreement (the "NEA"), to enter into this Agreement.
- (B) The Applicant has complied with the requirements set out in Clause 22 of the NEA and wishes to be admitted as DFO under the NEA.

**IT IS HEREBY AGREED as follows:**

- 4 In this Agreement words and expressions defined in the NEA and not otherwise defined herein shall have the meanings ascribed thereto under the NEA.
- 5 The Applicant has by prior written notice advised the Network Operator, of the date on which it is to become the DFO and provided an address and telephone and facsimile for the purposes of service of notices under the NEA.
- 6 This Agreement shall be conditional upon and shall not take effect until fulfilment of the following conditions precedent:
  - (a) the successful installation and commissioning of the Delivery Facility and the Network Entry Facility;
  - (b) the payment by the Applicant of £1 to the Network Operator (receipt of which is hereby confirmed by the Network Operator);
  - (c) gas quality risk assessment has been carried out by Applicant under the guidance of the Network Operator, in accordance with the Network Operator management procedure the Network Operator/PM/GQ/8;
  - (d) the Applicant has certified in writing that it has entered in to an agreement in writing with a System User for the sale and purchase of the Gas to be injected into the System;

- (e) unless otherwise agreed on a case by case basis a letter (or such other confirmation) from a reputable insurance company detailing that the Applicant has the appropriate levels of insurance in place as prescribed under the NEA;
  - (f) the Applicant has provided the Network Operator with the name of the 'User' and 'Competent Person' for the purposes of the Pressure System Safety Regulations 2000.
- 7 On or before the day falling 28 days after this Agreement takes effect, the Applicant undertakes a full spectrum analysis on a sample Gas.
  - 8 The Network Operator hereby admits the Applicant as a Party under the NEA on the terms and conditions hereof as from the "NEA Accession Date", being the date on which the Applicant becomes the DFO.
  - 9 The Applicant hereby accepts its admission as a Party to the NEA on the NEA Accession Date and undertakes with the Network Operator to perform and to be bound by the NEA as a Party as from the NEA Accession Date.
  - 10 For all purposes in connection with the NEA the Applicant shall as from the NEA Accession Date be treated as if it has been a signatory of the NEA in the capacity of the DFO, and as if this Agreement were part of the NEA, and the rights and obligations of the Parties shall be construed accordingly.
  - 11 This Agreement and the NEA shall be read and construed as one document and any reference (in or pursuant to the NEA) to the NEA (howsoever expressed) should be read and construed as a reference to the NEA and this Agreement.
  - 12 If at any time any provision of this Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid, illegal and unenforceable, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement which shall remain in full force and effect.

This agreement has been entered into on the date stated at the beginning of it.

Signed by .....

for and on behalf of **INSERT DFO  
COMPANY NAME]** Director

Signed by .....

for and on behalf of **SCOTLAND GAS  
NETWORKS PLC** Authorised Signatory

**SCHEDULE 11**

**DEED OF NOVATION**

**between**

**Scotland Gas Networks plc**

**and**

[                      ]

**and**

[                      ]

**Network Operator Legal Department**

**St Lawrence House**

**Station Approach**

**Horley**

**RH6 9HJ**

**THIS DEED** is dated

**PARTIES**

- 1 **[INSERT COMPANY NAME]** incorporated and registered in **[INSERT COUNTRY OF INCORPORATION]** with company number **[INSERT COMPANY NUMBER]** whose registered office is at **[INSERT REGISTERED OFFICE ADDRESS (the “Outgoing DFO”)]**.
- 2 **SCOTLAND GAS NETWORKS PLC** incorporated and registered in England and Wales with company number SC264065 whose registered office is at Axis House, 5 Lonehead Drive, Newbridge, Edinburgh, EH28 8TG (“**Network Operator**”).
- 3 **[INSERT COMPANY NAME]** incorporated and registered in **[INSERT COUNTRY OF INCORPORATION]** with company number **[INSERT COMPANY NUMBER]** whose registered office is at **[INSERT REGISTERED OFFICE ADDRESS (the “Incoming DFO”)]**.

**BACKGROUND**

- (A) SGN and the Outgoing DFO entered into an agreement for a minimum network connection relating to the site **[INSERT DETAILS]** (the “**Contract**”), a copy of which is annexed to this deed; and
- (B) **[INSERT ANY ADDITIONAL TEXT TO SET THE SCENE]**
- (C) The Incoming DFO has agreed to release the Outgoing DFO from all liability for any failure by the Outgoing DFO to perform its obligations under the Contract before the Effective Date, on the basis that the Incoming DFO is to assume all liability for those failures in the Outgoing DFO's place.
- (D) The parties have therefore agreed to novate the Outgoing DFO's rights, obligations and liabilities under the Contract to the Incoming DFO on the terms of this deed with effect from the date of this deed (“**Effective Date**”).

**1 NOVATION OF THE CONTRACT**

- 1.1 With effect from the Effective Date:
  - 1.1.1 The Outgoing DFO transfers all its rights, obligations and liabilities under the Contract to the Incoming DFO.
  - 1.1.2 The Incoming DFO shall enjoy all the rights and benefits of the Outgoing DFO under the Contract, and all references to the Outgoing DFO in the Contract shall be read and construed as references to the Incoming DFO;
  - 1.1.3 The Incoming DFO agrees to perform the Contract and be bound by its terms in every way as if it were the original party to it in place of the Outgoing DFO; and
  - 1.1.4 SGN agrees to perform the Contract and be bound by its terms in every way as if the Incoming DFO were the original party to it in place of the Outgoing DFO.

## **2 RELEASE OF OBLIGATIONS AND LIABILITIES**

- 5.44 SGN and the Outgoing DFO release each other from all future obligations to the other under the Contract.
- 5.45 Each of SGN and the Outgoing DFO releases and discharges the other from all claims and demands under or in connection with the Contract, whether arising before, on, or after the Effective Date.
- 5.46 Each of SGN and the Incoming DFO will have the right to enforce the Contract and pursue any claims and demands under the Contract against the other with respect to matters arising before, on or after the Effective Date as though the Incoming DFO were the original party to the Contract instead of the Outgoing DFO.

## **6 INDEMNITY**

- 6.1 The Incoming DFO agrees to indemnify the Outgoing DFO against any and all losses, damages or costs the Outgoing DFO suffers or incurs under or in connection with the Contract arising on or after the Effective Date.
- 6.2 The Outgoing DFO agrees to indemnify the Incoming DFO against any and all losses, damages or costs the Incoming DFO suffers or incurs under or in connection with the Contract as a result of the Outgoing DFO's failure to perform or satisfy its obligations under the Contract before the Effective Date.

## **7 THIRD PARTY RIGHTS**

- 7.1 This deed is made solely and specifically between and for the benefit of the parties to it, and is not intended to be for the benefit of, and shall not be enforceable by any person who is not named at the date of this deed as a party to it, under the Contracts (Rights of Third Parties) Act 1999 or otherwise and neither party can declare itself as a trustee of the rights under it for the benefit of any third party.

## **8 LAW AND JURISDICTION**

- 8.1 This deed and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.
- 8.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this deed or its subject matter or formation.

This document is executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Executed as a deed by **[INSERT COMPANY NAME]** .....

acting by **[NAME OF DIRECTOR]** a director, in the presence of: Director

Witness name .....

Witness signature .....

Witness occupation .....

Witness address: .....

.....  
.....  
.....  
.....

Executed as a deed by **SCOTLAND GAS NETWORKS PLC** .....

acting by **[NAME OF DIRECTOR]** a director, in the presence of: Director

Witness name .....

Witness signature .....

Witness occupation .....

Witness address: .....

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Executed as a deed by **[INSERT COMPANY NAME]** .....

acting by **[NAME OF DIRECTOR]** a director, in the presence of: Director

Witness name .....

Witness signature .....

Witness occupation .....

Witness address: .....

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