

DM NTS CSEP ANCILLARY AGREEMENT

between

NATIONAL GRID GAS PLC

and

Spalding Energy Expansion Limited

In respect of

**Network Exit Agreement for a DM NTS
Metered CSEP**

at

Spalding Wragg-Marsh AGI

THIS AGREEMENT is made on and with effect from

29th MARCH

2019

BETWEEN:

- (1) **National Grid Gas plc**, whose principal office and other details are as set out in Part 1 of Schedule 1 hereto; and
- (2) **THE PERSONS** whose names, principal offices and other details are as set out in Part 2 of Schedule 1 hereto.

WHEREAS

- (A) The Parties are party to the Network Code Framework Agreement dated 26th February 1996, pursuant to which they are bound by the Network Code.
- (B) This Agreement is in a form designated by National Grid Gas with Condition A11(18) Approval of the Authority and is being entered into pursuant to Section J6.6.1 as a CSEP Ancillary Agreement in relation to the Connected System Exit Point at which the Connected Offtake System is connected to the System.

NOW IT IS HEREBY AGREED as follows:

1.0 INTERPRETATION

- 1.1 In this Agreement (including the Recitals hereto) the following words and expressions shall have the following meanings:

"Accession Agreement": an Agreement, between National Grid Gas (on its own behalf and on behalf of all other Parties) and a User wishing to become a CSEP User, in the form in Annex A hereto;

"Connected Offtake System" or "COS": is the "Connected System" as defined and referred to in the CSEP NExA;

"CSEP": the Connected System Exit Point at which the Connected Offtake System is connected to the System;

"CSEP Agency Agreement": an agreement to which CSEP Users are to be party for the purposes of Section J6.5.2;

"CSEP NExA": the CSEP Network Exit Agreement for a DM NTS CSEP dated [DATE AGREEMENT SIGNED] between National Grid Gas and the CSO, as from time to time amended (in accordance with Section J6.4.1);

"CSEP User": a Party to this Agreement other than National Grid Gas;

"CSEP User Agent": the User Agent appointed by the CSEP Users by means of the CSEP Agency Agreement for the purposes of Section J6.5.2;

"CSO": the Connected System Operator for the time being of the Connected Offtake System;

"National Grid Gas": National Grid Gas as licensee under the gas transporter's licence treated as granted to it;

"Network Code": the network code prepared by National Grid Gas pursuant to the gas transporter's licence granted to National Grid Gas, as from time to time modified pursuant to that licence;

"Party": subject as provided in clause 3.7, National Grid Gas, each other person who is party to this Agreement at the date hereof, and each User who is admitted as a party to this Agreement;

- 1.2 Words and expressions defined in or for the purposes of the Network Code or the CSEP NExA and not otherwise defined herein shall have the meanings ascribed thereto in the Network Code or the CSEP NExA. References in this Agreement to Sections are to Sections of the Network Code and shall be deemed to be amended appropriately in the event of any modification of the Network Code which amends any such Section reference.
- 1.3 This Agreement is a Network Code Ancillary Agreement for the purposes of Section V1.1, and (in accordance with Section J6.6.2) may be modified pursuant to the Modification Rules.
- 1.4 Not used.
- 1.5 Any reference in this Agreement to an agent of CSEP Users is a reference only to a person, which is an agent (for the relevant purposes) of all CSEP Users.
- 1.6 Headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

2.0 COMMENCEMENT AND DURATION

This agreement shall come into effect on the date of this Agreement and (but without prejudice to Section J1.5.2 and J1.5.4 for which purposes this Agreement does not count as a Network Exit Agreement) shall continue in force thereafter.

3.0 CONDITIONS OF BECOMING A CSEP User

3.1 For the purposes of Section J6.5.2 and V1.1.6 a User must:

- (i) be a party to or accede to the CSEP Agency Agreement; and
- (ii) comply with any requirements stipulated in such agreement for the purposes of this clause 3.1;

before it may become a CSEP User in relation to the CSEP and be admitted as a Party.

3.2 By executing or acceding to this Agreement a User shall be deemed to have given notice to National Grid Gas pursuant to Section J6.3.1 in respect of the CSEP.

3.3 Subject to the conditions in clause 3.1, where a User applies (in accordance with clause 3.4) to become a CSEP User in respect of the CSEP, the Parties shall admit such User as an additional party to this Agreement, for which purposes National Grid Gas shall enter into an Accession Agreement with such User.

3.4 Where a User (other than a User which is an original signatory to this Agreement) wishes to become a CSEP User with effect from any date (the "Proposed Accession Date"):

- (a) the User shall, not less than 15 Business Days and not more than 6 months before the Proposed Accession Date, give notice of its wish to National Grid Gas, specifying the Proposed Accession Date;
- (b) if National Grid Gas is satisfied that the conditions in clause 3.1 are or will by the proposed accession date be satisfied, National Grid Gas will, not later than the 5th Business Day after the User's notice under paragraph (a), submit to the User an Accession Agreement for execution by the User;
- (c) the User may become a Party, by executing and returning to National Grid Gas such Accession Agreement, not less than 10 Business Days before the Proposed Accession Date; and

- (d) National Grid Gas will date and execute the Accession Agreement with effect from the Proposed Accession Date, and will inform each other Party of the identity of the new Party and the date of its accession.

3.5 Each Party (other than National Grid Gas) hereby authorises National Grid Gas to sign on its behalf and deliver any Accession Agreement pursuant to clause 3.3, and undertakes not to withdraw, qualify or revoke such authority.

3.6 Upon the execution of an Accession Agreement by National Grid Gas and a User, the User shall become a Party.

3.7 A CSEP User shall cease to be a CSEP User and a Party:

- (a) upon ceasing to be a User under the Network Code; or

- (b) with effect from the date so specified, if:

- (i) the CSEP User gives notice to National Grid Gas to the effect that, and specifying the date (not less than 10 Days after the date of such notice) with effect from which, the CSEP User wishes to cease to be a CSEP User, and

- (ii) on the date so specified, the CSEP User:

- (1) is not Registered as holding any Available NTS Exit (Flat) Capacity at the CSEP;

- (2) does not hold any Registered NTS Exit (Flat) Capacity at the CSEP; and

- (3) is not party to any outstanding System Capacity Transfer in relation to the CSEP; or

- (c) where the User is not a party to and has not acceded to the CSEP Agency Agreement, or has not complied with any such requirements of such agreement as are referred to in clause 3.1(ii); or

- (d) with effect from the date of such cessation if the User ceases to be a party to the CSEP Agency Agreement.

4.0 GENERAL NETWORK EXIT PROVISIONS

- 4.1 Each CSEP User acknowledges the terms of the CSEP NExA.
- 4.2 Schedule 2 shall apply in relation to the CSEP.
- 4.3 Where the Transportation Statement prevailing at the time provides for any charge (in addition to Transportation Charges under the Network Code) in relation to the CSEP, CSEP Users shall be liable to pay such charge.
- 4.4 This Agreement provides for the allocation of gas offtaken at the Connected System Exit Point to be determined each Day by a person appointed as CSEP User Agent on behalf of each CSEP User and, where the CSEP User Agent has not so determined, the allocation of gas offtaken in accordance with Clause 6.
- 4.5 The CSEP Users shall by means of a CSEP Agency Agreement provide for the appointment (with effect from a single date) of one person from time to time as CSEP User Agent of all CSEP Users for the purposes of informing National Grid Gas of the portions of the CSEP Daily Quantity Offtaken to be allocated to each of them in respect of each Day for the purposes of this Agreement in order to establish, subject to Clause 6.3, a UDQO for each of them for each such Day.
- 4.6 Each CSEP User authorises National Grid Gas to disclose information relating to that CSEP User to the CSO and to the person for the time being appointed as CSEP User Agent, so far as such disclosure is provided for in this Agreement.
- 4.7 Where a CSEP Agency Agreement contemplates that National Grid Gas will provide information to the CSEP User Agent thereunder, and National Grid Gas has written to the CSEP User Agent confirming its willingness to do so, then National Grid Gas agrees with CSEP Users to provide to the CSEP User Agent such information.
- 4.8 Such of the Code Communications which may be given under Clauses 6 and 7
- (a) if to be given by National Grid Gas may only be given to the CSEP User Agent;
 - (b) if to be given by a CSEP User may only be given by the CSEP User Agent.

4.9 National Grid Gas agrees that:

- (i) it will provide each CSEP User with a copy of any amendment made to the CSEP NExA; and
- (ii) it will not agree with the CSO to terminate the CSEP NExA pursuant to Clause 2.7 of the CSEP NExA without giving notice to CSEP Users at least 60 days before the effective date of such termination.

5.0 CAPACITY BOOKING

5.1 The CSEP is a relevant Connected System Exit Point for the purposes of Sections J6.7.1 and J6.7.2

5.2 Not Used.

6.0 NOMINATIONS AND ALLOCATIONS

6.1 A CSEP User may (subject to having made the applicable registrations at the CSEP) make Output Nominations and Renominations in respect of the CSEP; and National Grid Gas will secure on behalf of each CSEP User that CSEP User's compliance (in respect of the CSEP) with Section C1.8.

6.2 Not used

6.3 Not used

6.4 Not used

6.5 The CSEP Daily Quantity Offtaken shall be allocated in accordance with the following provisions:

- (a) Using the CSEP Daily Quantity Offtaken which has been provided by the CSO, except where Clauses 8.2 and 8.3 apply, National Grid Gas will notify the CSEP Daily Quantity Offtaken to the CSEP User Agent not later than 1100 hours on the Day following the Gas Flow Day and (where such quantity is pursuant to any provision of the Network Code to be revised) may notify a revision of the quantity so notified to the CSEP User Agent not later than 1100 hours on the Exit Close Out Date;
- (b) if, by 1600 hours on the Day following the Gas Flow Day, and (where National Grid Gas notifies a revision of the CSEP Daily Quantity Offtaken to the CSEP User Agent) by 1600 hours on the Day on which National Grid Gas notifies such revision, the

CSEP User Agent has notified to National Grid Gas amounts, aggregating the CSEP Daily Quantity Offtaken (as revised at the relevant time), to be allocated to the CSEP Users:

- (i) the amounts so notified may be revised (provided they continue to aggregate the CSEP Daily Quantity Offtaken, as revised at the relevant time) by the CSEP User Agent at any time before 1600 hours on the Exit Close Out Day;
- (ii) the CSEP Daily Quantity Offtaken shall be allocated between the CSEP Users in the amounts so notified or such revised amounts so notified not later than 1600 hours on the Exit Close Out Day;
- (c) by 1900 hours on any Day after the Gas Flow Day and up to and including the Exit Close Out Date: where Clauses 6.6 and 6.7 apply, National Grid Gas shall provide details of the quantities determined (provisionally before or finally upon the Exit Close Out Date as UDQOs) to the CSEP User Agent.

6.6 In respect of any Day for which CSEP User's UDQOs are not determined pursuant to Section E3.2.5 and Clause 6.5 (by reference to Exit Allocation Statements complying with Section E3.2.6 submitted by the CSEP User Agent) nor pursuant to Section E3.2.8, Clause 6.7 shall apply for the purposes of determining and allocating the aggregate quantity treated as offtaken by each CSEP User at the CSEP (as a whole).

6.7 If, by 1600 hours on the Day following the Gas Flow Day, or by 1600 hours on any Day on which National Grid Gas notifies to the CSEP User Agent any revision of the CSEP Daily Quantity Offtaken, the CSEP User Agent has not notified to National Grid Gas amounts aggregating to the CSEP Daily Quantity Offtaken (as revised at the relevant time) to be allocated to the CSEP Users, then the CSEP Daily Quantity Offtaken shall be allocated between the CSEP Users:

- (i) in proportion to the Nominated Quantities under the CSEP Users' Output Nominations in respect of the Connected System Exit Point for the Day or (if such Nominated Quantity is zero for each CSEP User) in proportion to the NTS Exit (Flat) Capacity which the CSEP User is Registered as holding at such CSEP; or
- (ii) if the CSEP User Agent shall have notified National Grid Gas (not less than 15 Days before the Gas Flow Day) of proportions aggregating unity for the purposes of allocation in such circumstances, in such proportions;

provided that if National Grid Gas is reasonably satisfied that such omission of the CSEP User Agent resulted from an administrative error (by the CSEP User Agent) of an infrequent nature, National Grid Gas may permit the CSEP User Agent to submit (by such time, not later than 1600 hours, on the Exit Close Out Day as National Grid Gas may require) a late notification or revised notification for the purposes of Clause 6.5(b).

7.0 NTS EXIT CAPACITY

7.1 A CSEP User may elect to hold (and pay NTS Exit Capacity Charges in respect of) NTS Exit Capacity at the CSEP.

7.2 For the purposes of this Clause 7, in relation to the CSEP:

- (a) a "User" is a CSEP User who holds Available NTS Exit Capacity at that point;
- (b) the "Aggregate Offtake Rate" is the rate of offtake determined as 1/24 of the aggregate amount (if any) of the NTS Exit Capacity for the time being held by Firm Users at that point;

8.0 RATES AND QUANTITIES OF OFFTAKE (AND PRESSURE)

8.1 Each CSEP User acknowledges that the quantities which in aggregate may be offtaken from the System at the CSEP are limited by the provisions of the CSEP NExA as to Ramp Rates (as therein set out).

8.2 In the case of an Unmetered CSEP, on receipt of a notice of failure of CSEP Measurement Equipment from the CSO in accordance with Annex C paragraph 1.4 of the CSEP NExA, the CSEP User Agent will calculate (or estimate in accordance with Clause 8.3 where calculation is not possible) aggregate energy readings from all the CSEP Measurement Equipment and provide the CSEP Daily Quantity Offtaken to National Grid Gas and use the same in accordance with Clause 6.

8.3 In the case of an Unmetered CSEP where due to failure of any metering equipment, at any site it is not possible to calculate any element of the aggregate energy readings from the CSEP Measurement Equipment, the CSEP User Agent will in respect of the site where the metering equipment has failed estimate the Metered Volume in accordance with the provisions of Section M4.4.2, on the same basis as if the failed metering equipment was a Failed Daily Read Day for a Supply Point where a Valid Meter Reading was not obtained.

8.4 Sections J2.2.1, J2.2.2 and J2.2.3 shall apply as though the references therein to a Supply Point, Supply Meter Point and User shall be construed respectively as references to CSEP, the Individual Exit Points comprised in the CSEP and CSEP User and Section J.2.2.2 shall apply as if the reference to an NTS Supply Point is a reference to the CSEP. Where pursuant to a request by a CSEP User National Grid Gas has advised a CSEP User of the anticipated normal offtake pressure in respect of the CSEP then such anticipated normal offtake pressure shall be specified in the CSEP NExA and all CSEP Users shall be taken to have been advised of the same by National Grid Gas.

9.0 COMMUNICATIONS

Notwithstanding any provision of Section U or the UK Link Manual, Code Communications for applications to become a CSEP User shall be given by facsimile in such format as National Grid Gas shall reasonably require

10.0 NOT USED

11.0 THIRD PARTY RIGHTS

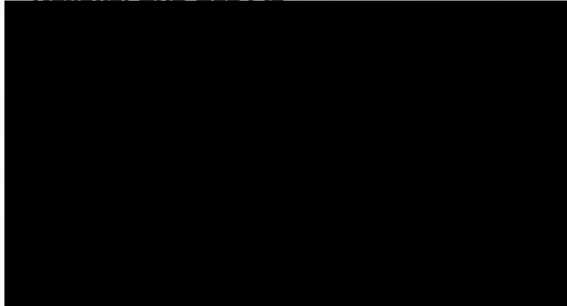
Subject to any rights which may accrue to any successor or permitted assign of the Parties, no provision of this Agreement shall or may be construed as creating any right(s) enforceable by a third party and all third party rights as may be implied by law are excluded from this Agreement to the fullest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

AS WITNESS the hands of the duly authorised representatives of the Parties hereto the day and year first above written.

CSEP ANCILLARY AGREEMENT

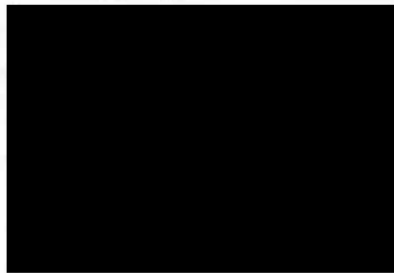
Signed for and on behalf of:

National Grid Gas Plc



Signed for and on behalf of:

Spalding Energy Expansion Limited



CSEP ANCILLARY AGREEMENT

Schedule 1

PART 1

National Grid Gas plc ("National Grid Gas")

Registered in England & Wales

Registered Number: 2006000

Registered Office: 1-3 Strand, London WC2N 5EH

PART 2

Spalding Energy Expansion Limited

Registered in: England & Wales

Registered Number : 06790895

Registered Office: 21 Holborn Viaduct, London EC1A 2DY

Schedule 2

GENERAL NETWORK EXIT PROVISIONS

The CSEP is a relevant CSEP for the purposes of the following Sections of Network Code and for the purposes of the Network Code the following provisions apply in respect of the CSEP

Transition Document

Part IID

2.1.3 The CSEP is not a relevant CSEP for the purposes of Transitional Document Part IID Section 2.1.3 (and accordingly shall be a Flexibility Eligible System Exit Point).

Transportation Principal Document

Section A

3.3.4 The CSEP is a Metered CSEP for the purposes of Section A3.3.4.

Section C

2.2.3 The CSEP is a relevant CSEP for the purposes of Section C2.2.3(b)(ii) (but without prejudice to any provision of Annex B-4).

4.1.7 The CSEP is a relevant CSEP for the purposes of Section C ii4.1.7(b) (but without prejudice to any provision of Clause 4 or Annex B-4).

4.1.10 The CSEP is a relevant CSEP for the purposes of Section C4.1.10(b).

4.1.11 The CSEP is a relevant CSEP for the purposes of Section C4.1.11(b).

Section E

1.3.4(b), 6.1.3 and 6.1.4(c)(ii).

- 6.4 (1) For the purposes of Section E6.1.4(c) and 6.4 where pursuant to the CSEP NExA an Individual CSEP Reconciliation Quantity is calculated in respect of the CSEP, the Individual CSEP Reconciliation Quantity for each Day for each CSEP User shall, unless paragraph (2) applies, be determined by (a) allocating the Individual CSEP Reconciliation Quantity (determined pursuant to the CSEP NExA) between each of the Days affected by the Individual CSEP Reconciliation Quantity pro rata to the CSEP Daily Quantity Offtaken previously determined for each such Day and (b) allocating such quantity calculated, between CSEP Users in such proportions

(aggregating unity) as may be notified to National Grid Gas by the CSEP User Agent not later than 20 Business Days after the Individual CSEP Reconciliation Quantity was provided to the CSEP User Agent or if such CSEP User Agent has not so notified National Grid Gas, in proportion to their respective UDQOs for such Day.

- (2) In respect of any Day on which Individual CSEP Reconciliation is undertaken pursuant to paragraph (1) a Party ceased to be a CSEP User (the last day such Party was a CSEP User the "**change day**", and in the event of there being more than one such day, references hereafter to the change day shall mean the last of such days) the Individual CSEP Reconciliation Quantity for all Days on which Individual CSEP Reconciliation is undertaken pursuant to paragraph (1) shall:

- (a) for each Day for each CSEP User for Days up to and including the change day, be zero;
- (b) for each Day for each CSEP User following the change day (a "**relevant day**"), be determined by allocating the daily relevant proportion between CSEP Users

(i) in such proportions (aggregating unity) as may be notified to National Grid Gas by the CSEP User Agent not later than 20 Business Days after the Individual CSEP Reconciliation Quantity is notified to the CSEP User Agent or if such CSEP User Agent has not so notified National Grid Gas (ii) in proportion to their respective UDQOs for the relevant day;

- (3) For the purposes of (2):

- (a) the "**aggregate reconciliation relevant quantity**" is a quantity equal to the sum of the Individual CSEP Reconciliation Quantities for the Days on which Individual CSEP Reconciliation is undertaken;

- (b) the "**daily relevant proportion**" is, for each relevant day, that amount of the aggregate reconciliation relevant quantity determined as follows:

daily relevant proportion = $A * (B/C)$ where;

A is the aggregate reconciliation relevant quantity;

B is the quantity offtaken at the CSEP on the relevant day;

C is the aggregate quantity offtaken at the CSEP on all relevant days.

Section F

3.3.1 The CSEP is a relevant CSEP for the purposes of Section F3.3.1(a)(ii). 3.3.2 The CSEP is a relevant CSEP for the purposes of Section F3.3.2(a)(ii) and (d)(ii).

Section J

3.9 The CSEP is a relevant CSEP for the purposes of Sections J3.9.2 and J3.9.3, for the purposes of which the maximum aggregate rate referred to in those Sections is the rate from time to time established in accordance with the CSEP NExA.

Annex A

FORM OF ACCESSION AGREEMENT

ACCESSION AGREEMENT

between

NATIONAL GRID GAS PLC

and

[]

day of 2017

BETWEEN:

- (1) **National Grid Gas plc**, on its own behalf and on behalf of all the other parties to the CSEP Ancillary Agreement referred to below ("**National Grid Gas**"); and
- (2) [], whose principal office is at [] [referred to below as (the "**Applicant User**").

WHEREAS:

- (A) By the CSEP Ancillary Agreement dated [] and made between National Grid Gas and the persons named therein (as now in force pursuant to any Accession Agreement entered into by any other new Party before the date of this Accession Agreement and as from time to time amended or modified), the Parties agreed certain matters in relation to the CSEP.
- (B) The Applicant User wishes to be admitted as an additional Party under the CSEP Ancillary Agreement.

IT IS HEREBY AGREED as follows:

1. In this Accession Agreement words and expressions defined in or for the purposes of the CSEP Ancillary Agreement and not otherwise defined herein shall have the meanings ascribed thereto under the CSEP Ancillary Agreement.
2. National Grid Gas (acting on its own behalf and on behalf of each of the other Parties) hereby admits the Applicant User as an additional Party under the CSEP Ancillary Agreement on the terms and conditions hereof.
3. The Applicant User hereby accepts its admission as a Party and undertakes with National Grid Gas (acting on its own behalf and on behalf of each of the other Parties) to perform and to be bound by the CSEP Ancillary Agreement as a Party as from the date hereof.
4. For all purposes in connection with the CSEP Ancillary Agreement the Applicant User shall as from the date hereof be treated as if it has been a signatory of the CSEP Ancillary Agreement, and as if this Agreement were part of the CSEP Ancillary Agreement.

and the rights and obligations of the Parties shall be construed according.

5. This Agreement and the CSEP Ancillary Agreement shall be read and construed as one document and references (in or pursuant to the CSEP Ancillary Agreement) to the CSEP Ancillary Agreement (howsoever expressed) should be read and construed as references to the CSEP Ancillary Agreement and this Accession Agreement.
6. If at any time any provision of this Accession Agreement shall be found by any court of administrative body of competent jurisdiction to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect the other provisions of this Accession Agreement which shall remain in full force and effect.
7. The Parties irrevocably agree that the courts of England and Wales are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Accession Agreement and that accordingly any suit, action or proceeding arising out of or in connection with this Accession Agreement may be brought in such courts.
8. This Accession Agreement shall be governed by, and construed in all respects in accordance with the laws of England and Wales.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first above written.

SIGNED for and on behalf of:
National Grid Gas Plc

SIGNED for and on behalf of:

Signature:

Signature:

Name:

Name:

Position:

Position:

