

**STANDARD TERMS AND
CONDITIONS**

*FOR THE SALE AND PURCHASE OF NATURAL GAS
FOR U.K. SHORT TERM DELIVERIES AT THE BEACH SUB
TERMINALS USING A 0500 HOURS TO 0500 HOURS GAS DAY*

(BEACH 2015 (5:5))

1. DEFINITIONS

1.1 Except where the context otherwise requires, the following expressions (when used in these Terms and Conditions and Appendix) shall have the following meanings:

“Affiliate” means, in relation to any Party, any holding company or subsidiary company of such Party or any company which is a subsidiary company of any holding company of such Party, and the expressions **“holding company”** and **“subsidiary”** shall have the meanings respectively ascribed thereto by Section 1159 of the Companies Act 2006;

“Agreement for the Provision of Claims Validation Information” means the agreement of that name dated 30th September 1998, as amended and updated from time to time;

“Banking Day” means any day (other than a Saturday or Sunday) when the clearing banks in London are open for a full range of banking transactions;

“Buyer” means, in respect of a Transaction, the Party identified as such in the relevant Transaction Agreement and which expression includes its successors in title and permitted assigns;

“Claims Validation Agent” means the duly appointed representative of the Buyer responsible for ascertaining the apportionment of Natural Gas between the Buyer and other buyers of Natural Gas at the relevant System Entry Point and responsible for providing delivery information to National Grid pursuant to the provisions of the Claims Validation Agency Agreement in force for such System Entry Point;

“Claims Validation Agency Agreement” means the agreement entered into by CVSL with the relevant Claims Validation Agent, as amended and updated from time to time;

“Claims Validation Services Agreement” means the agreement entered into between the various parties and CVSL entitled **“Agreement Relating to Claims Validation Services”** dated 29th February 1996, as amended and updated from time to time;

“Confidential Information” shall have the meaning ascribed thereto in Clause 12.1;

“Contract Price” means the price agreed for the Transaction, exclusive of VAT and any other applicable taxes;

“Contract Quantity” means the total quantity of Natural Gas agreed for sale and purchase in a Transaction in respect of a Supply Period, representing the Daily Quantity multiplied by the number of Days in such Supply Period;

“CVSL” means Claims Validation Services Limited, a company registered in England under registration number 3164206;

“Daily Quantity” means the quantity of Natural Gas agreed for sale and purchase in respect of each Day in relation to a Transaction;

“Day” means a period of hours beginning at 05.00 hours on a day and ending at 05.00 hours on the following day;

“Delivery Point” means the last flange, weld or mark on any of the pipelines connecting to the relevant System Entry Point agreed as such for a Transaction;

“Due Date” shall have the meanings ascribed thereto in Clauses 8.4 and 15.4;

“Excess Gas” shall have the meaning ascribed thereto in Clause 4.5;

“Force Majeure” shall have the meaning ascribed thereto in Clause 9.1.2;

“ISO” means the International Organisation for Standardisation;

“LIBOR” means the daily Sterling one month mean interbank lending rate (expressed as a percentage per annum) as compiled by the Bank of England and quoted on its website on the Due Date;

“Loss” shall mean an amount that the non-defaulting Party reasonably determines in good faith to be its total losses and costs (or gains in which case expressed as a negative number) in connection with the termination of the Transaction or Other Transaction, including any loss of bargain, costs of funding or, at the election of the non-defaulting Party but without duplication, loss or cost incurred as a result of terminating, liquidating, obtaining or re-establishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made and not made on or before termination. The non-defaulting Party will determine its Loss as at the date of termination, or if that is not reasonably practicable, as of the earliest date after that is reasonably practicable;

“Joule” shall have the meaning specified in ISO 1000 : 1992 and **“Megajoule”** shall mean one million (1,000,000) Joules;

“Month” means a period beginning at 05.00 hours on the first day of any calendar month and ending at 05.00 hours on the first day of the next succeeding calendar month;

“National Grid” means National Grid Gas plc or any successor in its capacity as operator of the National Transmission System;

“National Transmission System” or **“NTS”** shall have the meanings specified in the Uniform Network Code;

“Natural Gas” means any hydrocarbons or mixture of hydrocarbons and other gases consisting primarily of methane which at a temperature of fifteen (15) degrees celsius and at atmospheric pressure are or is predominantly in the gaseous state;

“Off-Specification Gas” shall have the meaning ascribed thereto in Clause 6.2;

“OFGEM” means the Office of Gas and Electricity Markets or any successor thereof;

“Other Transactions” means all other agreements made between the Parties incorporating these Terms and Conditions for the sale and purchase of Natural Gas at the beach as the same may be amended for a particular Transaction and confirmed by means of a Transaction Agreement;

“Party” means either the Seller or the Buyer and **“Parties”** means the Seller and the Buyer;

“Payment Banking Day” means any day (other than a Saturday or Sunday) on which the commercial banks are open for general business at the places where each Party has its registered office;

“Person” means any person, company, firm, partnership, association or body corporate including its successors or permitted assigns;

“Quality Specification” shall have the meaning ascribed thereto in Clause 6.1;

“Reasonable and Prudent Operator” means a Person seeking to perform its contractual obligations and in so doing and in the general conduct of its undertaking exercising that degree of skill, diligence, prudence and foresight that would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances and conditions;

“Seller” means, in respect of a Transaction, the Party identified as such in the relevant Transaction Agreement and which expression includes its successors in title and permitted assigns;

“Seller's Facilities” means, in respect of a Transaction, any and all pipelines, plant, platforms, wells and other equipment or facilities both offshore and onshore (whether or not owned or operated by the Seller) required to deliver, transport, process or otherwise handle Natural Gas upstream of the Delivery Point;

“Shortfall Gas” shall have the meaning ascribed thereto in Clause 7.1;

“Statement” shall have the meaning ascribed thereto in Clause 4.6;

“Supply Period” means, in respect of a Transaction, the period of supply of Natural Gas on these Terms and Conditions agreed as such for the Transaction in question;

“Termination Amount” shall have the meaning specified in Clause 15.3;

“Terms and Conditions” means the terms and conditions set out herein;

“Therm” means one hundred and five million five hundred and five thousand five hundred and sixty Joules (105,505,560 J);

“Third Party” means any Person (including any Affiliate of a Party) other than a Party;

“Transaction” means an agreement made between the Buyer and the Seller for the sale and purchase of Natural Gas for delivery in the United Kingdom incorporating these Terms and Conditions as may be amended by such agreement and confirmed by means of a Transaction Agreement;

“Transaction Agreement” means a document substantially in the form attached to these Terms and Conditions (which confirms the application to a given Transaction of these Terms and Conditions and of the negotiated terms of such Transaction) signed by the Parties;

“Uniform Network Code” shall mean the Uniform Network Code, published from time to time by the Joint Office of Gas Transporters, or any replacement or successor code; and

“VAT” means value added tax or any tax analogous thereto.

1.2 Each of the following expressions has the meaning given to that expression (or to any expression which amends or replaces such expression from time to time) in the Uniform Network Code: **“Applicable Liability Gas Price”**; **“Daily Imbalance Charge”**; **“Delivery Proportion”**; **“Input Scheduling Quantity”**; **“Legal Requirements”**; **“Overrun Charge”**; **“Scheduling Charge”**; **“System Average Price”**; **“System Entry Point”**; **“System Marginal Buy Price”**.

1.3 In these Terms and Conditions, unless the context otherwise requires:

1.3.1 the clause headings in these Terms and Conditions are for convenience only and shall not affect the validity or construction of these Terms and Conditions;

1.3.2 references to **“Clauses”** and **“Appendices”** are to clauses of and appendices to these Terms and Conditions;

1.3.3 any reference in these Terms and Conditions to the singular shall include the plural and vice versa;

1.3.4 the words **“including”** and **“in particular”** shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any foregoing words;

1.3.5 any reference to time shall be construed as a reference to whatever time shall be statutorily in force in the United Kingdom and the terms **“hour”** and **“hours”** shall be construed accordingly;

1.3.6 references to a **“quantity”** of Natural Gas are to a quantity expressed in whole Therms;

1.3.7 reference in these Terms and Conditions to any statute, statutory provision or statutory instrument includes any amendment, re-enactment or supplement thereto or thereof (as applicable); and

1.3.8 unless otherwise expressly provided herein, any reference to any agreement (including these Terms and Conditions) or instrument is to the same as amended, novated, modified or replaced from time to time in accordance with its terms.

2. GENERAL MATTERS

2.1

2.1.1 These Terms and Conditions (together with the separately negotiated other terms of a particular Transaction, as set out in the relevant Transaction Agreement) shall constitute the terms and conditions between the Parties for the sale and purchase of the Natural Gas which is the subject matter of the Transaction in question.

2.1.2 In respect of a Transaction, the Parties may (at their discretion and by mutual agreement) add to, vary or amend particular provisions of these Terms and Conditions by noting such additions, variations or amendments as special conditions in the relevant Transaction Agreement or recorded telephone communication (as applicable).

2.2 These Terms and Conditions do not oblige either Party to enter into any Transaction or to buy and/or sell Natural Gas from or to each other or (in the case of the Seller) to supply or procure Natural Gas from any specific source, field or reservoir.

2.3 In relation to any Transaction, the Seller reserves the right to deliver the Contract Quantity in a commingled stream of Natural Gas.

2.4 The Parties may enter into more than one Transaction governed by these Terms and Conditions.

3. NOTIFYING A TRANSACTION AGREEMENT

3.1 The Seller shall, within three (3) Banking Days of a Transaction being entered into, send by facsimile notice to the Buyer a signed Transaction Agreement recording the details of the Transaction.

3.2 If the Buyer is satisfied that the Transaction Agreement sent pursuant to Clause 3.1 accurately reflects the terms of the relevant Transaction, the Buyer shall sign and return the Transaction Agreement by facsimile notice to the Seller within three (3) Banking Days of receipt of the Transaction Agreement.

3.3 If the Buyer is not satisfied in accordance with Clause 3.2, the Buyer shall send the Seller a facsimile notice of any inaccuracies. The Seller shall, if it agrees that the Transaction Agreement is inaccurate, promptly send to the Buyer by facsimile notice a corrected and signed Transaction Agreement recording the details of the Transaction and in any event by no later than three (3) Banking Days after first being notified by the Buyer of the said inaccuracies.

3.4 If the Buyer either does not return a Transaction Agreement (duly signed, in accordance with Clause 3.2) or does not notify the Seller of any inaccuracy (in

accordance with Clause 3.3), the Buyer shall be deemed to have accepted such Transaction Agreement after expiry of the relevant time limits respectively set out in Clauses 3.2 and 3.3 (as applicable).

3.5 If the Buyer:

3.5.1 (pursuant to Clause 3.1) has not received a Transaction Agreement from the Seller within three (3) Banking Days of a Transaction being entered into; or (as the case may be)

3.5.2 (pursuant to Clause 3.3) has not received a corrected Transaction Agreement from the Seller within three (3) Banking Days of the Buyer notifying the Seller of inaccuracies in the Transaction Agreement,

then the Buyer shall promptly thereafter send the Seller a Transaction Agreement, and Clauses 3.2, 3.3 and 3.4 (including the deemed acceptance thereunder) shall apply *mutatis mutandis* in relation to such Transaction Agreement by replacing in such Clauses all references to "Buyer" with "Seller" and "Seller" with "Buyer".

3.6 The Parties agree that telephone communications between them in respect of Transactions may be recorded and that in the absence of fraud any such recording shall be admissible in evidence as to the terms of any Transaction. The Parties waive any further notice of such recording and acknowledge that they have obtained all necessary consents of each of their respective officers and employees to such recording.

3.7 The procedure set out in Clauses 3.1 to 3.5 may be superseded by any binding arrangements that the Parties have made or make to enter into Transaction Agreements by means of an electronic matching process.

3.8 On signature or electronic acceptance of a Transaction Agreement by both Parties or deemed acceptance of a Transaction Agreement in accordance with Clause 3.4 and/or 3.5, the relevant Transaction Agreement (incorporating and applying these Terms and Conditions) shall constitute the entire agreement between the Parties in relation to the relevant Transaction and shall (save in the event of manifest error or fraud) supersede and prevail over any documents, drafts, minutes of meetings, letters or notes, or any statements, communications, understandings, arrangements, agreements, representations or warranties (whether written, oral, express or implied) previously made by either Party or between the Parties (as applicable) and relating to the Transaction in question PROVIDED THAT nothing in this Clause 3.8 shall limit or exclude any liability for fraud.

3.9 Failure or persistent failure by the Seller or the Buyer to send a Transaction Agreement shall not constitute a material breach hereunder.

4. DELIVERY OBLIGATIONS

4.1 Subject to these Terms and Conditions, in respect of each Transaction the Seller shall tender for delivery and sell at the Delivery Point and the Buyer shall accept and pay for those quantities of Natural Gas delivered in respect of that Transaction.

- 4.2 The Seller shall use reasonable endeavours to deliver Natural Gas at uniform hourly rates.
- 4.3 Notwithstanding Clause 4.1, if at any time prior to or during a Day, in respect of a Transaction, the Seller is unable to deliver the Daily Quantity (or any part thereof), then the Seller shall as soon as reasonably practicable give notice thereof to the Buyer together with the reason(s) therefor and details of the reduced quantity of Natural Gas which the Seller is able to tender for delivery at the Delivery Point in respect of such Transaction.
- 4.4 For the purposes of these Terms and Conditions, the quantity of Natural Gas delivered hereunder in respect of any Transaction in respect of a Day shall be that quantity of Natural Gas finally validated by the Claims Validation Agent pursuant to, and in accordance with, the relevant Claims Validation Agency Agreement (except that for a Transaction at a Delivery Point that is not subject to a Claims Validation Agency Agreement, the quantity of Natural Gas delivered shall be the quantity allocated as delivered by National Grid).
- 4.5 Where, in relation to a Transaction, the quantity of Natural Gas tendered for delivery by the Seller is in excess of one hundred per cent (100 %) of the Daily Quantity, then the Buyer shall not be obliged to pay for any quantities of Natural Gas in excess of the Daily Quantity (such excess quantities being referred to as **"Excess Gas"**) and the Seller shall indemnify the Buyer against any costs or expenses incurred by the Buyer (as a result of the delivery of such Excess Gas), which costs or expenses shall be calculated by reference to (and shall be deemed to be limited to) the sum of any Overrun Charges and/or any Scheduling Charges payable in respect of an Input Scheduling Quantity, less any Daily Imbalance Charge payable to the Buyer, in each case to the extent that such charges result from the delivery of such Excess Gas.
- 4.6 In relation to each Transaction, the Seller shall no later than five (5) Days following the end of each Day within the Supply Period issue to any Claims Validation Agent a written or electronically communicated statement showing for such Day the quantity of Natural Gas delivered to the Buyer by the Seller on such Day at the relevant Delivery Point (a **"Statement"**).

5. TITLE, RISK AND SOURCE

- 5.1 Without prejudice to Clause 8.10, all rights, title, and interest in and to Natural Gas to be delivered pursuant to a Transaction which are vested in the Seller together with the risk of loss or damage thereto shall pass to the Buyer upon delivery of such Natural Gas by the Seller at the Delivery Point (in accordance with the Seller's obligations hereunder).
- 5.2 The Buyer shall not be entitled to refuse or interrupt or (as applicable) be relieved from any liability to accept deliveries of Natural Gas tendered by the Seller at the Delivery Point hereunder in accordance with the terms of a Transaction except to the extent that such Natural Gas has not been accepted by National Grid and/or in the case of Force Majeure pursuant to Clause 9.

6. QUALITY, PRESSURE AND OFF-SPECIFICATION GAS

- 6.1 In respect of each Transaction, Natural Gas delivered by the Seller to the Buyer shall conform to the quality and pressure requirements of the Uniform Network Code at the relevant System Entry Point for entry into the National Transmission System (such requirements being referred to as the “**Quality Specification**”).
- 6.2 If Natural Gas is delivered by the Seller to the Buyer in respect of a Transaction which fails to conform with the Quality Specification (such non-conforming Natural Gas being referred to as “**Off-Specification Gas**”), then (without prejudice to the provisions of Clause 7) as soon as reasonably practicable following its becoming aware of the same, the Seller shall:
- 6.2.1 give notice to the Buyer detailing the reasons therefor and the Seller's good faith best estimate of the likely duration of such failure; and
- 6.2.2 take such steps as are reasonably within its power to rectify the situation.
- 6.3 Without prejudice to the other provisions of this Clause 6 or to Clause 7 (as applicable), if Natural Gas to be delivered by the Seller forms part of a commingled stream then:
- 6.3.1 if the commingled stream fails for any reason to conform to the Quality Specification the Natural Gas delivered hereunder shall be deemed not to conform to the Quality Specification notwithstanding that it would have so conformed had it been uncommingled when delivered;
- 6.3.2 if the commingled stream conforms to the Quality Specification then the Natural Gas delivered hereunder shall be deemed to conform to the Quality Specification notwithstanding that it would not have so conformed had it been uncommingled when delivered.
- 6.4
- 6.4.1 Without prejudice to Clauses 6.4.2 and 6.4.3, if pursuant to a Transaction Off-Specification Gas is tendered for delivery by the Seller:
- (a) the Buyer shall accept delivery of such Off-Specification Gas to the extent that National Grid accepts the same;
- (b) to the extent that National Grid does accept delivery of Off-Specification Gas, then the Buyer shall pay the Seller the Contract Price in respect of such Off-Specification Gas and the provisions of Clause 7 shall not apply; and
- (c) to the extent that National Grid does not accept delivery of Off-Specification Gas, then (subject to Clause 9) the Seller shall be regarded as having failed to deliver Natural Gas to the Buyer and Clause 7.1 shall apply.

- 6.4.2 Subject to Clause 6.4.3 and in respect of a Transaction, the Seller shall (irrespective of whether or not the delivery of Off-Specification Gas was due to an event or circumstance of Force Majeure) indemnify the Buyer against that part of the Buyer's Delivery Proportion of any sums properly recovered by National Grid from the Buyer in accordance with, but subject always to the limitations contained in, the Uniform Network Code which arise in consequence (and to the extent) of the Seller delivering any Off-Specification Gas to the Buyer at the relevant System Entry Point.
- 6.4.3 The Seller's liability to indemnify the Buyer under Clause 6.4.2 in respect of any Off-Specification Gas shall represent the Seller's sole liability and the Buyer's sole and exclusive remedy (in full satisfaction of any rights and remedies of the Buyer) whether hereunder or otherwise howsoever for delivery of Off-Specification Gas in respect of the Transaction in question, irrespective of any negligence or breach of duty (statutory or otherwise) of the Seller.

7. SHORTFALL GAS

- 7.1 If for any reason other than Force Majeure the Seller tenders for delivery at the Delivery Point in respect of a Day a quantity of Natural Gas (including in circumstances where Clause 6.4.1(c) applies) which is less than the Daily Quantity, then a quantity equal to the difference between the quantity of Natural Gas actually delivered and the Daily Quantity shall be categorised as "**Shortfall Gas**" and the remedies available to the Buyer in respect of such a breach shall be those described in Clauses 7.2 and 7.3.
- 7.2 For the purpose of this Clause 7.2, "**SAP**" is the System Average Price for the Day in question, "**CP**" is the Contract Price and "**SG**" is the quantity of Shortfall Gas arising for the Day in question. In respect of Shortfall Gas arising on any Day from a Transaction, the Seller shall pay to the Buyer (in accordance with the payment procedures set out in Clause 8):
- 7.2.1 the sum (where positive) of $(\text{SMBP} - \text{CP}) \times \text{SG}$ where "**SMBP**" is the System Marginal Buy Price for the Day in question; and
- 7.2.2 an amount equivalent to any Scheduling Charges which the Buyer may incur in respect of an Input Scheduling Quantity relating to any such Shortfall Gas, which amount shall be deemed to be $0.05 \times \text{SAP} \times \text{SG}$ PROVIDED THAT the Buyer shall not be entitled to payment of the amount described in this Clause 7.2.2 if the Seller has given notice to the Buyer in accordance with Clause 4.3 by no later than 16.00 hours on the Day in question in relation to the Shortfall Gas in question unless the Buyer demonstrates to the Seller that the Buyer was unable to revise its nomination to National Grid in accordance with the Uniform Network Code.
- 7.3
- 7.3.1 Without prejudice to Clauses 6.4.2 and 6.4.3, payment by the Seller in respect of Shortfall Gas pursuant to the provisions of Clause 7.2 shall be the Buyer's sole and exclusive remedy (and in full satisfaction of any rights and remedies of the Buyer) for the Seller's failure in respect of a Transaction to

deliver all or any part of the Daily Quantity and for any liability for Shortfall Gas arising therefrom), irrespective of (without limitation):

- (a) any negligence or breach of duty (statutory or otherwise) of the Seller; or
- (b) any charges, losses or expenses of whatsoever nature suffered or incurred by the Buyer,

in either case howsoever caused or arising.

7.3.2 The Parties acknowledge that payment pursuant to the provisions of Clause 7.2 and the elements of the formulae therein (from which any such payment shall be derived) represent a genuine pre-estimate of the losses which the Buyer will incur in respect of Shortfall Gas.

8. PRICE AND PAYMENT

8.1 The price to be paid by the Buyer to the Seller for Natural Gas delivered in the Supply Period shall be the Contract Price.

8.2 On or before the tenth (10th) Day following the end of each Month which is wholly or partly in the Supply Period the Seller shall send to the Buyer in respect of each Transaction for which sums are owing an invoice showing:

8.2.1

- (a) in aggregate the sums due to, or owed by, the Seller (as the case may be):
 - (i) in respect of deliveries made in the previous Month pursuant to a Transaction; and
 - (ii) in respect of any Transactions entered into during the previous Month where the Natural Gas which is the subject of any such Transaction was delivered in a Month prior to such previous Month; and
- (b) any other sums (not covered by Clause 8.2.1(a)) owing in respect of such Transactions generally; and

8.2.2 a schedule setting out as a minimum the following information (in respect of deliveries made during the previous Month and any other periods for which the Seller is invoicing, as set out in the relevant invoice):

- (a) the Transaction reference number as per the Transaction Agreement;
- (b) the Delivery Point;

- (c) the total quantity of Natural Gas delivered on each Day in respect of that Transaction (and specifying each such Day) excluding any Excess Gas;
- (d) the Contract Price for that Transaction;
- (e) the total value of the Transaction being the product of multiplying the quantity of Natural Gas in (c) above with the Contract Price in (d) above;
- (f) the quantity of Shortfall Gas in respect of that Transaction and the amount (calculated on the basis set out in Clause 7.2) for which payment is due from the Seller pursuant to Clause 7.2 in respect of such Shortfall Gas; and
- (g) any other sum or sums owed by the Buyer to the Seller (or vice versa) pursuant to the terms of the Transaction including, if applicable, VAT and any other taxes (if applicable).

8.3 Each invoice issued hereunder shall be based upon, if available by the date of invoice, the amount of Natural Gas finally validated pursuant to, and in accordance with, the relevant Claims Validation Agency Agreement as having been delivered by the Seller to the Buyer pursuant to that Transaction (or as allocated as delivered by National Grid if the Delivery Point is not subject to a Claims Validation Agency Agreement) PROVIDED THAT where the information detailed in this Clause 8.3 is not available by the date of the invoice and subsequently becomes available then an adjustment (if necessary) shall as soon as reasonably practicable be applied to the payments made pursuant to Clause 8.2 by the Parties to ensure that those payments reflect the payments that would have been made pursuant to this Clause 8.3 had that information been available by the date of the invoice.

8.4 The Buyer or the Seller (as the case may be) shall make any payment due in respect of a Transaction (without deduction or, save as permitted by the provisions of Clause 8.13, withholding or set-off in respect of any part thereof) in pounds sterling by direct bank transfer or equivalent instant transfer of funds for value on or before the later of the twentieth (20th) Day of the Month in which the relevant invoice is received or ten (10) Days after the receipt of the invoice in question (the “**Due Date**”) to the bank account specified in the invoice.

8.5 Should the Due Date not be a Payment Banking Day then the Due Date shall be the immediately following Payment Banking Day.

8.6 Should the Buyer or the Seller (as the case may be) fail to make payment of any sum validly due and demanded hereunder, other than in respect of such amounts as may be the subject of a *bona fide* dispute, then interest thereon shall accrue at a rate equal to LIBOR plus three (3) percentage points (compounded annually) from the date when such payment is due until the same is made.

8.7 Without prejudice to the provisions of Clause 15 or to any other remedy under either these Terms and Conditions or any Transaction, should the Buyer fail to pay all or any amount due for payment and demanded hereunder, then (other than for

such amounts as may be the subject of a *bona fide* dispute) the Seller shall have the right to suspend deliveries of Natural Gas relating to the Transaction in question and, at its option, all Other Transactions until payment is made in full (together with any interest accrued due).

- 8.8 All sums expressed to be payable under a Transaction are and shall be exclusive of VAT, any withholding taxes, any other taxes based upon or determined by reference to income or any applicable tax or charge imposed by reference to energy value and/or carbon content.
- 8.9 In the event of manifest error or fraud on the face of any invoice rendered to the Buyer by the Seller, the Buyer shall only be obliged to pay the amount correctly or validly invoiced, and the Due Date for any amount which is the subject of a manifest error shall be ten (10) Days from the date that the Buyer receives from the Seller a corrected invoice.
- 8.10 The Seller shall pay or cause to be paid all royalties, taxes, tariffs and other sums arising in respect of the production, gathering, transportation, processing and handling of Natural Gas prior to or upon delivery to the Buyer at the Delivery Point and shall indemnify and hold harmless the Buyer against any such royalties, taxes, tariffs and other sums.
- 8.11 The Buyer shall pay or cause to be paid all royalties, taxes, tariffs and other sums arising in respect of the transportation, handling and use of Natural Gas after delivery to the Buyer at the Delivery Point and shall indemnify and hold harmless the Seller against any such royalties, taxes, tariffs and other sums.
- 8.12 If in accordance with applicable law, any supplies of Natural Gas under a Transaction are subject to a VAT reverse charge, then the Parties shall do all proper acts and things that are necessary to ensure that the VAT is accounted for to the applicable taxing authority by the Party legally obliged to do so.
- 8.13
- 8.13.1 A Party shall be entitled to set off against any undisputed amounts which it is due to pay to the other Party on a Day in respect of the Transaction and all or any Other Transactions with such Party, any undisputed amounts that it is due to receive from such Party on the same Day.
- 8.13.2 If a Party *bona fide* disputes any sum shown in any invoice (or accompanying schedule) hereunder as being payable by such Party, it shall (without prejudice to any set off of any undisputed amount pursuant to Clause 8.13.1) be entitled to withhold any such disputed amount, but shall make payment of any undisputed amount on or before the due date for payment and shall give notice to the other Party of the amount in dispute and the reasons therefor. The Parties shall seek to settle the disputed amount as soon as reasonably practicable.

9. FORCE MAJEURE

9.1 Subject to Clause 9.3:

9.1.1 no Party shall be liable to the other for any partial or total failure to fulfil any obligation in respect of a Transaction to the extent that it is hindered, prevented or delayed in performing such obligation by Force Majeure (and for the purposes of this Clause 9 the words “**inability**” and “**unable**” shall be construed to mean hindered, prevented or delayed);

9.1.2 “**Force Majeure**” means any event or circumstance or combination of events or circumstances beyond the reasonable control of the Party affected acting and having acted as a Reasonable and Prudent Operator which results in or causes the failure (including by delay) or inability by such Party to perform any of its obligations under a Transaction, which failure or inability could not have been overcome by the exercise by it of the standard of a Reasonable and Prudent Operator;

9.1.3 without prejudice to the generality of (and subject to) Clause 9.1.2, the events or circumstances potentially capable of constituting Force Majeure hereunder shall include:

- (a) in the case of the Seller, the loss, physical inoperability or failure of the Seller's Facilities but only to the extent that such loss, physical inoperability or failure has been caused by an event or circumstance beyond the reasonable control of the operator of the Seller's Facilities acting and having acted as a Reasonable and Prudent Operator which has resulted in the Seller being unable to satisfy its obligations to supply Natural Gas to any Person; and
- (b) in the case of the Buyer, the loss, physical inoperability or failure of the National Transmission System and any inability of the National Transmission System to receive at the Delivery Point or transport Natural Gas from the Delivery Point; and

9.1.4 the following events or circumstances shall not, under any circumstances, constitute Force Majeure:

- (a) failure by the Buyer to take Natural Gas tendered for delivery by the Seller to the extent that such failure is attributable to the inability of the Buyer, and/or any Affiliate of the Buyer, to make a profit or achieve a satisfactory rate of return from the sale or consumption of Natural Gas and/or to make a profit or achieve a satisfactory rate of return from the generation or sale of electricity;
- (b) failure by the Seller to tender for delivery Natural Gas to the Buyer to the extent that such failure is attributable to the Seller's inability to make a profit or achieve a satisfactory rate of return from the sale of Natural Gas; and

- (c) failure by the Seller to tender for delivery Natural Gas to the Buyer as a result of the inability or geophysical failure of any reservoir to produce Natural Gas or the failure of performance, depletion or exhaustion of any reservoir.
- 9.2 Any Party claiming relief by reason of Force Majeure shall use all reasonable endeavours to overcome and minimise the effects of any such Force Majeure.
- 9.3 Notwithstanding Clause 9.1, any failure to pay money due shall not be treated as Force Majeure unless the failure to pay was caused by Force Majeure affecting all reasonable methods of payment, in which event (upon cessation of the relevant Force Majeure event or circumstance) the Party affected shall pay in addition interest on such sums calculated at LIBOR plus one half (0.5) of a percentage point (compounded annually) from the due date until the date of payment.
- 9.4 A Party intending to seek relief under this Clause 9 shall not be entitled to such relief unless such Party shall:
 - 9.4.1 as soon as practicable but in any event within ten (10) Days of the Day upon which the Party first knew or ought reasonably to have known of the inability to fulfil an obligation for which relief is sought hereunder notify the other Party hereof of its intention to claim Force Majeure relief under this Clause 9; and
 - 9.4.2 as soon as reasonably practicable but, in any event, within forty-five (45) Days of the Day upon which the Party first knew or ought reasonably to have known of the inability to fulfil an obligation for which relief is sought hereunder provide the other Party with a further report containing such further information (if any) as it shall have been reasonably practicable to have obtained within such period (including information obtained in response to the other Party's reasonable request).
- 9.5 Relief under this Clause shall cease to be available to a Party in respect of an event or circumstance of Force Majeure if such Party fails to take as soon as reasonably practicable all necessary steps as may be reasonably practicable and which may be taken at a reasonable cost to remedy the inability and resume full and proper performance hereunder except that such Party shall not be obliged to settle any labour dispute except in such manner as it shall in its own judgement consider fit.
- 9.6 Where, in relation to a Transaction, the Buyer is unable to take delivery of Natural Gas in whole or part hereunder from the Delivery Point due to Force Majeure, the Buyer shall (as far as reasonably practicable) apportion in a fair and equitable manner its offtake of Natural Gas between the Seller and all its other suppliers of Natural Gas affected by the same event or circumstance of Force Majeure excluding (for the avoidance of doubt) existing contracts where the Buyer is obliged to accept nominations from or on behalf of, and made by, suppliers thereunder from dedicated sources of supply or similarly structured contracts.
- 9.7 Where, in relation to a Transaction, the Seller is unable to make available for delivery at the Delivery Point Natural Gas in whole or part hereunder due to Force Majeure, the Seller shall (as far as reasonably practicable) apportion in a fair and

equitable manner its deliveries of Natural Gas between the Buyer and all other Persons with a contract with the Seller for the supply of Natural Gas (at such Delivery Point) affected by the same event or circumstance of Force Majeure excluding (for the avoidance of doubt) existing contracts where the Seller acts as a seller delivering Natural Gas from dedicated sources of supply or similarly structured contracts.

10. LIMITATIONS AND EXCLUSIONS OF LIABILITY

10.1

10.1.1 Subject to the provisions of Clause 6.4 as they apply to each Party (including the limits of liability set out therein) and without prejudice to Clause 7.2, a Party (and its respective contractors, sub-contractors, Affiliates, agents, employees or representatives) shall not owe or incur any liability to the other Party (whether in contract or in tort, including negligence, and irrespective of negligence and/or breach of duty, statutory or otherwise) for:

- (a) loss of profit or revenue, loss of use, loss of contract or other business opportunity, loss of goodwill, loss or failure of or delay in production or increased cost of working; or
- (b) any indirect or consequential losses or consequential damages, sustained as a result of any act or omission by the Party in question (or by such Party's contractors, sub-contractors, Affiliates, agents, employees or representatives) under or pursuant to these Terms and Conditions.

10.1.2

- (a) The provisions of Clause 10.1.1 (but no other provisions of these Terms and Conditions) confer a benefit of the exclusion of certain liabilities on the Third Parties specifically referred to in that Clause 10.1 and, subject to Clause 10.1.2(b), are intended to be enforceable by any such Third Party.
- (b) Notwithstanding Clause 10.1.2(a), these Terms and Conditions (and any Transaction) may be rescinded or varied in any way and at any time by the Parties thereto without notice to or the consent of any Third Party.

10.1.3 In relation to the subject matter of these Terms and Conditions, neither Party shall owe or incur any liability to the other Party (whether in contract or in tort, including negligence), except in respect of breach of any obligation, warranty or covenant contained herein and (in any event) subject to any limitations expressly provided for herein.

10.2 In relation to any Transaction, the provisions of this Clause 10 shall survive the termination of such Transaction.

10.3 Save as provided in Clause 11, neither the Seller nor the Buyer makes any representations or gives any warranties (whether written or oral, express or implied, by statute or otherwise) and the Seller and the Buyer each respectively acknowledges that it does not enter into any Transaction in reliance on any representation or warranty save as aforesaid PROVIDED THAT nothing in this Clause 10.3 shall limit or exclude any liability for fraud.

11. REPRESENTATIONS AND WARRANTIES

11.1 The Seller represents and warrants to the Buyer that:

11.1.1 it has good title to all Natural Gas tendered for delivery under each Transaction; and

11.1.2 all such Natural Gas will at the time of its delivery to the Buyer be free from all liens, charges, encumbrances and adverse claims of every description.

11.2 Each of the Seller and the Buyer represents and warrants to the other that:

11.2.1 it (being the warrantor) has obtained, or will before the commencement of any Transaction procure, and will use all reasonable endeavours to renew, preserve, comply with and maintain (as applicable) at all times during each Supply Period and the period during which these Terms and Conditions are in force all licences, authorisations, permits, consents and approvals (or exemptions) necessary to enable it to fulfil its obligations in respect of any Transaction;

11.2.2 it (being the warrantor) is and will be throughout the subsistence of these Terms and Conditions and each Transaction a party to the Claims Validation Services Agreement and/or the Agreement for the Provision of Claims Validation Information if required at the Delivery Point; and

11.2.3 it (being the warrantor) has the legal right, capacity and power to enter into, perform and comply with all its obligations in respect of any Transaction and that its entry into, performance of and compliance with such obligations does not violate any law to which it is subject or its constitution.

11.3 The representations and warranties given in this Clause 11 shall be continuing and shall be deemed repeated upon the entry into each Transaction.

12. CONFIDENTIALITY

12.1 The terms of any Transaction (including any corresponding Transaction Agreement) and any data or information acquired, received or derived by either Party from the other, under or pursuant to these Terms and Conditions ("**Confidential Information**") shall be held strictly confidential during the term of the relevant Transaction and for a period of three (3) years thereafter and shall not be divulged in any way by either Party.

12.2 Notwithstanding the provisions of Clause 12.1, any Party may disclose Confidential Information:

- 12.2.1 for the purpose of procuring the transportation of Natural Gas to be delivered with respect to any Transaction;
- 12.2.2 to the relevant Claims Validation Agent to the extent required for the purposes of the relevant Claims Validation Services Agreement;
- 12.2.3 to any Affiliate of the disclosing Party PROVIDED THAT (a) such Affiliate does not compete with the other Party in the market in which the sale of Natural Gas hereunder is conducted and (b) they in turn are required by that Party to treat the information disclosed as confidential in accordance with this Clause 12;
- 12.2.4 to Persons professionally engaged by, and agents of, the disclosing Party PROVIDED THAT such Persons undertake in writing to the disclosing Party to treat the Confidential Information as strictly confidential in accordance with this Clause 12;
- 12.2.5 to any lending or other financial institution in connection with the financing of the disclosing Party's operations PROVIDED THAT such Persons undertake in writing to the disclosing Party to treat the Confidential Information as strictly confidential in accordance with this Clause 12;
- 12.2.6 to any *bona fide* permitted intending assignee or actual assignee of the whole of the rights interests and/or obligations of the disclosing Party under these Terms and Conditions PROVIDED THAT such Persons undertake in writing to the disclosing Party to treat the Confidential Information as strictly confidential in accordance with this Clause 12;
- 12.2.7 to the extent such disclosure is required by law or in connection with any judicial, arbitral or administrative proceedings;
- 12.2.8 to any Government Department or any governmental or regulatory agency (including to any recognised stock or trading exchange or OFGEM) having jurisdiction over such Party or any of its Affiliates to the extent validly required by law by such departments and/or agencies;
- 12.2.9 to the extent that such Confidential Information is in or lawfully comes into the public domain other than by breach of this Clause 12;
- 12.2.10 to price reporting agencies and/or to any broker engaged to perform a Transaction in respect only of Contract Price, Contract Quantity, Delivery Point and Supply Period.

13. NOTICES

- 13.1 Any notice or notification to be given pursuant to these Terms and Conditions and/or under or in connection with a Transaction shall be in writing and shall be delivered by hand or courier, or sent by first class post or facsimile, to the Party due to receive such notice or notification at that Party's registered office or such other

or facsimile number (as appropriate) as either Party may notify to the other from time to time.

13.2 If in legible form (but not otherwise) and in the absence of evidence of earlier receipt, any notice or notification served in accordance with Clause 13.1 shall be deemed to have been received:

13.2.1 if delivered:

- (a) when delivered, if delivered during the hours of 08.00 to 18.00 on a Banking Day; or
- (b) at 10.00 hours on the next occurring Banking Day after the day of delivery, if delivered during the hours of 18.00 to 24.00 on a Banking Day or at any time on any non-Banking Day; or
- (c) at 10.00 hours on a Banking Day, if delivered during the hours of 00.00 to 08.00 on such Banking Day,

and “**delivered**”, for this purpose, means delivered personally with the requirement that a receipt is obtained;

13.2.2 if sent by facsimile, on receipt by the sending party of confirmation of successful transmission to the recipient party's facsimile receiving equipment;

13.2.3 if posted, on the second (2nd) Banking Day following the day of sending, if sent by first class post or, if sent from another country, on the fifth (5th) Banking Day following the day of sending.

13.3 Without prejudice to Clause 13.2, where a notice or notification is sent by facsimile but it is not legible upon receipt, the recipient party shall use all reasonable endeavours to notify the sending Party of that fact without delay.

13.4 Invoices may be transmitted in accordance with Clauses 13.1 to 13.3 or by email, and if transmitted by email shall be deemed to have been received on the day of transmission if transmitted before 17.00 hours (recipient's time) on a Payment Banking Day or otherwise at 09.00 hours (recipient's time) on the first Payment Banking Day after the transmission.

14. MISCELLANEOUS

14.1 These Terms and Conditions shall be binding and take effect for the benefit of the Parties and their respective successors in title and permitted assigns.

14.2 A Party may only assign any of its rights and obligations in respect of a Transaction to a Third Party with the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed PROVIDED THAT any such assignee has first covenanted with the other Party in such form as that other Party may reasonably require to perform and observe such obligations, upon which that other Party shall discharge the assignor from any further obligations hereunder.

- 14.3 These Terms and Conditions may not be varied, modified or amended except by an agreement in writing signed by duly authorised representatives of the Parties. No waiver, failure or delay by a Party to insist on the strict performance of these Terms and Conditions or to act in respect of the default or defaults of the other Party and no acceptance of payment or performance during the continuance of any such default(s) shall preclude any right, relief or remedy under or in connection with these Terms and Conditions available to the non-defaulting Party nor may the same be relied on by the defaulting Party as a consent to (or waiver of) that default or those defaults or its or their repetition, whether of a like or different nature.
- 14.4 These Terms and Conditions shall not be interpreted or construed as creating any association, joint venture or partnership between the Parties or imposing any partnership obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or to act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.
- 14.5 Subject only to the benefit of the exclusion of certain liabilities set out in Clause 10.1.1 (insofar as such exclusion relates to a Party's contractors, sub-contractors, Affiliates, agents, employees or representatives) and to the rights which may accrue to any successor or permitted assign of either Party, no provision of these Terms and Conditions or any Transaction shall be construed as creating any rights enforceable by a Third Party, and all Third Party rights implied by law are, to the extent permissible by law, excluded from these Terms and Conditions and the terms of any Transaction.

15. TERMINATION

- 15.1 Without prejudice to any other right or remedy, a Party shall be entitled to terminate the Transaction in question and all (but not some only) Other Transactions forthwith on written notice to the other Party in the event that any of the following has occurred and is continuing at the time of the notice:
- 15.1.1 the other Party commits any material breach of a Transaction other than a breach in respect of any payment obligation (and, in the case of a breach capable of remedy, where such other Party fails to remedy the same within five (5) Banking Days after receipt of a notice from the Party affected by the breach, giving particulars of the breach and requiring it to be remedied);
- 15.1.2 the other Party fails to pay an amount when due in respect of a Transaction and fails to remedy the same within two (2) Banking Days after receipt of a notice from the Party affected by the breach, giving particulars of the breach and requiring it to be remedied;
- 15.1.3 the other Party becomes insolvent, ceases to trade, or has an administrator, receiver, administrative receiver, or liquidator (or the equivalent) appointed over any or all of its assets, or makes a voluntary arrangement with its creditors, or has proceedings commenced against it for its dissolution or winding up (other than a voluntary winding up for the purposes of solvent amalgamation or reconstruction) and such proceedings are not withdrawn

or dismissed within fifteen (15) days of their issue, or any action is taken against such other Party outside the United Kingdom (or it becomes subject to any order, proceeding or process) analogous to any of the foregoing under the laws of any such jurisdiction;

- 15.1.4 the other Party is in breach of any representations and warranties under Clause 11; or
- 15.1.5 the other Party fails to provide or maintain any security for performance of its financial obligations as may be agreed from time to time in respect of the Transaction provided such other Party fails to remedy the failure within three (3) Banking Days after receipt of a notice from the other Party requiring it to be remedied; or
- 15.1.6 in the event of a material adverse change in the financial standing of the other Party when compared to such Party's financial standing as at the date of the Transaction which change adversely affects its ability to perform its financial obligations in respect of the Transaction, and such Party fails to provide reasonable security for the performance of its financial obligations in respect of the Transaction within three (3) Banking Days of the other Party's request therefor.
- 15.2 The termination of a Transaction shall not affect any rights or obligations which may have accrued to either Party prior to such termination in respect of that Transaction and any sums that have accrued but which are not yet due shall be deemed to be due on the date of termination.
- 15.3 Upon termination of the Transaction and all outstanding Other Transactions, the non-defaulting Party shall as soon as reasonably practicable calculate for the Transaction and every Other Transaction an amount, which may be positive or negative (each a "**Termination Amount**"). Each Termination Amount shall be an amount equal to the non-defaulting Party's Loss in respect of the terminated Transaction or Other Transaction plus (without duplication) the non-defaulting Party's reasonable out of pocket expenses incurred in terminating the Transaction or Other Transaction and any broker fees, commission and other third party costs and expenses reasonably incurred by it in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements to replace the terminated Transaction or Other Transaction.
- 15.4 Following termination of the Transaction and all Other Transactions in accordance with Clause 15.1, a Termination Amount in respect of the Transaction and each Other Transaction, together with all other amounts (if any) due and payable at the termination date between the Parties in respect of the Transaction and all Other Transactions, shall be netted to produce a single net amount which is to be paid by the Party owing such net amount to the other and the Party owing such net amount shall pay such net amount within five (5) Banking Days of notification by the non-defaulting Party (the "**Due Date**"). If the aggregate net total of the Termination Amounts is a negative figure, it shall be paid by the non-defaulting Party and if it is a positive figure it shall be paid by the defaulting Party. Interest on any such payments shall accrue at a rate equal to LIBOR plus three (3) percent compounded annually from the date when payment was due until and including the date that payment is made.

16. GOVERNING LAW AND JURISDICTION

These Terms and Conditions and each Transaction shall be governed by and construed in accordance with English law. Any disputes or claims arising out of or in respect of the Transaction (whether such disputes are contractual or non-contractual in nature, such as claims in tort, for breach of statute or regulation or otherwise) shall be governed by and construed in all respects by the laws of England. The Parties hereby irrevocably submit to the exclusive jurisdiction of the English Courts in respect thereof.

TRANSACTION AGREEMENT

The **SELLER** and the **BUYER** named below hereby agree that this Transaction Agreement contains details of an agreement to undertake a Transaction in accordance with the document entitled "Standard Terms and Conditions for the sale and purchase of Natural Gas for U.K. short term deliveries at the Beach Sub Terminals using a 0500 hours to 0500 hours Gas Day (Beach 2015 (5:5))", the terms of which are hereby incorporated by reference and confirmed to apply to the Transaction detailed below:

SELLER:

BUYER:

SUPPLY PERIOD:

DAILY QUANTITY:

CONTRACT QUANTITY: (Daily Quantity x No. Days).....

CONTRACT PRICE:

DELIVERY POINT (System Entry Point):.....

TRANSACTION REFERENCE NUMBER:.....

SPECIAL CONDITIONS (if any):

Date and time of Transaction:.....

Signed

Signed

.....
*Duly Authorised Representative of
the Seller*

.....
*Duly Authorised Representative of
the Buyer*