

**Draft Modification Report**  
**Isle of Grain: Change of Status from LNG Storage Facility to Importation Terminal**  
**Modification Reference Number 0639**

Version 1.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

## **1. The Modification Proposal**

It is proposed that Isle of Grain be removed from the list of Transco LNG Storage Facilities and the list of Constrained Storage Facilities in Sections R 1.7.1 (b) and R 4.1.1 respectively of the Network Code. This would reflect its change of status from a Storage Facility to a LNG Importation Terminal.

It is further proposed that the application of Section K: Operating Margins and Section R4: Constrained Storage be widened to enable the inclusion of any appropriately located LNG Importation Terminal. This would allow Isle of Grain to continue to provide these services to Transco, as reflected in Transco's Safety Case, whilst at the same time allowing any similar Importation Terminal to offer these services on the same basis. This basis includes application of the same locational criteria in determining whether that Terminal would be suitable for provision of Constrained Storage services and locationally sensitive Operating Margins services.

In respect of Top-up, it is proposed that the Isle of Grain availability would contribute to the maximum daily supply as defined in Section O2.2 in the same manner as any System Entry Point that is not a Storage Facility. The Top-up Manager would not in consequence apply for Top-up Storage Capacity at the Isle of Grain but would, if required, still apply for Top-up Storage at Storage Facilities. If the Top-up Manager determined a Winter Top-up Injection Requirement in respect of the Short Duration Storage Facility Type, it would retain its present rights under the Network Code to partly or wholly counter the effect of withdrawals made on that Day by Users, in respect of Isle of Grain. This would entail the temporary allocation of Storage Space at Isle of Grain that reflected the quantity of gas associated with the Top-up Manager's injection nomination.

It is intended that the Top-up Manager would only be permitted to utilise Storage Space at Isle of Grain whilst that Space was available. For example, an LNG cargo transfer into the storage tanks might necessitate the withdrawal of gas occupying that Space prior to that transfer. The cost of such gas and its storage at the LNG Importation Terminal would be included within Top-up Costs.

As a consequence of Transco's use of Operating Margins services at Isle of Grain, it is proposed that the cost of such gas would be included within Eligible Margins Costs and in consequence be invoiced to Users to the same timescale as any other Daily Margins Recovery Amount. This is consistent with cost recovery in respect of Storage Facilities.

For Constrained Storage, it is proposed that Transco would not have the entitlement to require Users of the LNG terminal to nominate gas for withdrawal, but the Top-up Manager would secure the availability of gas for delivery at that System Entry Point when required for the purpose of transmission support. The cost of such gas would be included within Constrained Top-up Costs.

## **2. Transco's Opinion**

Implementation of this Proposal is required to facilitate the change of status of Isle of Grain from a Transco LNG Storage Facility to a LNG Importation Terminal. This Proposal is also aligned with the recent Safety Case acceptance that assumes this change of status.

## **3. Extent to which the proposed modification would better facilitate the relevant objectives**

Implementation of this Proposal would facilitate the introduction of new supplies of gas into the System at Isle of Grain and potentially increase the range of supplies available to Shippers. This would be consistent with the securing of effective competition between relevant Shippers and relevant Suppliers.

## **4. The implications for Transco of implementing the Modification Proposal , including** **a) implications for the operation of the System:**

Transco has not identified any implications for operation of the System.

### **b) development and capital cost and operating cost implications:**

No such implications have been identified.

### **c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:**

Transco does not propose to recover any costs that may arise from the implementation of this Modification Proposal.

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

Transco is not aware of any consequences that implementation of this Modification Proposal would have on price regulation.

## **5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal**

Whilst elements of the risk profile would change, Transco does not consider that the level of contractual risk would be materially affected.

## **6. The development implications and other implications for computer systems of Transco and related computer systems of Users**

The computer systems of Transco and Users would have to recognise the change of status of Isle of Grain from a Storage Facility to an Importation Terminal. Transco does not believe that the impact on the systems would be major.

**7. The implications of implementing the Modification Proposal for Users**

It is proposed that Isle of Grain will cease to be a Storage Facility, and references to it being a Storage Facility will be removed from Network Code, not earlier than the date notified by TLNGS in the 2004/5 LNG Annual Storage Invitation, the “Effective Date”. From this date, Users would no longer be able to obtain storage services from Isle of Grain but would be able to contract for gas at an additional System Entry Point created.

**8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party**

Transco believes that by changing the status of Isle of Grain from a Storage Facility to an Importation Terminal might result in a more competitive gas market which would benefit the various industry stakeholders.

**9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal**

This Modification Proposal has been prepared on the assumption that a satisfactory resolution of any legislative or regulatory issues would be achieved arising from the change of status from a Storage Facility to an Importation Terminal.

**10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal**

Advantages: Implementation of this Proposal would facilitate the introduction of new supplies of gas into the System at Isle of Grain and potentially increase the range of supplies available to Shippers.  
Disadvantages - From the effective date, Users would no longer be able to book storage services at Isle of Grain.

**11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)**

Transco now invites representations to this Modification Proposal.

**12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation**

Transco is not aware of any requirement to implement the Modification Proposal in order to facilitate compliance with safety or other legislation.

**13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence**

Transco is not aware of any requirement.

#### 14. Programme of works required as a consequence of implementing the Modification Proposal

Minor changes have been identified within Transco Systems.

#### 15. Proposed implementation timetable (including timetable for any necessary information systems changes)

Transco proposes that this Modification Proposal be implemented with effect from no later than 1 January 2005.

#### 16. Recommendation concerning the implementation of the Modification Proposal

Transco believes that this Modification Proposal should be implemented.

#### 17. Text

##### **Section K**

*Amend paragraph 1.1.1 to read as follows:-*

“1.1.1 Transco shall be entitled:-

(a) to enter into arrangements (“Operating Margins Capacity Arrangements”) pursuant to which Transco will hold Operating Margins Capacity in Operating Margins Facilities, and may input (whether by injection, unloading of tankers or otherwise) gas into, hold gas in, and withdraw gas from such facilities; and

(b) to enter into arrangements (“Operating Margins Gas Delivery Arrangements”) with third parties which hold Operating Margins Capacity in Operating Margins Facilities, for such third parties to input (whether by injection, unloading of tankers or otherwise) gas into, hold gas in, and withdraw gas from such facilities for delivery to Transco in such quantities and at such times as Transco and the third party in question may agree;

in each case subject to and in accordance with this Section K, for the purpose of meeting the requirements (“**Operating Margins Requirements**”) set out in paragraph 2.1.”

*Amend paragraph 1.1.2 to read as follows:-*

“1.1.2 .....:

(a) .....;

(b) references to “**Operating Margins**” are to the Operating Margins Capacity and the gas which Transco holds in storage at Operating Margins Facilities, or to the gas in storage at Operating

Margins Facilities which Transco can call on pursuant to Operating Margins Gas Delivery Arrangements, in any Storage Year for Operating Margins Purposes;

- (c) ..... the withdrawal of gas from an Operating Margins Facility in which Transco holds Operating Margins;
- (d) references to “Operating Margins Capacity” are references to Storage Capacity and LNG Importation Capacity;
- (e) references to “Operating Margins Facilities” are references to Storage Facilities and LNG Importation Facilities;
- (f) references to “Operating Margins Space” are references to Storage Space and LNG Importation Space;
- (g) references to “Operating Margins Injectability” are references to Storage Injectability and LNG Importation Injectability;
- (h) references to “Operating Margins Deliverability” are references to Storage Deliverability and LNG Importation Deliverability; and
- (i) references to “Operating Margins Facility Terms” are references to Storage Terms and LNG Importation Terms.”

*Amend the heading of paragraph 1.2 to read as follows:-*

## **“1.2 Transco as Storage User or LNG Importation User”**

*Amend paragraph 1.2.1 to read as follows:-*

“1.2.1 ..... entitled to be a Storage User or a LNG Importation User (as the case may be) in respect of Operating Margins Facilities for Operating Margins Purposes, and in particular Transco:

- (i) may apply for and hold Operating Margins Capacity in, and input and withdraw gas to and from Operating Margins Facilities; and
- (ii) may ..... the relevant Operating Margins Facility Terms.”

*Amend paragraph 1.3.2 to read as follows:-*

“1.3.2 In particular, on any Day on which Transco withdraws gas from an Operating Margins Facility for delivery to the System (pursuant to Operating Margins Capacity Arrangements) or has gas delivered to it by a third party (pursuant to Operating Margins Gas Delivery Arrangements) for Operating Margins Purposes ..... the quantity of gas so withdrawn or delivered, and will receive Daily Imbalance Charges accordingly.”

*Amend paragraph 2.2.1(iii) to read as follows:-*

“(iii) on the basis of the amounts under paragraphs (i) and (ii), the aggregate amounts of Operating Margins Space and Operating Margins Deliverability required for Operating Margins Requirements (irrespective of whether such Operating Margins Space and Operating Margins Deliverability is held or is to be held by Transco pursuant to Operating Margins Capacity Arrangements or by a third party pursuant to Operating Margins Gas Delivery Arrangements):”

*Amend paragraph 2.2.1(iv) to read as follows:-*

“(iv) ..... such profiles for all Operating Margins Facilities.”

*Amend paragraph 2.2.2(ii) to read as follows:-*

“(ii) .....insufficient gas-in-storage and/or Operating Margins Deliverability for such requirements;”

*Amend paragraph 2.2.2(iii) to read as follows:-*

“(iii) .....of each Operating Margins Facility;”

*Amend paragraph 2.2.4 to read as follows:-*

“2.2.4 ..... but (provided that Transco has entered into Operating Margins Capacity Arrangements and/or Operating Margins Gas Delivery Arrangements on the basis of such assumptions and estimates, and procured and input gas, .....:

- (i) ..... gas-in-storage and/or the Operating Margins Deliverability held by, or available to, Transco pursuant to Operating Margins Capacity Arrangements and/or Operating Margins Gas Delivery Arrangements for Operating Margins Purposes, and
- (ii) .....

*Amend paragraph 2.2.5 to read as follows:-*

“2.2.5 Transco shall be entitled to :-

- (a) acquire Operating Margins Capacity and procure and input (into Operating Margins Facilities) gas for Operating Margins Requirements in accordance with paragraphs 3.1 to 3.9; and
- (b) enter into Operating Margins Gas Delivery Arrangements, and accept delivery of gas from Storage Facilities and LNG Importation Facilities for Operating Margins Requirements in accordance with paragraphs 3.10 to 3.11.

For the avoidance of doubt, nothing shall prevent Transco from entering into Operating Margins Capacity Arrangements and Operating Margins Gas Delivery Arrangements in respect of the same Operating Margins Facility for the same or an overlapping period.

*Add new paragraphs 2.2.6 to 2.2.8 as follows:-*

“2.2.6 Transco will in or before the Storage Year enter into such Operating Margins Capacity Arrangements and/or Operating Margins Gas Delivery Arrangements it shall determine to be appropriate with a view

to balancing the cost of such arrangements with the need to secure the availability of gas, the need to secure input in accordance with the provisions of the relevant Operating Margins Facility Terms, requirements of flexibility as to the delivery of gas and such other factors as it may reasonably determine to be relevant to the discharge of its functions under this Section K.

2.2.7 Where Transco has entered into an Operating Margins Capacity Arrangement, nothing shall prevent Transco terminating such Operating Margins Capacity Arrangement during a Storage Year, disposing of the gas-in-storage at the time of such termination (provided always that such disposal is carried out in accordance with this Section K as if such gas was Residual Surplus Gas), and entering into Operating Margins Gas Delivery Arrangements in respect of the same or lesser quantities of Operating Margins Capacity as was covered by the Operating Margins Capacity Arrangement so terminated.

2.2.8 Where Transco has entered into an Operating Margins Gas Delivery Arrangement, nothing shall prevent Transco terminating such Operating Margins Gas Delivery Arrangement during a Storage Year, entering into Operating Margins Capacity Arrangements in respect of the same or lesser quantities of Operating Margins Capacity as was covered by the Operating Margins Capacity Arrangement so terminated, and procuring such amounts of gas as is required by Transco to fill the Operating Margins Space forming part of the Operating Margins Capacity Service (provided always that such procurement is carried out in accordance with this Section K)."

*Amend paragraph 2.3.1 to read as follows:-*

"2.3.1 ..... (in such Operating Margins Facility or Facilities .....)"

*Amend the heading of paragraph 3 to read as follows:-*

### **"3. CAPACITY TRANSFERS, PROCUREMENT AND INJECTION"**

*Add the following as a new paragraph after the heading for paragraph 3 but prior to the heading for paragraph 3.1:-*

"Paragraphs 3.1 to 3.9 shall apply in respect of Operating Margins Capacity Arrangements entered into by Transco, and Operating Margins held by Transco pursuant to such Operating Margins Capacity Arrangements. Paragraphs 3.10 to 3.11 shall apply in respect of Operating Margins Gas Delivery Arrangements entered into by Transco, and Operating Margins held by Transco pursuant to such Operating Margins Gas Delivery Arrangements."

*Amend the heading of paragraph 3.1 to read as follows:-*

#### **"3.1 Capacity and pre-Storage Year transfers (Operating Margins Capacity Arrangements)"**

*Amend paragraph 3.1.1 to read as follows:-*

"3.1.1 Transco may apply for and be registered as holding Operating Margins Capacity in respect of the amounts not exceeding (when aggregated with those amounts subject to Operating Margins Gas Delivery Arrangements) the amounts estimated for Operating Margins Purposes under paragraph 2.2.1(iii), together with such amounts Operating Margins Injectability as Transco may deem necessary."



*Amend paragraph 3.1.2 to read as follows:-*

“3.1.2 ..... in respect of each Operating Margins Facility, estimate:

- (a) ..... by each Relevant System Manager in the Operating Margins Facility at the .....
- (b) ..... exceeds the amount of Operating Margins Space that ..... in that Operating Margins Facility .....

*Amend paragraph 3.1.3 to read as follows*

“3.1.3 In respect of an Operating Margins Facility .....

- (a) .....; or
- (b) ..... between relevant Operating Margins Facilities; or
- (c) withdrawal from a relevant Operating Margins Facility .....

*Amend the heading of paragraph 3.2 to read as follows:-*

**“3.2 Start of Storage Year gas transfers (Operating Margins Capacity Arrangements)”**

*Amend paragraph 3.2.1 to read as follows:-*

“3.2.1 At the start of each Storage Year Transco will determine, in respect of each Operating Margins Facility:

- (i) .....
- (ii) ..... exceeds the amount of Operating Margins Space held for the Storage Year in that Operating Margins Facility by that Relevant System Manager; and
- (iii) ..... is less than the amount of Operating Margins Space held for the Storage Year in that Operating Margins Facility by that Relevant System Manager.”

*Amend paragraph 3.2.2 to read as follows:-*

“3.2.2 Subject to the relevant Operating Margins Facility Terms, a transferor .....

*Amend paragraph 3.2.3 to read as follows:-*

“3.2.3 Where in relation to an Operating Margins Facility there is .....

*Amend paragraph 3.2.4 to read as follows:-*

“3.2.4 .....



- (i) for each Operating Margins Facility (a "surplus" Operating Margins Facility) whether.....; and
- (ii) for each Operating Margins Facility (a "deficit" Operating Margins Facility) whether.....”

*Amend paragraph 3.2.5 to read as follows:-*

“3.2.5 ..... in respect of any deficit Operating Margins Facility by arranging for the withdrawal from a surplus Operating Margins Facility and injection into a deficit Operating Margins Facility in the relevant .....

*Amend paragraph 3.2.6(b) to read as follows:-*

“(b) references to the amount of Operating Margins Space held by .....,”

*Amend paragraph 3.2.7 to read as follows:-*

“3.2.7 .....

- (i) "Winter Carry-Across Gas" means gas withdrawn from one Operating Margins Facility by .....another Operating Margins Facility by the .....,
- (ii) a "Winter Storage Gas Transfer" means a Storage Gas Transfer in respect of an Operating Margins Facility made by .....

*Amend the heading of paragraph 3.3 to read as follows:-*

**“3.3 Disposal of residual gas (Operating Margins Capacity Arrangements)”**

*Amend paragraph 3.3.1 to read as follows:-*

“3.3.1 .....

- (a) .....System Manager's Relevant Residual Gas in an Operating Margins Facility ..... under paragraphs 3.1 and/or 3.2 exceeds the Operating Margins Space held by .....;
- (b) .....:
  - (i) .....; or
  - (ii) ..... a relevant Operating Margins Facility .....

*Amend paragraph 3.3.2 to read as follows:-*

“3.3.2 ..... Residual Surplus Gas in each relevant Operating Margins Facility by .....

- (a) ..... Surplus Gas in each Operating Margins Facility and inviting .....Residual Surplus Gas in each Operating Margins Facility;
- (b) .....
- (c) .....
- (d) .....
- (e) .....
- (f) .....:
  - (i) .....
  - (ii) ..... in more than one Operating Margins Facility, at the bidding User's option) .....
- (g) ..... Surplus Gas at a relevant Operating Margins Facility in excess of the amount of Residual Surplus Gas at such relevant Operating Margins Facility);
- (h) .....”

*Amend paragraph 3.3.3 to read as follows:-*

“3.3.3 A Relevant System Manager will not transfer or surrender Operating Margins Capacity when making Residual Gas Transfers in respect of Residual Surplus Gas.”

*Amend paragraph 3.3.5 to read as follows:-*

“3.3.5 .....(including costs incurred by reason of having gas-in-storage in excess of its Operating Margins Space) .....”

*Amend paragraph 3.3.6 to read as follows:-*

“3.3.6 Where more than one Relevant System Manager holds Residual Surplus Gas in an Operating Margins Facility, .....”

*Amend the heading of paragraph 3.4 to read as follows:-*

**“3.4 Treatment of residual gas for Operating Margins Purposes (Operating Margins Capacity Arrangements)”**

*Amend paragraph 3.4.3 to read as follows:-*

“3.4.3 For the purposes of this Section K, in respect of each Operating Margins Facility the .....”

*Amend the heading of paragraph 3.5 to read as follows:-*

### **“3.5 Procurement (Operating Margins Capacity Arrangements)”**

*Amend paragraph 3.5.1 to read as follows:-*

“3.5.1 .....Carry-over Margins Gas) for input into the Operating Margins Space held by it pursuant to ..... gas, the need to secure input in accordance with the provisions of the relevant Operating Margins Facility Terms, .....”

*Amend the heading of paragraph 3.6 to read as follows:-*

### **“3.6 Input – general (Operating Margins Capacity Arrangements)”**

*Amend paragraph 3.6 to read as follows:-*

“Transco will arrange its input of gas (in accordance with the relevant Operating Margins Facility Terms) in respect of Operating Margins Space allocated to it under paragraph 3.1 .....:

- (i) the requirement to secure input of quantities in aggregate equal to its Operating Margins Space;
- (ii) the injection rules under the relevant Operating Margins Facility Terms;
- (iii) .....; and
- (iv) .....”

*Amend the heading of paragraph 3.7 to read as follows:-*

### **“3.7 Additional input (Operating Margins Capacity Arrangements)”**

*Amend paragraph 3.7.1 to read as follows:-*

“3.7.1 .....Operating Margins Purposes in any Operating Margins Facility is less than the ..... for that Operating Margins Facility (the amount by which it is .....:

- (i) if and to the extent that any other Operating Margins Facility in which ....., and/or
- (ii) if and to the extent that the Operating Margins Facility is Available ....., and/or
- (iii) ....., and/or
- (iv) .....inject such quantity into the Top-up Storage Facility for Operating Margins Purposes.

*Amend the heading of paragraph 3.8 to read as follows:-*

### **“3.8 Winter Carry-Across and Winter Storage Gas Transfers (Operating Margins Capacity Arrangements)”**

*Amend paragraph 3.8.1 to read as follows:-*

“3.8.1 ..... or Winter Storage Gas Transfer, a Top-up Storage Facility is "Available" .....

- (i) .....
- (ii) .....; and
- (iii) ....."

*Amend paragraph 3.8.2 to read as follows:-*

“3.8.2 For the purposes of paragraph 4, Winter Carry-Across Gas input by Transco for ....."

*Amend the heading of paragraph 3.9 to read as follows:-*

**“3.9 Transfers of Operating Margins Deliverability (Operating Margins Capacity Arrangements)”**

*Amend paragraph 3.9 to read as follows:-*

“..... or equivalent charges under other Operating Margins Facility Terms in respect of the withdrawal of gas on any Day from an Operating Margins Facility, Transco may .....subject to the relevant Operating Margins Facility Terms, a ....."

*Add the following new paragraphs 3.10 and 3.11:-*

**“3.10 Capacity and volumes (Operating Margins Gas Delivery Arrangements)**

3.10.1 Transco may enter into Operating Margins Gas Delivery Arrangements in respect of the amounts not exceeding (when aggregated with those amounts subject to Operating Margins Capacity Arrangements) the amounts estimated for Operating Margins Purposes under paragraph 2.2.1(iii).

**3.11 Procurement (Operating Margins Gas Delivery Arrangements)**

3.11.1 Transco will in or before the Storage Year make such arrangements ("**Margins Delivery Procurement Arrangements**") for the delivery of gas to it pursuant to paragraph 3.10 as it shall determine to be appropriate with a view to balancing the cost of such arrangements with the need to secure the availability of gas, the need to secure delivery in accordance with the provisions of the relevant Operating Margins Facility Terms, requirements of flexibility as to the delivery of gas and such other factors as it may reasonably determine to be relevant to the discharge of its functions under this Section K.

3.11.2 In particular Transco may (with a view to meeting the objectives in paragraph 3.11.1):

- (a) contract with Users or others for the delivery of gas on such terms (as to price, quantities and times of delivery of gas, payment for gas which it was unable to take, and otherwise) as it shall determine;
- (b) contract for the delivery of gas (as to all or any part of its requirements) under agreement(s) providing for delivery over such period as it may determine, and/or on a spot basis; and

- (c) conduct a tender for the award of a contract under paragraph (ii) (the terms of which need not require Transco to accept the lowest priced or any offer where in its reasonable opinion a prudent purchaser in comparable circumstances would not do so).

3.11.3 Transco may procure delivery of gas for Operating Margins Purposes and on behalf of the Top-up Manager and the Shrinkage Provider on an integrated basis; but Transco shall in any event maintain separate records of the quantities of deliveries of gas procured for Operating Margins Purposes and for the Top-up Manager and the Shrinkage Provider.”

*Amend paragraph 4.2.1 to read as follows:-*

“4.2.1 In respect of each Operating Margins Facility, the **"Operating Margins WACOG"** is:-

- (a) where Transco has entered into Operating Margins Capacity Arrangements in respect of that Operating Margins Facility, the weighted average cost of gas-in-storage for the time being held by Transco for Operating Margins Purposes pursuant to those Operating Margins Capacity Arrangements in that facility; and
- (b) where Transco has entered into Operating Margins Gas Delivery Arrangements in respect of that Operating Margins Facility, the weighted average cost of gas delivered to Transco for Operating Margins Purposes pursuant to those Operating Margins Gas Delivery Arrangements from that facility.”

*Amend paragraph 4.2.3 to read as follows:-*

“4.2.3 For the purposes of:-

- (a) paragraph 4.2.1(a), the Operating Margins WACOG shall be calculated:
  - (i) ..... injection on a Day into more than one Operating Margins Facility, ..... into each such Operating Margins Facility); and
  - (ii) .....of such reduction;
- (b) paragraph 4.2.1(b), the Operating Margins WACOG shall be calculated in accordance with the [Procurement Guidelines].”

*Amend paragraph 4.2.4 to read as follows:-*

“4.2.4 .....

- (a) .....
- (b) .....
- (c) .....
  - (i) ....., and

- (ii) .....
- (d) .....
- (e) .....for injection to [Operating Margins](#) Facilities), determined on a daily basis;
- (f) .....
- (g) the amounts paid or payable by Transco (Margins) by way of [input](#) charges in respect of injection on relevant Days into the relevant [Operating Margins](#) Facility;
- (h) .....
- (i) .....of Carry-Across Gas from a surplus [Operating Margins](#) Facility in relation to which the relevant [Operating Margins](#) Facility is the deficit Facility.”

*Amend paragraph 4.2.6 to read as follows:-*

“4.2.6 .....**WACOG**” is:-

- (a) [where Transco has entered into Operating Margins Capacity Arrangements](#), Operating Margins WACOG .....of the relevant Storage Year; [and](#)
- (b) [where Transco has entered into Operating Margins Gas Delivery Arrangements, the amount determined in accordance with the \[Procurement Guidelines\].”](#)

*Amend paragraph 4.2.7 to read as follows:-*

“4.2.7 .....of a surplus or a deficit [Operating Margins](#) Facility, gas withdrawn or [input](#) as Carry-Across Gas .....or (as the case may be) [input](#) to such facility on the Day such withdrawal or [input](#) occurs.

*Amend paragraph 4.3.2 to read as follows:-*

“4.3.2 .....

- (i) the amount of gas withdrawn, [or delivered to Transco](#), from each [Operating Margins](#) Facility on the .....; and
- (ii) .....

*Amend paragraph 4.3.4 to read as follows:-*

“4.3.4 The withdrawal of gas from a surplus [Operating Margins](#) Facility as .....

*Amend paragraph 4.4.1 to read as follows:-*

“4.4.1 [For the avoidance of doubt, this paragraph 4.4 applies only to Operating Margins Capacity Arrangements.](#) Following each Storage Year the difference between:

- (a) the aggregate (for each Operating Margins Facility for Operating Margins Purposes) of the quantities of gas:
  - (i) ....., and
  - (ii) .....WACOG for the relevant Operating Margins Facility (as at the end of the Storage Year following which such transfers are made), and
- (b) .....;
 

.....”

## **Section P**

*Amend paragraph 1.1.1 to read as follows:-*

“1.1.1 ..... quantities of gas withdrawn from Storage Facilities by Storage Users, the amounts of gas-in-storage held by Isle of Grain LNG Importation Facility Users, and the quantities of gas withdrawn from the Isle of Grain LNG Importation Facility by Isle of Grain LNG Importation Facility Users, in the circumstances and to the extent set out in this Section P.”

*Amend paragraph 1.1.1 to read as follows:-*

“1.1.3 Subject to paragraph 1.2.2, the Top-up Manager may enter into arrangements (“Top-up Capacity Arrangements”) pursuant to which it may be a Storage User of Storage Facilities or an Isle of Grain LNG Importation Facility User in accordance with the relevant Storage Terms or LNG Importation Terms; and in particular the Top-up Manager:

- (i) may apply for and hold Storage Capacity or LNG Importation Capacity in, and input and withdraw gas to and from Storage Facilities or the Isle of Grain LNG Importation Facility,
- (ii) ....., and
- (iii) may, where appropriate, incur and pay charges in accordance with the relevant Storage Terms or LNG Importation Terms.”

*Add a new paragraph 1.1.4 as follows:-*

“1.1.4 The Top-up Manager may enter into arrangements (“Top-up Gas Retention and Delivery Arrangements”) with Isle of Grain LNG Importation Facility Users pursuant to which such Isle of Grain LNG Importation Facility Users will retain gas-in-storage at the Isle of Grain LNG Importation Facility and will deliver such gas to the Top-up Manager, in each case on the date or dates requested by the Top-up Manager, and in accordance with the terms of the relevant Top-up Gas Retention and Delivery Arrangements.”

*Amend paragraph 1.2.3 to read as follows:-*

“1.2.3 When



(a) entering into ..... Facility ; or

(b) entering into LNG Importation Terms in respect of a LNG Importation Facility;

the Top-up Manager shall endeavour to ensure that such Storage Terms or LNG Importation Terms contain terms .....enter into Storage Terms or LNG Importation Terms which so ..... any other Storage Terms or LNG Importation Terms to which it is a party not so provide.”

*Amend paragraph 1.3.1 to read as follows:-*

“1.3.1 .....:

(i) .....

(ii) .....

(iii) .....

(iv) may make Disposing Trade Nominations in accordance with Section C;

(v) will make Top-up Market .....

(vi) will pay and receive .....; and

(vii) may make System Capacity Trades .....”

*Amend paragraph 1.4.1 to read as follows:-*

“1.4.1 A Storage Facility in which the Top-Up Manager for the time being holds Storage Capacity or has gas-in-storage, and the Isle of Grain LNG Importation Facility, is a **"Top-up Storage Facility"**.”

*Add a new paragraph 1.4.4 as follows:-*

“1.4.4 For the purposes of this Section P the Isle of Grain LNG Importation Facility shall be deemed to be a “Short Duration” facility.”

*Amend paragraph 1.5.1 to read as follows:-*

“1.5.1 ..... under the relevant Storage Connection Agreement. The Top-up Manager shall have access to such details of the use of the Isle of Grain LNG Importation Facility by all Isle of Grain LNG Importation Facility Users as may be provided for under the relevant Network Entry Agreement and/or the relevant Top-up Gas Retention and Delivery Arrangements.”

*Add new paragraphs 1.5.4 and 1.5.5 as follows:-*

“1.5.4 In particular, the operator of the Isle of Grain LNG Importation Facility will provide to the Top-up Manager:

- (i) where the Top-up Manager so requests, the details of the amounts of aggregate LNG Importation Capacity allocated to Isle of Grain LNG Importation Facility Users for the Storage Year or remaining part of the Storage Year pursuant to applications for LNG Importation Capacity under the relevant LNG Importation Terms;
- (ii) where the Top-up Manager so requests, at such frequency as the Top-up Manager requires, details of LNG Importation Users' aggregate LNG Importation Capacity, inputs, withdrawals and gas-in-storage; and
- (iii) where the Top-up Manager so requests, details of the Applicable Total Storage Space and the Applicable Total Storage Deliverability.

1.5.5 The operator of the Isle of Grain LNG Importation Facility shall ensure that its LNG Importation Terms permit the disclosure by the operator to the Top-up Manager of the information referred to in paragraph 1.5.4(i) and (ii)."

*Amend paragraph 2.1.2(iii) to read as follows:-*

- “(iii) the **"Constrained Storage Requirement"** in respect of a Constrained Storage Facility is the amount of Storage Space and/or LNG Importation Space (as shown in the Constrained Storage Statement) which Transco estimates .....

*Amend paragraph 2.2.1 to read as follows:-*

“2.2.1 In relation to:-

- (a) Storage Facilities and the Isle of Grain LNG Importation Facility (but only where the Top-up Manager has entered, or proposes to enter, into Top-up Capacity Arrangements in respect of the Isle of Grain LNG Importation Facility), then after the operator of the relevant facility has allocated Storage Capacity or LNG Importation Capacity (as the case may be) for a Storage Year to Transco for Operating Margins Purposes (if any) and Storage Users or LNG Importation Users pursuant to the relevant Storage Terms and/or LNG Importation Terms (as the case may be), the Top-up Manager will determine, by not later than 31st May in the relevant Storage Year, on the basis of Storage Capacity and/or LNG Importation Capacity allocated by the operator of each facility to Transco for Operating Margins Purposes (if any) and to Storage Users and/or LNG Importation Users pursuant to the relevant Storage Terms and/or LNG Importation Terms (as the case may be) prior to such date:

- (i) ..... **space requirement"):-**

- (1) in respect of Storage Facilities, by which, Allocated Storage Space in each Constrained Storage Facility is less than the Constrained Storage Requirement;
- (2) in respect of the Isle of Grain LNG Importation Facility, of the Constrained Storage Requirement in respect of the Isle of Grain LNG Importation Facility;

- (ii) ..... **deliverability"):-**

- (1) in respect of Storage Facilities, of Storage Deliverability .....;
- (2) in respect of the Isle of Grain LNG Importation Facility, of LNG Importation Deliverability specified as such in the Constrained Storage Statement;
- (iii) .....
- (iv) .....
- (v) the:
  - (1) amount (the “**top-up space requirement**”) .....
  - (2) amount (the “**top-up deliverability requirement**”) .....; and
  - (3) (the “**top-up flow rate requirement**”), .....
- (vi) for each Storage Facility, the sum:
  - (1) (the “**Top-up Space Requirement**”) .....
  - (2) (the “**Top-up Deliverability Requirement**”) of the top-up constrained deliverability requirement and the top-up deliverability requirement; and
  - (3) (the “**Deliverability Requirement**”) of the top-up constrained deliverability requirement and the top-up flow rate requirement.
- (b) the Isle of Grain LNG Importation Facility where the Top-up Manage has entered into Top-up Gas Retention and Delivery Arrangements in respect of the Isle of Grain LNG Importation Facility, there shall be deemed to be:-
  - (i) a top-up constrained space requirement equal to the Constrained Storage Requirement for that facility, and a top-up space requirement of zero;
  - (ii) a top-up constrained deliverability equal to the amount specified as such in the Constrained Storage Statement, and a top-up deliverability requirement of zero;
  - (iii) a top-up flow rate requirement of zero;
  - (iv) for the Isle of Grain LNG Importation Facility, the sum:
    - (1) (the “**Top-up Space Requirement**”) of the top-up constrained space requirement and the top-up space requirement;
    - (2) (the “**Top-up Deliverability Requirement**”) of the top-up constrained deliverability requirement and the top-up deliverability requirement; and
    - (3) (the “**Deliverability Requirement**”) of the top-up constrained deliverability requirement and the top-up flow rate requirement.”

*Amend paragraph 2.2.2 as follows:-*

“2.2.2 .....:

(i) **"Allocated Storage Space"** is:-

(a) in respect of Storage Facilities, the aggregate amount .....;

(b) in respect of the Isle of Grain LNG Importation Facility where the Top-up Manage has entered into Top-up Capacity Arrangements, the aggregate amount at 1st May in the relevant Storage Year of LNG Importation Space allocated by operator of such facility to LNG Importation Users in respect of the Storage Year pursuant to applications, in accordance with the relevant LNG Importation Terms other than to Transco for Operating Margins Purposes;

(ii) **"Allocated Storage Deliverability"** is the sum of:

(a) in respect of Storage Facilities, the aggregate amount of .....;

(b) .....for each such facility; and

(c) in respect of the Isle of Grain LNG Importation Facility where the Top-up Manage has entered into Top-up Capacity Arrangements, the aggregate amount of LNG Importation Deliverability allocated to LNG Importation Users for the Storage Year pursuant to applications under the relevant LNG Importation Terms, other than to Transco for Operating Margins Purposes.”

*Amend paragraph 2.2.3 to read as follows:-*

“2.2.3 .....shall be construed by reference to the Storage Space, LNG Importation Space, Storage Deliverability and LNG Importation Deliverability allocated by Storage Operators to Storage Users or by the operator of the Isle of Grain LNG Importation Facility to Isle of Grain LNG Importation Facility Users for the remaining part of the Storage Year .....”

*Amend paragraph 2.2.4 to read as follows:-*

“2.2.4 .....Severe Annual Demand of gas being withdrawn during the Winter Period from each Storage Facility Type. In so allocating ..... characteristics of each Storage Facility (and the Isle of Grain LNG Importation Facility where appropriate) within each such Storage Facility Type.”

*Amend paragraph 2.2.5 to read as follows:-*

2.2.5 .....is registered as holding additional Storage Deliverability or LNG Importation Deliverability in a Storage Facility or in and the Isle of Grain LNG Importation Facility:

(a) pursuant to an application to the operator of the relevant facility; or

(b) .....paragraph 4;

the Deliverability Requirement in respect of the Storage Facility or and the Isle of Grain LNG Importation Facility (as the case may be) shall be reduced from such time by an amount equivalent to the additional Storage Deliverability LNG Importation Deliverability registered as held by the Storage User or Isle of Grain LNG Importation Facility User.”

*Amend the heading of paragraph 2.3 to read as follows:-*

**“2.3 Top-up Storage and LNG Importation Capacity”**

*Amend paragraph 2.3.1 to read as follows:-*

“2.3.1 .....

(i) .....; or

(ii) .....for that facility; or

(iii) where the Top-up Manager has entered into Top-up Capacity Arrangements in respect of the Isle of Grain LNG Importation Facility:-

(a) LNG Importation Space in the Isle of Grain LNG Importation Facility equal to the Top-up Space Requirement for that facility; or

(b) LNG Importation Deliverability in the Isle of Grain LNG Importation Facility equal to the Top-up Deliverability Requirement for that facility.”

*Amend paragraph 2.3.2 to read as follows:-*

“2.3.2 In the event that at the date of a Top-up Manager's application:-

(a) in relation to Storage Facilities:

(i) .....; or

(ii) .....

the Storage Space or (as the case may be) Storage Deliverability which the Top-up Manager will be registered as holding under paragraph 2.3.1 in each Storage Facility will be equal to the Uncommitted Storage Space or Uncommitted Storage Deliverability; or

(b) in relation to the Isle of Grain LNG Importation Facility:

(i) the aggregate of the Uncommitted LNG Importation Space is less than the aggregate of the Top-up Space Requirement, for that facility; or

(ii) the aggregate of the Uncommitted LNG Importation Deliverability is less than the aggregate of the Top-up Deliverability Requirement, for that facility;

the LNG Importation Space or (as the case may be) LNG Importation Deliverability which the Top-up Manager will be registered as holding under paragraph 2.3.1 in the Isle of Grain LNG Importation Facility will be equal to the Uncommitted LNG Importation Space or Uncommitted LNG Importation Deliverability.”

*Amend paragraph 2.3.3 to read as follows:-*

“2.3.3 ..... for Interruptible Storage Space ~~or interruptible LNG Importation Space (as the case may be).~~”

*Add new paragraphs 2.3.5 to 2.3.7 as follows:-*

“2.3.5 The Top-up Manager will, no earlier than the start of the Storage Year and no later than 31st October in the Storage Year, advise any Isle of Grain LNG Importation Facility User with whom the Top-up Manager has entered into Top-up Gas Retention and Delivery Arrangements of whether the Top-up Manager believes there may be a Winter Top-up Retention Requirement in the forthcoming Winter Period, and if so the maximum amount (the “Retention Requirement”) of gas which would be subject to such a Winter Top-up Retention Requirement.

2.3.6 The Top-up Manager will, in accordance with the relevant Top-up Gas Retention and Delivery Arrangements, advise any Isle of Grain LNG Importation Facility User with whom the Top-up Manager has entered into such arrangements, the quantities of gas to be subject to such arrangements for the purposes of top-up constrained space requirement purposes and top-up constrained deliverability requirement purposes.

2.3.7 The Top-up Gas Retention and Delivery Arrangements may be integrated with Operating Margins Gas Delivery Arrangements and the arrangements made by the Shrinkage Provider for the purchase of gas.”

*Amend paragraph 2.4.1 to read as follows:-*

“2.4.1 ..... under paragraphs 2.2.1(a)(iii) to (vi), allocate relevant requirements for Storage Deliverability and Storage Space and LNG Importation Space and LNG Importation Deliverability between Storage Facilities and the Isle of Grain LNG Importation Facility (and thereby select the facilities in which it applies for Storage Capacity and/or LNG Importation Capacity), with a view:

- (i) .....; and
- (ii) .....in respect of each Storage Facility and the Isle of Grain LNG Importation Facility, with a view ..... Uncommitted Storage Capacity and Uncommitted LNG Importation Capacity in each facility) to its holding in aggregate Storage Capacity and LNG Importation Capacity, as to such remaining amount, .....

In making such determinations the Top-up Manager may have regard to any relevant specific characteristics of each Storage Facility and the Isle of Grain LNG Importation Facility.”

*Amend paragraph 2.4.2 to read as follows:-*

“2.4.2 The Top-up Manager may apply for and hold Storage Capacity in a Storage Facility and LNG Importation Capacity in the Isle of Grain LNG Importation Facility in excess of, .....

*Amend paragraph 2.5.2(ii) to read as follows:-*

“(ii) ..... the amount (if any) of Storage Space or LNG Importation Space allocated to the Top-up Manager for the Storage Year;”

*Amend paragraph 2.6.1 to read as follows:-*

2.6.1 .....

- (i) .....for all Storage Facilities and the Isle of Grain LNG Importation Facility (but only where the Top-up Manager has entered, or proposes to enter, into Top-up Capacity Arrangements in respect of the Isle of Grain LNG Importation Facility), and the basis of calculation thereof;
- (ii) notify to Users the Storage Capacity held by it in each Storage Facility; and the LNG Importation Capacity held by it in the Isle of Grain LNG Importation Facility (but only where the Top-up Manager has entered, or proposes to enter, into Top-up Capacity Arrangements in respect of the Isle of Grain LNG Importation Facility);
- (iii) .....and on the basis of the amounts of Storage Capacity and/or LNG Importation Capacity it was registered .....

and where during the Storage Year a Storage Facility or the Isle of Grain LNG Importation Facility (but only where the Top-up Manager has entered, or proposes to enter, into Top-up Capacity Arrangements in respect of the Isle of Grain LNG Importation Facility) which was not operational .....

*Amend paragraph 2.6.3 to read as follows:-*

“2.6.3 ..... (in respect of any Storage Facility or the Isle of Grain LNG Importation Facility (but only where the Top-up Manager has entered, or proposes to enter, into Top-up Capacity Arrangements in respect of the Isle of Grain LNG Importation Facility)) and the Aggregate Remaining Stored .....

*Amend paragraph 2.7.1 to read as follows:-*

“2.7.1 The Top-up Manager will in or before the Storage Year make :-

- (a) such arrangements ..... the Opening Top-up Gas) for input into the Storage Space and/or LNG Importation Space allocated to it under paragraph 2.3 .....of gas, the need to secure input in accordance with the relevant Storage Terms and/or LNG Importation Terms, requirements of flexibility as to the delivery of gas and such other factors as it may reasonably determine to be relevant to the discharge of its functions under this Section P; and



- (b) such arrangements ("Top-up Retention and Delivery Procurement Arrangements") for the retention and subsequent delivery of gas to it from the Isle of Grain LNG Importation Facility pursuant to paragraph 3.4 as it shall determine to be appropriate with a view to balancing the cost of such arrangements with the need to secure the availability of gas, the need to secure delivery in accordance with the provisions of the relevant LNG Importation Facility Terms, requirements of flexibility ....."

*Amend paragraph 2.7.2 to read as follows:-*

"2.7.2 In particular the Top-up Manager may:-

- (a) with a view to meeting the objectives in paragraph 2.7.1(a):

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....
- (v) .....
- (vi) .....

- (b) with a view to meeting the objectives in paragraph 2.7.1(b):

- (i) contract with Users or others for the retention and subsequent delivery of gas on such terms (as to price, quantities and times of delivery of gas, payment for gas which it was unable to take, and otherwise) as it shall determine;
- (ii) contract for the retention and subsequent delivery of gas (as to all or any part of its requirements) under agreement(s) providing for delivery over such period as it may determine, and/or on a spot basis;
- (iii) conduct a tender for the award of a contract under paragraph (ii) (the terms of which need not require the Top-up Manager to accept the lowest-priced or any offer where in its reasonable opinion a prudent purchaser of gas in comparable circumstances would not do so);
- (iv) make Acquiring Trade Nominations on any terms as to payment and quantity; and
- (v) make Disposing Trade Nominations on any terms as to payment and quantity.

*Amend paragraph 2.7.3 to read as follows:-*

"2.7.3 ..... may be integrated with Margins Delivery Procurement Arrangements and the arrangements made (in accordance with Section N4.2.2) by the Shrinkage Provider for the purchase

of gas. In accordance with Section K3.11.4, the Top-up Retention and Delivery Procurement Arrangements may be integrated with Margins Gas Procurement Arrangements .....”

*Amend paragraph 2.7.4 to read as follows:-*

“2.7.4 .....under paragraph 2.7.1(a) on the basis in paragraph 2.7.2(a)(iii) where reasonably feasible .....

*Amend paragraph 2.8.1 to read as follows:-*

“2.8.1 .....

(i) .....

(ii) .....

(a) .....:-

(1) .....;

(2) Uncommitted LNG Importation Capacity and (in the opinion of the Top-up Manager) it will be feasible to procure and input quantities of gas to fill such additional LNG Importation Space;

revise .....paragraph (i);

(b) .....

(iii) .....with the relevant Storage Terms and/or LNG Importation Terms, surrender Storage Deliverability and/or LNG Importation Deliverability (but without being obliged to surrender Storage Space and/or LNG Importation Space) in an amount .....

(iv) .....with the relevant Storage Terms and/or the relevant LNG Importation Terms, dispose of the surplus .....; and

(v) .....requirement for each Storage Facility or the Isle of Grain LNG Importation Facility subject to the relevant Storage Terms or LNG Importation Terms.”

*Add a new paragraph 2.9.4 as follows:-*

“2.9.4 Where the Top-up Manager has entered into Top-up Gas Retention and Delivery Arrangements in relation to the Isle of Grain LNG Importation Facility, and the terms of such Top-up Gas Retention and Delivery Arrangements requires the Top-up Manager to take delivery of a certain quantity or certain quantities of gas from the facility at a certain time or time irrespective of whether or not a Top-up Market Offer has been accepted, then the Top-up Manager shall take such action as it shall think fit to dispose of such gas, and any reasonable costs incurred by the Top-up Manager in so doing shall be Top-up Costs for the purposes of this Section P.”

Add a new paragraph as follows after the heading to paragraph 3 and prior to the heading to paragraph 3.1:-

“Paragraphs 3.1 to 3.8 shall apply to all Storage Facilities, and shall apply to the Isle of Grain LNG Importation Facility (but only where the Top-up Manager has entered, or proposes to enter, into Top-up Capacity Arrangements in respect of the Isle of Grain LNG Importation Facility). Paragraph 3.9 shall apply to the Isle of Grain LNG Importation Facility (but only where the Top-up Manager has entered, or proposes to enter, into Top-up Gas Retention and Delivery Arrangements in respect of the Isle of Grain LNG Importation Facility).”

Amend paragraph 3.1 to read as follows:-

“The Top-up Manager will arrange its inputs (in accordance with the relevant Storage Terms and/or LNG Importation Terms) in respect of Storage Space and/or LNG Importation Space allocated to it under paragraph 2.3.1 (after taking account of Opening ..... under paragraph 2.7.2(a)(v)) on such .....

- (i) the requirement to secure input of quantities in aggregate equal to its Storage Space or LNG Importation Space;
- (ii) the input rules under the relevant Storage Terms or LNG Importation Terms;
- (iii) .....; and
- (iv) any differences in the rates of input charges at different times in the relevant input periods.”

Amend paragraph 3.2.1 to read as follows:-

“3.2.1 .....provided by each Storage Operator and the operator of the Isle of Grain LNG Importation Facility under paragraph 1.5 and determine in respect of each Storage Facility and the Isle of Grain LNG Importation Facility:

- (i) .....
- (ii) .....

Amend paragraph 3.2.2 to read as follows:-

“3.2.2 For the purposes of paragraph 3.2.1, in respect of each Storage Facility: and the Isle of Grain LNG Importation Facility:

- (i) a relevant Day is:-
  - (a) in respect of a Storage Facility, one Day each .....
  - (b) in respect of the Isle of Grain LNG Importation Facility, every Day;
- (ii) .....of all Storage Users or LNG Importation Users (as the case may be) and the Top-up Manager .....

(iii) the "**Relevant Remaining Injectable Quantity**" is

(a) in respect of a Storage Facility, determined by the following formula:

$$\text{FIR} * (\text{PID} - \text{X})$$

where:

FIR is .....

PID is .....; and

X is,

(1) 7, .....

(2) 2, .....

(b) in respect of the Isle of Grain LNG Importation Facility,”

*Amend paragraph 3.2.3 to read as follows:-*

“3.2.3 .....:

- (i) .....of the relevant Storage Facility or the operator of the Isle of Grain LNG Importation Facility (as the case may be) in respect of which the condition .....Storage User or LNG Importation User (with a view to the Storage Operator or the operator of the Isle of Grain LNG Importation Facility (as the case may be) advising the relevant Storage User or LNG Importation User of the Imminent Top-up Injection Requirement ..... relevant Storage Facility or their inputs into the Isle of Grain LNG Importation Facility (as the case may be)); and
- (ii) in so far as it is reasonably practicable to do so consistent with the relevant Storage Terms or LNG Importation Terms, its Top-up Gas Procurement Arrangements .....appropriate), bring forward its own inputs into each Top-up Storage Facility to the extent it has unfilled Storage Space or unfilled LNG Importation Space (as the case may be).”

*Amend paragraph 3.2.4 to read as follows:-*

“3.2.4 .....if Storage Users or LNG Importation Users were in aggregate to make no inputs for 7 Days the Storage Users or LNG Importation Users would need to input at a rate in .....Allocated Storage Space or LNG Importation Space.”

*Amend paragraph 3.2.5 to read as follows:-*

“3.2.5 .....:

(a) in respect of Storage Facilities:-

- (i) .....and/or;
- (ii) .....,

equal in aggregate to the amount of the Actual Top-up Injection Requirement.

- (b) in respect of the Isle of Grain LNG Importation Facility, make a nomination (pursuant to the relevant LNG Importation Terms) to input gas into the facility, equal to or greater than the amount of the Actual Top-up Injection Requirement.”

*Amend paragraph 3.3.1 to read as follows:-*

“3.3.1 ....., if:-

- (a) in respect of any Storage Facility, before the .....the quantity withdrawn; and
- (b) in respect of the Isle of Grain LNG Importation Facility, gas is withdrawn upon acceptance of a Top-up Market Offer, the Top-up Manager will, as soon as reasonably practicable after the Day on which as such offer is accepted, make a nomination to input gas into the facility (in accordance with the relevant LNG Importation Terms) for such a quantity as it may determine (having regard to its Top-up Gas Procurement Arrangements).”

*Amend paragraph 3.3.2 to read as follows:-*

“3.3.2 Where paragraph 3.3.1 applies:-

- (a) in respect of Storage facilities, and by .....;
- (b) in respect of the Isle of Grain LNG Importation Facility, and by the first Day of the Winter Period the quantity injected by the Top-up Manager is less than the quantity withdrawn (as therein referred to);

the deficiency will be dealt with as a Winter Top-up Injection Requirement under paragraph 3.4.”

*Amend paragraph 3.4.2 to read as follows:-*

“3.4.2 .....which will be held by Storage Users or LNG Importation Users (as the case may be) and the .....Nomination Quantities under initial nominations to withdraw gas from such facility or facilities made by Storage Users or LNG Importation Users (as the case may be) for the Day.”

*Amend paragraph 3.4.3 to read as follows:-*

“3.4.3 .....only to the extent to which Storage Users or LNG Importation Users are withdrawing gas from a Storage Facility or LNG Importation Facility of the relevant type on that Day, ~~inject~~input gas into such Storage Facility or LNG Importation Facility pursuant to (in the case of Storage Facilities) Nominations (and corresponding Storage Injection Nominations) or (in the case of the Isle of Grain LNG Importation Facility) nominations made in accordance with the relevant LNG Importation Terms, in each case in accordance with paragraph ~~3.4.4~~3.4.4(a).”

*Amend paragraph 3.4.4 to read as follows:-*

“3.4.4 The :-

- (a) .....Storage Injection Nomination(s)) in respect of Storage Facilities made .....Winter Top-up Injection Requirement; and
- (b) quantities in respect of the Isle of Grain LNG Importation Facility made by the Top-up Manager under paragraph 3.4.3 will be for amount(s) not in aggregate exceeding the amount of the Winter Top-up Injection Requirement.”

*Amend paragraph 3.4.5 to read as follows:-*

“3.4.5 .....:-

- (a) .....;
- (b) the System Entry Point(s) relating to the Isle of Grain LNG Importation Facility;  
are revised ..... corresponding Storage Injection Nominations) or nominations in respect of the Isle of Grain LNG Importation Facility pursuant to paragraph 3.4.3.”

*Amend paragraph 3.4.7 to read as follows:-*

“3.4.7 .....the Winter Top-up Injection Requirement, the Aggregate Winter Top-up Injection Requirement and the Winter Top-up may be reduced .....”

*Amend paragraph 3.5.1 to read as follows:-*

“3.5.1 To the extent permitted by the relevant Storage Terms or the relevant LNG Importation Terms (as the case may be) the Top-up Manager shall be entitled to make any Storage Injection Nomination(s) or nominations to input gas to the Isle of Grain LNG Importation Facility contemplated by paragraph 3.2 or 3.4 notwithstanding that the Nomination Quantity(ies) exceed its unfilled Storage Space or unfilled LNG Importation Space in any Storage Facility or the Isle of Grain LNG Importation Facility, and shall not be required to pay any overrun charge (of a nature equivalent to a Storage Overrun Charge) in respect thereof.”

*Amend paragraph 3.5.2 to read as follows:-*

“3.5.2 Where in accordance with the relevant Storage Terms or LNG Importation Terms, the Top-up Manager is to make Storage Injection Nomination(s) or nominations to input gas to the Isle of Grain LNG Importation Facility under paragraph 3.2 or 3.4 and the Nomination Quantity(ies) exceed its unfilled Storage Space or unfilled LNG Importation Space (as the case may be) (in accordance with paragraph 3.5.4(iii) where applicable) in any Storage Facility:

- (i) .....uncommitted Storage Space or uncommitted LNG Importation Space (and the minimum associated Storage Deliverability or minimum associated LNG Importation

Deliverability (as the case may be) in the relevant Storage Facility or LNG Importation Facility;

- (ii) to the extent that (taking account of paragraph (i)) its Storage Space or LNG Importation Space remains insufficient..... Storage Injection Nomination(s) or nominations to input gas to the Isle of Grain LNG Importation Facility in each case to the extent permitted by the relevant Storage Terms or LNG Importation Terms.”

*Amend paragraph 3.5.3 to read as follows:-*

“3.5.3 .....a Storage Injection Nomination or a nomination to input gas to the Isle of Grain LNG Importation Facility in accordance with paragraph 3.5.2(ii), upon the making of such nomination:

- (i) the relevant Storage Operator or the operator of the Isle of Grain LNG Importation Facility shall promptly inform relevant Storage Users or LNG Importation Users that the Top-up Manager has made a nomination;
- (ii) relevant Storage Users or LNG Importation Users in the .....the relevant Storage Terms) deemed to have made a transfer of Storage Space or LNG Importation Space to the Top-up Manager .....amounts of Storage Space or LNG Importation Space in aggregate equal to the amount by which the Nomination Quantity under the relevant nomination made by the .....unfilled Storage Space or unfilled LNG Importation Space (in accordance .....the relevant Storage Facility or the Isle of Grain LNG Importation Facility;
- (iii) .....prejudice to any Storage User's or LNG Importation User's obligations to pay charges in respect of Storage Capacity ~~Charges~~or LNG Importation Capacity.”

*Amend paragraph 3.5.4 to read as follows:-*

“3.5.4 .....:

- (i) in the case of a Storage Injection Nomination or a nomination to input gas to the Isle of Grain LNG Importation Facility made under paragraph 3.2.5:
  - (a) a relevant Storage User or relevant LNG Importation User is a Storage User who holds on the Gas Flow Day unfilled Storage Space ~~which~~or unfilled LNG Importation Space (as the case may be) which:-
    - (1) in the case of Storage Facilities, if he were .....; and
    - (2) in the case of the Isle of Grain LNG Importation Facility, if he were to make no inputs for 2 Days, could not be filled by injecting at the Applicable User Injection Rate on each remaining Day until the start of the Winter Period; and
  - (b) the relevant proportions are the proportions in which relevant Storage Users or LNG Importation Users (as the case may be) hold such unfilled Storage Space or unfilled LNG Importation Space (as the case may be) as is referred to in paragraph (i)(a);



- (ii) in the case of a Storage Injection Nomination or a nomination to input gas to the Isle of Grain LNG Importation Facility made under paragraph 3.4:
  - (a) a relevant Storage User or a relevant LNG Importation User is a Storage User or LNG Importation User (as the case may be) who holds on the Gas Flow Day unfilled Storage Space or unfilled LNG Importation Space (as the case may be) in the relevant Storage Facility or the Isle of Grain LNG Importation Facility; and
  - (b) the relevant proportions are the proportions in which relevant Storage Users or LNG Importation Users (as the case may be) hold such unfilled Storage Space or unfilled LNG Importation Space (as the case may be);
- (iii) in the case of a Storage Injection Nomination or a nomination to input gas to the Isle of Grain LNG Importation Facility under paragraph 3.2, the Top-up Manager's unfilled Storage Space or unfilled LNG Importation Space (as the case may be) is to be determined after deducting space for quantities remaining to be injected or input by the Top-up Manager into the relevant Storage Facility or the Isle of Grain LNG Importation Facility (as the case may be)."

*Amend paragraph 3.6.1 to read as follows:-*

"3.6.1 Where the Top-Up Manager makes an Output Nomination (and corresponding nomination to inject or input gas into a facility) under paragraph .....:

- (i) except in relation to any Output Nomination relating to the Isle of Grain LNG Importation Facility, if and to the extent ....., and/or
- (ii) ....., and/or
- (iii) ..... (and corresponding nomination to inject or input gas into a facility)."

*Amend paragraph 3.6.2 to read as follows:-*

"3.6.2 ..... (and corresponding nomination to inject or input gas into a facility) on a Day without delivering ....."

*Amend paragraph 3.6.3 to read as follows:-*

"3.6.3 ..... (and corresponding nomination to inject or input gas into a facility) under paragraph 3.4.5 ....."

*Amend paragraph 3.8.1 to read as follows:-*

"3.8.1 .....in Section K3.2.7), a Storage Facility or the Isle of Grain LNG Importation Facility is "Available" for Top-up purposes if at the relevant time:

- (i) .....
- (ii) .....; and

(iii) .....

*Amend paragraph 3.8.2 to read as follows:-*

“3.8.2 .....Carry-across Gas injected or input by the Top-Up Manager shall be .....

*Amend paragraph 3.8.3 to read as follows:-*

“3.8.3 For the avoidance of doubt, injection or input of Winter Carry-Across Gas .....

*Add a new paragraph 3.9 as follows:-*

### **“3.9 Winter Injection (Top-up Gas Retention and Delivery Arrangements)”**

3.9.1 The Top-up Manager will immediately after the Output Nomination Time determine in respect of each Day in the Winter Period, subject to paragraph 3.9.6, in relation to the Isle of Grain LNG Importation Facility whether, and if so the amount (the “**Winter Top-up Retention Requirement**”) by which, the Retention Requirement exceeds the Remaining Gas-in-Storage in the facility.

3.9.2 For the purposes of paragraph 3.9.1, in respect of a Day in the Winter Period “**Remaining Gas-in-Storage**” is the aggregate amount of gas-in-storage in the Isle of Grain LNG Importation Facility held by LNG Importation Users (and the Top-up Manager other than gas-in-storage held by Transco for Operating Margin Purposes after taking account of Nomination Quantities under initial nominations to withdraw gas from the facility made by LNG Importation Users for the Day.

3.9.3 Subject to paragraphs 3.9.6 and 3.7, where on any Day the Top-Up Manager determines that there is a Winter Top-up Retention Requirement in respect of the Isle of Grain LNG Importation Facility, the Top-up Manager will, but only to the extent to which Isle of Grain LNG Importation Facility Users are withdrawing gas from the Isle of Grain LNG Importation Facility on that Day, require by notice (“**Top-up Retention Nomination**”) to any person with whom Transco has Top-up Gas Retention and Delivery Arrangements that one or more Isle of Grain LNG Importation Facility Users to cease withdrawing gas from the facility and to retain such gas in the facility in accordance with paragraph 3.9.4.

3.9.4 The quantities under any Top-up Retention Nomination made by the Top-up Manager under paragraph 3.9.3 will be for amount(s) not in aggregate exceeding the amount of the Winter Top-up Retention Requirement, or such lesser amount as may be specified in the Top-up Gas Retention and Delivery Arrangements.

3.9.5 Where, in respect of a Day in the Winter Period, Input Nominations made in respect of the System Entry Point(s) relating to the Isle of Grain LNG Importation Facility are revised (by way of increase or decrease) by Renominations, the Top-up Manager will endeavour to revise its determination pursuant to paragraph 3.9.1 and accordingly to revise its Top-up Retention Nominations pursuant to paragraph 3.9.3.

3.9.6 Notwithstanding any of the foregoing provisions of this paragraph 3.9, at any time between 1 February and 31 March in a Storage Year, the Winter Top-up Injection Requirement, the Aggregate Winter Top-up Injection Requirement and the Winter Top-up may be reduced in respect of any Day

by the Top-Up Manager by such amount as shall be determined by the Top-up Manager having regard to information available to it of Forecast Total System Demand and maximum daily supply for the System over the following five Days.”

*Amend paragraph 5.1.1 to read as follows:-*

“5.1.1 ..... in accordance with the relevant Storage Terms, relevant LNG Importation Terms and Top-up Gas Retention and Delivery Arrangements.”

*Amend paragraph 5.2.2 to read as follows:-*

“5.2.2 .....or (b)) for a System Entry Point in respect of a Top-up Storage Facility.”

*Amend paragraph 5.2.3 to read as follows:-*

“5.2.3 ..... withdrawn) in respect of:-

(a) a Storage Facility or the Isle of Grain Importation Facility (but only where the Top-up Manager has entered, or proposes to enter, into Top-up Capacity Arrangements in respect of the Isle of Grain LNG Importation Facility):

- (i) .....
- (ii) where the Storage Facility or the Isle of Grain LNG Importation Facility is a Constrained Storage .....
- (iii) .....

(b) the Isle of Grain LNG Importation Facility (but only where the Top-up Manager has entered, or proposes to enter, into Top-up Gas Retention and Delivery Arrangements in respect of the Isle of Grain LNG Importation Facility):

- (i) if the Top-up Manager does not have, or no longer has, gas held in storage in the Isle of Grain LNG Importation Facility by an Isle of Grain LNG Importation Facility User pursuant to Top-up Gas Retention and Delivery Arrangements;
- (ii) if the requirement in paragraph 5.2.5 is not satisfied or would cease to be satisfied;
- (iii) if it is not in operation or ceases to be in operation on the Day.”

*Amend paragraph 5.2.4 to read as follows:-*

“5.2.4 .....:

- (i) .....
- (ii) .....
- (a) .....

- (b) .....
- (c) subject to paragraph (d), in respect of .....paragraph (i);
- (d) in respect of the Isle of Grain LNG Importation Facility:-

- (1) where the Top-up Manager has entered into Top-up Capacity Arrangements in respect of the Isle of Grain LNG Importation Facility, a rate for the Day equivalent to the greater of the amount by which the Top-up Manager's gas-in-storage exceeds the applicable Aggregate Weekly Minimum Requirement (for the week in which the Day in respect of which the Top-up Market Offer is made falls) or 100,000 kWh/n (where n is the number of hours remaining in the Day after the time referred to in paragraph (i));
- (2) where the Top-up Manager has entered into Top-up Gas Retention and Delivery Arrangements in respect of the Isle of Grain LNG Importation Facility, a rate for the Day equivalent to the greater of the amount of gas held in store pursuant to such arrangements or the maximum amount of LNG Importation Deliverability specified in such arrangements;

(iii) ....."

*Amend paragraph 5.2.5 to read as follows:-*

“5.2.5 The requirement referred to in paragraph 5.2.3 (a)(ii) and 5.2.3(b)(ii) is that on each day in each week of the Winter Period the sum of:

- (a) the amount of gas-in-storage held by the Top-up Manager in Top-up Storage Facilities (including the Isle of Grain LNG Importation Facility where the Top-up Manager has entered into Top-up Capacity Arrangements in respect of that facility); and
- (b) the amount of gas held in the Isle of Grain LNG Importation Facility following Retention Nominations pursuant to Top-up Gas Retention and Delivery Arrangements;

is no less than the applicable Aggregate Weekly Minimum Requirement.”

*Amend paragraph 5.3 to read as follows:-*

“The Market Offer Price ("**Top-up Market Offer Price**" ("**TMOP**")) under a Top-up Market Offer shall be:-

- (a) in respect of a Top-up Storage Facility (including the Isle of Grain LNG Importation Facility where the Top-up Manager has entered into Top-up Capacity Arrangements in respect of that facility), either the amount (in pence/kWh) determined in respect of the relevant Top-up Storage Facility in accordance with the following formula or 99.9999 pence/kWh whichever is the lesser:

$$TMOP = W + G + E + N \times (C / T)$$

where

W is the unit rate (in pence/kWh) of the charge levied on the Top-up Manager in respect of withdrawal from the facility on the Gas Flow Day;

E ..... for the relevant Storage Connection Point or System Entry Point;

G .....;

N .....;

C .....for all Storage Capacity or LNG Importation Capacity purchased by .....; and

T is the total quantity (in kWh) of Storage Space or LNG Importation Space purchased by .....

For the .....disposal of Storage Capacity or LNG Importation Capacity by the Top-up Manager .....

(b) in respect of the Isle of Grain LNG Importation Facility (but only where the Top-up Manager has entered into Top-up Gas retention and Delivery Arrangements in respect of that facility), either the amount (in pence/kWh) determined in accordance with the following formula or 99.9999 pence/kWh whichever is the lesser:

$$TMOP = W + G + E + N \times (C / T)$$

where

W is the unit rate (in pence/kWh) specified in the relevant Top-up Gas Retention and Delivery Arrangement in respect of delivery of Top-up Gas from the facility on the Gas Flow Day;

E is the unit rate (in pence/kWh) of the System Entry Overrun Charge determined in accordance with Section B2.12.3(b) for the relevant Storage Connection Point;

G is the Top-up WACOG;

N is 20;

C is [ ]; and

T is [ ].”

*Amend paragraph 6.1.1 to read:-*

“6.1.1 .....withdrawal of Carry-Across Gas or the delivery of gas to it pursuant to Top-up Gas Delivery and Retention Arrangements;

- (i) under or in respect of the Top-up Gas Procurement Arrangements or the Top-up Gas Delivery and Retention Arrangements;
- (ii) .....
- (iii) .....
- (iv) by way of charges payable to the operator of a Top-up Storage Facility in respect of Storage Capacity or LNG Importation Capacity in Top-up Storage Facilities;
- (v) by way of charges payable to the operator of a Top-up Storage Facility in respect of injection or input to Top-up Storage Facilities;
- (vi) by way of charges payable to the operator of a Top-up Storage Facility in respect of withdrawal from Top-up Storage Facilities;
- (vii) .....
- (viii) .....

*Amend paragraph 6.1.2(iv) to read:-*

- “(iv) in respect of any nomination to withdraw gas from the relevant facility in respect of .....

*Amend paragraph 6.1.7 to read:-*

“6.1.7 .....or a deficit Storage Facility or LNG Importation Facility (and ..... ”

*Amend paragraph 6.3.5(b) to read:-*

“(b) .....:

$$(W + G + E) - Q$$

where W, G and E have the meanings under paragraph ~~5.3~~5.3(a), and

where 'Q' is .....

*Amend paragraph 6.5.1 to read as follows:-*

“6.5.1 For

(a) ..... such calculation; and

(b) the Isle of Grain LNG Importation Facility, each Day the Top-up Manager will calculate and provide to Users Top-up WACOG as at the Day (the "WACOG Calculation Date") immediately before such calculation."

*Amend paragraph 6.5.2 to read as follows:-*

“6.5.2 In respect of :-

- (a) each Top-up Storage Facility (including the Isle of Grain LNG Importation Facility where the Top-up Manager has entered into Top-up Capacity Arrangements in respect of that facility), in relation to .....Calculation Date; and
- (b) the Isle of Grain LNG Importation Facility (where the Top-up Manager has entered into Top-up Gas Retention and Delivery Arrangements in respect of that facility), "Top-up WACOG" is the weighted average cost of gas purchased by the Top-up Manager on the Day the Top-up Manager gave the relevant Retention Nomination."

*Amend paragraph 6.5.3 to read as follows:-*

“6.5.3 .....:

- (a) a Top-up Storage Facility (including the Isle of Grain LNG Importation Facility where the Top-up Manager has entered into Top-up Capacity Arrangements in respect of that facility) shall be calculated as the relevant costs of the Top-up Manager in accordance with paragraph 6.5.4(a), less the .....Calculation Date; and
- (b) the Isle of Grain LNG Importation Facility (the Top-up Manager has entered into Top-up Gas Retention and Delivery Arrangements in respect of that facility) shall be calculated as the relevant costs of the Top-up Manager in accordance with paragraph 6.5.4(b), less the sum of the amounts calculated in accordance with paragraph 6.5.6(b), in respect of each Day (a "relevant Day") in the Storage Year up to and including the WACOG Calculation Date, divided by the amount of the gas-in-storage pursuant to Retention Nominations as at the WACOG Calculation Date."

*Amend paragraph 6.5.4 to read as follows:-*

“6.5.4 In relation to:

- (a) each Top-up Storage Facility (including the Isle of Grain LNG Importation Facility where the Top-up Manager has entered into Top-up Capacity Arrangements in respect of that facility), the relevant costs .....:
  - (i) .....:
    - (1) the amounts .....; and
    - (2) the quantity .....relevant Storage Facility or LNG Importation Facility is the deficit ..... the surplus Storage Facility or LNG Importation Facility, .....
  - (ii) .....



- (iii) .....
- (iv) .....
- (v) .....from a surplus Storage Facility or LNG Importation Facility in relation to which the relevant Storage Facility or LNG Importation Facility is the deficit facility;
- (vi) .....

(b) the Isle of Grain LNG Importation Facility (where the Top-up Manager has entered into Top-up Gas Retention and Delivery Arrangements in respect of that facility), the relevant costs of the Top-up Manager are the sum of the following amounts:

- (i) the relevant proportions of the amounts payable by the Top-up Manager by way of Transportation Charges in respect of relevant Days (in respect of the delivery of gas to the System at System Entry Points), determined on a daily basis;
- (ii) the amounts payable by the Top-up Manager by way of Balancing Charges in respect of relevant Days;
- (iii) the amounts paid or payable by the Top-up Manager by way of delivery charges in respect of delivery on relevant Days of gas to it;
- (iv) the aggregate amounts payable by the Top-up Manager in respect of the purchase of gas on a Day when a Retention Nomination was issued, less any amounts receivable by the Top-up Manager in respect of gas delivered by the Top-up Manager to the System.”

*Amend paragraph 6.5.5 to read as follows:-*

“6.5.5 For the purposes of paragraph 6.5.4(a) "**relevant proportion**" in respect of a Top-up Storage Facility is the quantity injected or input by the Top-up Manager into that Storage Facility or LNG Importation Facility divided by the aggregate of the quantity injected or input by the Top-up Manager into all Storage Facilities and the Isle of Grain LNG Importation Facility on the relevant Day.”

*Amend paragraph 6.5.6 to read as follows:-*

“6.5.6 The amount to be deducted in accordance with paragraph 6.5.3(a) is the quantity of gas-in-storage subject to .....

*Amend paragraph 6.6.2 to read as follows:-*

“6.6.2 .....:-

(a) for each Top-up Storage Facility: (including the Isle of Grain LNG Importation Facility where the Top-up Manager has entered into Top-up Capacity Arrangements in respect of that facility):

- (i) .....

- (ii) .....:
  - (1) the amounts .....;
  - (2) the quantity .....surplus Storage Facility or LNG Importation Facility), in each .....; and
  - (3) the amounts .....;
 in or for .....Top-up Storage Facility;

(b) for the Isle of Grain LNG Importation Facility (where the Top-up Manager has entered into Top-up Gas Retention and Delivery Arrangements in respect of that facility) the "Closing Top-up Adjustment Amount" is the total amounts payable by the Top-up Manager pursuant to the relevant Top-up Gas Retention and Delivery Arrangements less the total amounts received by the Top-up Manager in respect of gas delivered to it from the Isle of Grain LNG Importation Facility pursuant to the relevant Top-up Gas Retention and Delivery Arrangements."

## **Section R**

*Amend the heading of Section R to read as follows:-*

**"STORAGE AND LNG IMPORTATION"**

*Amend paragraph 1.1.1 to read as follows:-*

"1.1.1 .....withdrawn from Storage Facilities and LNG Importation Facilities to the System, and otherwise relating to Storage Connection Points~~—and~~, Storage Facilities and LNG Importation Facilities."

*Add new paragraph 1.2.1(f) and (g) as follows:-*

**"(f) "storage use gas" means, in relation to a Storage Facility connected to the NTS (a "NTS Storage Facility"), gas:**

- (i) injected into the NTS Storage Facility and used by the Storage Operator in connection with its operation of the NTS Storage Facility; and
- (ii) which has been injected into the Storage Facility and is lost or is not otherwise available for withdrawal from the Storage Facility, including gas lost or otherwise not available by reason of leakage from the facility;

**(g) an "LNG Importation Facility" is a facility:**

- (i) which is directly connected to the System;
- (ii) whose principal purpose is the receipt of liquefied gas from a sea going vessel, the storage of such liquefied gas and the regassification of such gas for delivery to the System;

- (iii) from which stored gas may be delivered to the System whether or not gas withdrawn from such storage may also be delivered other than to the System.”

*Amend paragraph 1.3.2(c) to read as follows:-*

- “(c) will specify ..... the quantity of storage use gas in relation to a calendar month is to be calculated; and”

*Amend the heading to paragraph 1.5 to read as follows:-*

**“1.5 References to storage and LNG importation services”**

*Amend paragraph 1.5.1 to read as follows:-*

“1.5.1 .....:

(a) .....;

(b) .....;

(c) .....:

(i) .....;

(ii) .....;

(d) .....:

(i) .....;

(ii) .....;

(iii) a LNG Importation Facility, the maximum quantity of gas that the operator of that facility determines can be withdrawn from the facility when full of stored gas;

(e) .....:

(i) .....;

(ii) any other Storage Facility, the maximum quantity of gas that the Storage Operator determines can be withdrawn from the facility in a period of 24 hours during the calendar months of January and February in any Storage Year;

(iii) a LNG Importation Facility, the maximum quantity of gas that the operator of that facility determines can be withdrawn from the facility in a period of 24 hours during the calendar months of January and February in any Storage Year;

(f) **"Maximum Injection Rate"** is in respect of:-

- (i) a Storage Facility, the maximum quantity .....;
  - (ii) a LNG Importation Facility, the maximum quantity of gas that the operator of that facility determines can be input into the facility in a period of 24 hours;
- (g) .....:
  - (i) .....
  - (ii) .....
- (h) .....:
  - (i) .....
  - (ii) .....
- (i) .....:
  - (i) .....
  - (ii) .....;
  - (iii) a LNG Importation Facility, is the rate determined in kWh/Day at which a LNG Importation User may input LNG into the facility as determined in accordance with the relevant LNG Importation Terms.
- (j) .....:
  - (i) .....
  - (ii) .....
- (k) .....:
  - (i) .....
  - (ii) .....
- (l) an “LNG Importation User” is any person (including the operator the LNG Importation Facility), whether or not such a person is a User, which utilises or is entitled to utilise the services of the LNG Importation Facility;
- (m) “LNG Importation Terms” means the terms and conditions on and subject to which the operator of an LNG Importation Facility permits LNG Importation Users or a particular LNG Importation User to utilise the services of the LNG Importation Facility;
- (n) “Isle of Grain LNG Importation Facility” is the LNG Importation Facility located at the Isle of Grain, Rochester, Kent;

- (o) “Isle of Grain LNG Importation Facility User” is any person (including the operator the Isle of Grain LNG Importation Facility), whether or not such a person is a User, which utilises or is entitled to utilise the services of the Isle of Grain LNG Importation Facility;
- (p) “Uncommitted” Storage Space or Storage Deliverability is:-
  - (i) in respect of a Transco LNG Storage Facility, the Maximum Storage Space or Maximum Storage Deliverability less the aggregate Storage Space or Storage Deliverability at such time registered as held by Users or Transco pursuant to applications, or subject to applications made but not yet approved under paragraphs 3.1, 3.5 and 3.7 and Sections K and P;
  - (ii) in respect of any other Storage Facility, the maximum Storage Space or maximum Storage Deliverability of that facility less the aggregate Storage Space or Storage Deliverability at such time registered as held by Storage Users pursuant to applications, or subject to applications made but not yet approved under the relevant Storage Terms;
- (p) “Uncommitted” LNG Importation Space or LNG Importation Deliverability is the maximum LNG Importation Space or maximum LNG Importation Deliverability of that facility less the aggregate LNG Importation Space or LNG Importation Deliverability at such time registered as held by LNG Importation Users pursuant to applications, or subject to applications made but not yet approved under the relevant LNG Importation Terms;
- (q) "Applicable Storage Space Charge Rate" or "Applicable Storage Deliverability Charge Rate" respectively is:-
  - (i) in respect of a Transco LNG Storage Facility, the amount determined in accordance with Section Z2.6.3;
  - (ii) in respect of any other Storage Facility, the annual rate payable in respect of Storage Space, in pence per kWh of Storage Space, for a Storage Year or (as the case may be) Storage Deliverability, in pence per kWh/Day of Storage Deliverability, for a Storage Year;
  - (iii) in respect of a LNG Importation Facility, the annual rate payable in respect of LNG Importation Space, in pence per kWh of LNG Importation Space, for a Storage Year or (as the case may be) LNG Importation Deliverability, in pence per kWh/Day of LNG Importation Deliverability, for a Storage Year;
- (r) “Storage Space Charge” is:-
  - (i) in respect of a Transco LNG Storage Facility, the amount determined in accordance with Section Z2.6.2(c);
  - (ii) in respect of any other Storage Facility, a charge in respect of, and determined by reference to the amount of, a Storage User's Storage Space in a that Storage Facility calculated in accordance with the relevant Storage Terms;

(iii) in respect of a LNG Importation Facility, a charge in respect of, and determined by reference to the amount of, a LNG Importation User's LNG Importation Space in a that LNG Importation Facility calculated in accordance with the relevant LNG Importation Terms;

(r) “Storage Deliverability Charge” is:-

(i) in respect of a Transco LNG Storage Facility, the amount determined in accordance with Section Z2.6.2(b);

(ii) in respect of any other Storage Facility, a charge in respect of, and determined by reference to the amount of, a Storage User's Storage Deliverability in a that Storage Facility calculated in accordance with the relevant Storage Terms;

(iii) in respect of a LNG Importation Facility, a charge in respect of, and determined by reference to the amount of, a LNG Importation User's LNG Importation Deliverability in a that LNG Importation Facility calculated in accordance with the relevant LNG Importation Terms.”

*Add a new paragraph 1.5.3 as follows:-*

“1.5.3 In relation to any LNG Importation Facility:

(a) "**injection**" or "**input**" is the transfer of gas into storage from a tanker or otherwise in (or for use in connection with the operation of) the LNG Importation Facility, and "**withdrawal**" is the transfer of gas from storage in the LNG Importation Facility for delivery to the System, whether or not the User delivering such gas is the same person as the LNG Importation User effecting such transfer;

(b) a LNG Importation User's "**gas-in-storage**" at any time is the amount in aggregate of gas which (in accordance with the relevant LNG Importation Terms) the LNG Importation User is entitled to withdraw from the LNG Importation Facility (and reflecting its injections to and withdrawals from and any transfers of its entitlements in respect of gas stored in such facility);

(c) "**LNG Importation Injectability**" is (as the context may require) the capability of the LNG Importation Facility to accept gas input, or the entitlement (pursuant to the relevant LNG Importation Terms) of a LNG Importation User to input gas into the LNG Importation Facility, expressed as a rate or a quantity in a given period;

(d) "**LNG Importation Space**" is (as the context may require) the capability of the LNG Importation Facility to have gas stored, or the entitlement (pursuant to the relevant LNG Importation Terms) of a LNG Importation User to have gas-in-storage in the Storage Facility, expressed as a quantity;

(e) "**LNG Importation Deliverability**" is (as the context may require) the capability of the Storage Facility to have gas withdrawn, or the entitlement (pursuant to the relevant Storage Terms) of a Storage User to withdraw gas from the Storage Facility, expressed as a rate or a quantity in a given period;

(f) "LNG Importation Capacity" means LNG Importation Injectability, LNG Importation Space and LNG Importation Deliverability, or any of them, as the context may require;

(g) a "Storage Gas Transfer" in relation to a LNG Importation Facility, is a transfer (subject to and in accordance with the relevant LNG Importation Terms) of or in respect of LNG Importation Capacity or gas-in-storage."

*Amend the heading to paragraph 1.8 to read as follows:-*

**"1.8 Transco as Storage User and LNG Importation User"**

*Amend paragraph 1.8.1 to read as follows:-*

**"1.8.1 ..... pursuant to Section N. Transco may be a LNG Importation User in respect of LNG Importation Facilities for Operating Margins purposes pursuant to Section K, as Shrinkage Provider pursuant to Section N, or as Top-up Manager pursuant to Section P."**

*Amend paragraph 1.9 to read as follows:-*

**".....Storage Connection Agreement. Transco may require, as a condition of a User applying for or holding System Entry Capacity or delivering gas to the System at a System Entry Point in respect of a LNG Importation Facility, that the User has complied with such conditions as may be specified in the relevant Network Entry Agreement."**

*Amend the heading to paragraph 4 to read as follows:-*

**"4 CONSTRAINED STORAGE AND LNG IMPORTATION"**

*Amend paragraph 4.1.1 to read as follows:-*

**"4.1.1 The Storage Facilities for which Transco LNG Storage is the Storage Operator at Dynevor Arms and Avonmouth, and the Isle of Grain LNG Importation Facility are each a "Constrained Storage Facility" in relation to a Storage Year."**

*Amend paragraph 4.1.2 to read as follows:-*

**"4.1.2 Transco shall be entitled to require Storage Users and LNG Importation Users to nominate gas for withdrawal from a Constrained Storage Facility in accordance with this paragraph 4."**

*Amend paragraph 4.1.1 to read as follows:-*

**"4.1.3 In this paragraph 4, references:**

**(a) to a Nomination (or Nomination Quantity) shall accordingly include a nomination (or nomination quantity) in respect of the Storage Facility or LNG Importation Facility as well as the System;**

**(b) to a User, includes the User as Storage User, or LNG Importation User."**

*Amend paragraph 4.1.4 to read as follows:-*

“4.1.4 Where any Storage Facility or LNG Importation Facility is to .....

- (a) .....
- (b) .....
- (c) .....in respect of the relevant Storage Connection Point or relevant System Entry Point;
- (d) .....

*Amend paragraph 4.1.5 to read as follows:-*

“4.1.5 The operator of the Constrained Storage Facility and Transco will ..... Users holding Storage Space or LNG Importation Space in a Constrained Storage Facility (including details of their gas-in-storage and Storage Space or LNG Importation Space) as may be .....may delegate to the operator of the Constrained Storage Facility the making of .....

*Amend paragraph 4.1.6 to read as follows:-*

“4.1.6 .....as a Storage User or LNG Importation User of a Constrained Storage Facility, .....

*Amend paragraph 4.1.7 to read as follows:-*

“4.1.7 .....in respect of the Storage Connection Point or System Entry Point in respect of a .....

*Add a new paragraph 4.1.8 as follows:-*

“4.1.8 Where the Top-up Manager has entered in arrangements (“Constrained Gas Delivery Arrangements”) with a Storage User or LNG Importation User, pursuant to which the Storage User or LNG Importation User agrees to hold gas-in-storage in a Constrained Storage Facility as requested by the Top-up Manager and deliver to the Top-up Manager at the System Entry Point or Storage Connection Point relating to the relevant Constrained Storage Facility, then the provisions of this paragraph shall apply as if it were the Top-up Manager that held the relevant amount of gas-in-storage and the Top-up Manager shall be the only User in relation to that Constrained Storage Facility for the purposes of this paragraph 4.”

*Amend paragraph 4.2.1 to read as follows:-*

“4.2.1 Each User holding Storage Space or LNG Importation Space in a ..... relevant Storage Connection Point or System Entry Point on behalf of the User in accordance with this paragraph 4.”

*Amend paragraph 4.2.2 to read as follows:-*

“4.2.2 ..... the relevant Storage Connection Point or System Entry Point (and accordingly will .....”

*Amend paragraph 4.2.4 to read as follows:-*



“4.2.4 .....:

- (a) .....; and
- (b) subject to paragraph (c), in the case of any other Storage Facility or any or LNG Importation Facility, the quantity determined in accordance with the relevant Storage Terms or LNG Importation Terms; and
- (c) in the case of any LNG Importation Facility at which Transco has entered into Constrained LNG Delivery Arrangements, the quantity determined in accordance with such arrangements.”

*Amend paragraph 4.2.5 to read as follows:-*

“4.2.5 .....of the relevant Storage Connection Point or System Entry Point to reduce the Constrained Nomination .....the System Entry Point comprising the relevant Storage Connection Point or for the System Entry Point (in the case of a LNG Importation Facility) for a Constrained Storage Day.”

*Amend paragraph 4.2.7 to read as follows:-*

“4.2.7 .....:

- (a) .....; and
- (b) subject to paragraph (c), in respect of any other Storage Facility or LNG Importation Facility, equivalent to the quantities determined in accordance with the relevant Storage Term or LNG Importation Terms s.
- (c) in the case of any LNG Importation Facility at which Transco has entered into Constrained LNG Delivery Arrangements, equivalent to the quantities determined in accordance with such arrangements.”

*Amend paragraph 4.2.8 to read as follows:-*

“4.2.8 .....:

- (a) .....agreed between Transco and the Storage Operator), the maximum LNG Importation Deliverability for that facility (as specified in the Network Entry Agreement or otherwise agreed between Transco and the operator of the LNG Importation Facility); or
- (b) .....”

*Amend paragraph 4.5.1 to read as follows:-*

4.5.1 The relevant Storage Terms or LNG Importation Terms will provide in relation to a User holding Storage Space or LNG Importation Space in a Constrained Storage Facility to authorise the operator of the Constrained Storage Facility to deliver gas to the System at the Storage Connection Point or the System Entry Point pursuant to a Constrained Storage Renomination.

*Amend paragraph 4.5.2 to read as follows:-*

4.5.2 Users will be responsible for ensuring they have sufficient Storage Deliverability or LNG Importation Deliverability to enable ..... the User's Storage Deliverability or LNG Importation Deliverability in the Constrained Storage Facility; and the Storage Connection Agreement or Network Entry Agreement will require the operator of the Constrained Storage Facility to comply with .....with the Storage Terms or LNG Importation Terms) result in the User becoming liable for any charge to the operator of the Constrained Storage Facility.”

*Amend paragraph 4.6.2 to read as follows:-*

4.6.2 Each User holding Storage Space or LNG Importation Space in a Constrained Storage Facility .....”

*Amend paragraph 4.6.3 to read as follows:-*

“4.6.3 ..... (as defined in Section Z) or the User’s total LNG Importation Space, for which purpose .....facility in the Constrained Storage Statement; and the ".....of the Maximum Storage Space or maximum LNG Importation Space (less Storage Space or LNG Importation held by Transco .....”

*Amend paragraph 4.6.6 to read as follows:-*

“4.6.6 ..... relevant Storage Connection Point or System Entry Point for the Constrained Storage .....”

*Amend paragraph 4.6.7 to read as follows:-*

“4.6.7 Where as respects any User and any Constrained Storage Facility: (other than a Constrained Storage Facility which is a LNG Importation Facility):

(a) ....., or

(b) .....,

paragraph 4.6.8 shall apply.”

*Add a new paragraph 4.7.5 as follows:-*

“4.7.5 This paragraph 4.7 shall not apply to any Constrained Storage Facility which is a LNG Importation Facility.”

***Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report***

Signed for and on behalf of Transco.

Signature:

**Mike Calviou**  
**Head, Commercial Frameworks**  
**NT & T**

Date: