

Summary of Connection Offer Documentation

Set out below are the three types of application a Customer may make to NGG in relation to the proposed design and construction of a connection facility and the standard documents which will apply to each type of application:

- a) Application for a Pre-Connection Study - STCs and Appendix 1
- b) Initial Connection Offer Application – STCs and Appendix 2
- c) Full Connection Offer Application – STCs and Appendix 3

Where NGG identifies, as part of the Full Connection Offer Application process, that reinforcement is required in relation to the connection, NGG will offer the Customer a Planning and Consent Agreement (“PCA”) (on the basis of the STCs and Appendix 4).

A summary of the provisions which will appear in the standard documents are as follows:

1 MAIN BODY – STANDARD TERMS AND CONDITIONS (STCS)

1.1 The STCs will set out the boilerplate clauses which shall have general application to all works to be carried out pursuant to any application made by the Customer.

1.1.1 Payment

- (a) All payments are to be made in full without set-off, counterclaim or reduction except where required by law.
- (b) Any amounts which are due shall bear interest from the due date until the date payment is made at 3% per annum above Barclays Bank Plc base rate.
- (c) All payments are subject to VAT where applicable.
- (d) All estimates/costs shall be subject to a reconciliation process.

1.1.2 Force Majeure

- (a) Either Party shall be excused from liability for non performance as a result of a Force Majeure Event.
- (b) A Party relieved from liability shall use reasonable endeavours to overcome or circumvent the Force Majeure Event.

1.1.3 Termination

- (a) Either Party may terminate in the event of:
 - (i) the insolvency of the other Party;
 - (ii) a Force Majeure event preventing either party from performing any of its obligations for over 9 months;
 - (iii) a material breach which is not remedied within 28 days.
- (b) The Customer may terminate on [•] days notice in writing to NGG.

- (c) NGG may terminate on written notice to the Customer if the Customer fails to pay any amount due by the due date within 7 days of the Customer receiving a notice demanding payment from NGG
- (d) Upon termination NGG shall be entitled to receive:
 - (i) all amounts due at the time of termination;
 - (ii) any costs and expenses reasonably incurred by NGG, or for which NGG is liable and is unable to recover; and
 - (iii) any costs incurred or expended in the restoration and/or reinstatement of land, buildings, plant or equipment which in the opinion of NGG is necessary as a result of termination.
- (e) Following termination all ownership in partly completed works, plant and materials will vest in NGG.
- (f) Any termination shall be without prejudice to any rights or obligations of the Parties that accrued prior to the effective date of termination.

1.1.4 Notices

- (a) Notices to be in writing and shall be deemed to have been delivered if left or delivered by hand or sent by registered post or fax at the address set out in a Competent Connection Application.

1.1.5 Confidentiality

- (a) Each Party to keep confidential all Confidential Information belonging to the other party and its Affiliates.
- (b) Confidential Information may only be disclosed:
 - (i) with the consent of the other Party;
 - (ii) for the purposes of the STCs and its Appendices;
 - (iii) to the Party's Affiliates, legal counsel or professional consultants provided its for the purposes of their appointment and they agree to maintain the confidentiality of the Confidential Information

1.1.6 Intellectual Property

- (a) All IP created or supplied by NGG shall be owned by NGG and any originals and copies supplied to the Customer shall be delivered to NGG on completion of the works to which they relate so that the Customer does not retain any IP of NGG.
- (b) All IP created or supplied by the Customer shall be owned by the Customer and, save for any documents required by NGG for the purpose of operating and maintaining of the National Grid System, any originals and copies supplied to NGG shall be delivered to NGG on completion of the works to which they relate so that NGG does not retain any IP of the Customer.

- (c) NGG shall have a royalty free, non-exclusive licence (with power to sub-licence) in respect of any IP of the Customer which forms part of any invention or development made by NGG under or in connection with the STCs.

1.1.7 Publicity

- (a) Consent of both Parties is required before issuing any publicity regarding the STCs and Appendices or any associated works.

1.1.8 Warranty

- (a) NGG warrants that all works to be performed by NGG under shall be undertaken with reasonable skill and care and in accordance with good industry practice.
- (b) All terms and conditions whether express or implied relating to quality or fitness for purpose of the works are excluded to the fullest extent permitted by law.

1.1.9 Disputes

- (a) Any dispute between the Parties under or in connection with the STCs and Appendices shall be governed by the laws of England and Wales.
- (b) The Parties submit to the exclusive jurisdiction of the courts of England and Wales.

1.1.10 Assignment

- (a) Neither Party shall assign or transfer its rights or obligations without the prior written consent of the other party (such consent not to be unreasonably withheld)

1.1.11 Sub-Contracting

- (a) NGG shall be entitled to sub-contract any of its obligations (in whole or part) without the prior consent of the Customer. Any such sub-contracting shall not relieve NGG from any liability it may have in connection with the STCs and Appendices.

- 1.1.12 The STCs will also include the following standard boilerplate clauses: Governing Law, Entire Agreement, Severability, Third Party Rights, Survival, Waiver and Amendments.

2 APPENDIX 1 – PRE-CONNECTION STUDY

2.1 The terms of Appendix 3 Part A shall apply except that:

2.1.1 the Start Date shall be [the date of receipt by NGG of the Customer's Application for a Pre-Connection Study (duly completed) and payment of the relevant fee]; and

2.1.2 the Scope of Works shall be as follows:

(i) [TBA]

3 APPENDIX 2 – INITIAL CONNECTION OFFER APPLICATION

3.1 The terms of Appendix 3 Part A shall apply except that:

3.1.1 the Start Date shall be [the date of receipt by NGG of the Customer's application for an Initial Connection Offer (duly completed) and payment of the relevant fee]; and

3.1.2 the Scope of Works shall be as follows:

(a) [TBA]

4 APPENDIX 3 – FULL CONNECTION OFFER APPLICATION

- As part of the Works to be carried out under Appendix 3, NGG shall speak to Ofgem about the revenue driver (subject to the Customer having obtained planning consent).
- A process shall be included in Appendix 3 to deal with modification requests made by the Customer in relation to its application and/or the works.

4.1 PART A - Feasibility Study Agreement (FSA)

4.1.1 Start Date

(a) Where the Customer makes an application in relation to a Non-Greenfield connection or a Greenfield Connection over 50MW, the Start Date of the FSA shall be either:

(i) the FSA Completion Date of the Initial Connection Offer desktop Feasibility Study where the Customer has made an application for an Initial Connection Offer; or

(ii) the date of receipt by NGG of a Competent Connection Application from the Customer for a Full Connection Offer [where the Customer has not also made an Initial Connection Offer Application].

(b) A FSA will not be required for Greenfield connection of 50MW or under.

4.1.2 Scope of Works

(a) [a standard Scope of Works TBA]

4.1.3 Obligations of NGG

(a) to undertake the Feasibility Study with reasonable skill and care and in accordance with good industry practice; and

(b) to provide the Customer with a copy of the Feasibility Study Report within 7 days of the FSA Completion Date.

4.1.4 The Customer's Obligations

- (a) to provide all information reasonably requested by NGG for the proper completion of the Feasibility Study which is accurate and can be relied upon by NGG.

4.1.5 Liability

- (a) NGG shall not be liable for any loss or damage incurred by the Customer resulting from the preparation and completion of the Feasibility Study or any consequential or indirect loss howsoever caused.
- (b) NGG's liability under the FSA (including negligence) is capped at two times the total amount of consideration payable by the Customer for the Feasibility Study.

4.2 PART B – Conceptual Design Study Agreement (CDS Agreement)

4.2.1 The Start Date

- (a) Where the Full Connection Offer Application relates to a Non-Greenfield connection or a Greenfield connection over 50MW the CDS Agreement Start Date shall be the date of receipt by NGG of written notification from the Customer that it wishes NGG to commence the CDS Works (provided that NGG receives such notification within 3 calendar months of the delivery of the Feasibility Study Report). If NGG does not receive notification within this time period the Customer shall be deemed to have elected to terminate the agreement and NGG shall carry out no further works in relation to the Competent Connection Application for a Full Connection Offer.
- (b) In all other cases, the Start Date shall be the date of receipt by NGG of a Competent Connection Application for a Full Connection Offer from the Customer.

4.2.2 Scope of Works

- (a) The CDS Scope of Works shall be as detailed in the Feasibility Study Report, or in the absence of a Feasibility Study Report (due to the Customer's application relating to a Greenfield connection of 50MW or under), the [Offer Letter].

4.2.3 The Customer's Obligations

- (a) In respect of the CDS Works to be carried out by NGG under the CDS Agreement the Customer agrees:
 - (i) to make all payments due;
 - (ii) to provide all information reasonably requested by NGG for the proper completion of the CDS Works which is accurate and can be relied upon by NGG;

- (iii) to acknowledge that the CDS Completion Date, the CDS Estimate and the scope of the CDS Works set out in the Feasibility Study Report or [Offer Letter] is specified on the basis of information provided by the Customer to NGG at the Information Cut-off Date; and
- (iv) not to interfere with or restrict the carrying out of the CDS Works.

4.2.4 NGG's Obligations

- (a) NGG agrees, acting as an RPO to:
 - (i) carry out the CDS Works under the CDS Agreement;
 - (ii) comply with its obligations under the CDS Agreement; and
 - (iii) comply with all relevant legislation.
- (b) NGG is not obliged to confer any right or entitlement on the Customer to offtake, input or transport gas through the National Grid System.

4.2.5 Completion Dates

- (a) NGG to achieve completion of the CDS Works by the CDS Completion Date. If NGG fail to do so NGG shall be liable for 3.3333% of the CDS Works Overhead Charge per day of delay provided such liability does not exceed the CDS Works Overhead Charge.
- (b) The Customer shall be deemed to have received the CDS Report on the date on which completion of the CDS Works is achieved.

4.2.6 Extensions of Time

- (a) CDS Completion Date may be extended by a Compensation Event.

4.2.7 Payment

- (a) Where a Feasibility Study Report has been issued to the Customer and the Customer has notified NGG that it requires a CDS Report to be carried out in accordance with 4.2.1(a) the Customer shall pay to NGG the Conceptual Design Study Works Price on a cost pass through basis.
- (b) Payment shall be made by the Customer within 30 Working Days of receipt of invoice from NGG in relation to the percentage of the estimate for the Conceptual Design Study Works plus any relevant overhead charges.
- (c) Payment shall be made by the Customer within 10 Working Days of receipt of any other invoice issued under the CDS Agreement (i.e. payment due in respect of any Compensation Event).

4.2.8 Liability and Insurance

- (a) NGG shall not be liable for any loss or damage including any consequential loss sustained by the Customer arising from the CDS Works unless caused by the negligence of NGG.
- (b) NGG's maximum aggregate liability in relation to the CDS Works under the CDS Agreement will be capped at two times the CDS Works Price (notwithstanding breach or negligence of NGG).
- (c) NGG shall not be liable for the Customer's reliance on the CDS Works Report where the Customer requests that any Construction Works to be carried out under a Construction Agreement do not comprise all elements of the works detailed in the CDS Works Report.
- (d) Each Party shall put in place and maintain employer's liability insurance for a minimum of five million pounds per occurrence.

4.2.9 Termination

- (a) Notwithstanding the termination rights in the STCs, either Party may terminate the CDS Agreement by giving 2 days notice in writing to the other Party provided the effective date of termination pursuant to such notice shall be within [30] days of the date of receipt by the Customer of the CDS Report.
- (b) Where the CDS Agreement is terminated pursuant to (a) above, NGG shall be entitled to receive payment of all amounts due at the time of termination and any additional sum for which the Customer is liable as a result of the CDS Works Price being greater than the CDS Works Price Paid to Date.

4.2.10 Compensation Events

- (a) The CDS Agreement shall provide a mechanism for amendments to the CDS Completion Date and the CDS Works Estimate in the event of various Compensation Events.

4.2.11 Adjudication

- (a) Disputes under the CDS Agreement shall be referred to and settled by adjudication.
- (b) the costs of adjudication shall be shared by both parties equally unless the adjudicator determines otherwise.

4.3 PART C– Construction Agreement

4.3.1 The Start Date

- (a) The Start Date of the Construction Agreement shall be the date of receipt by NGG of written notification from the Customer that it wishes to enter into the Construction Agreement so long as NGG receives such notification within 3 calendar months of the issue date of the CDS Report. If NGG does not receive notification within this time period the Customer shall be deemed to have waived its option to enter into the CDS Agreement and a Full Connection Offer shall not be granted by NGG.

4.3.2 Scope of Works

- (a) The Construction Agreement Scope of Works shall be as detailed in the CDS Report.
- (b) The Construction Works shall be in 2 phases:
 - (i) the Detailed Design phase whereby NGG shall submit to the Customer within the timescales agreed in the Construction Agreement a Detailed Design Report; and
 - (ii) the build phase.
- (c) Before the Customer is able to proceed to the build phase of the Construction Works the Customer must notify NGG in writing within 3 month of the issue date of the Detailed Design Report of its request to proceed to the build phase. If the Customer does not notify NGG within this time period the Construction Agreement shall be terminated upon expiry of the time period.

4.3.3 The Customer's Obligations

- (a) In respect of the Construction Works to be carried out by NGG under the Construction Agreement the Customer agrees:
 - (i) to make all payments due;
 - (ii) to provide all information reasonably requested by NGG for the proper completion of the Construction Works which is accurate and can be relied upon by NGG;
 - (iii) to acknowledge that the Construction Works set out in the quotation provided by NGG is specified on the basis of information provided by the Customer to NGG at the Information Cut-off Date;
 - (iv) not to interfere with the or restrict the carrying out of the Construction Works;
 - (v) to comply with its obligations by the dates specified in the Construction Agreement;
 - (vi) to provide NGG and its sub-contractors with access and egress to the Customer's facilities at all times;
 - (vii) to comply with legislation;
 - (viii) not to commence any works in the vicinity of the National Grid System during NGG's Construction Works without the formal written consent of NGG;
 - (ix) not to do any act which would compromise the integrity, safety and security of the National Grid System or would jeopardise any proprietary rights and interests which NGG has.

4.3.4 NGG's Obligations

- (a) NGG agrees to:
 - (i) carry out the Construction Works under the Construction Agreement;
 - (ii) comply with its obligations under the Construction Agreement;
 - (iii) comply with all relevant legislation.
- (b) NGG is not obliged to confer any right or entitlement on the Customer to offtake, input or transport gas through the National Grid System.
- (c) NGG is not obliged to commence the Construction Works until the Construction Commencement Date and the Customer has complied with all of its obligations under the Construction Agreement arising prior to the Construction Commencement Date.

4.3.5 Completion Dates

- (a) NGG shall achieve Substantial Completion of the Construction Works by the date for Substantial Completion. If NGG fail to do so NGG shall be liable for 3.3333% of the Construction Works Overhead Charge per day of delay provided such liability does not exceed the Construction Works Overhead Charge.

4.3.6 Extensions of Time

- (a) The Date for Substantial Completion may be extended by:
 - (i) a Compensation Event; or
 - (ii) a time period equal to the period of time between the date that NGG issues the Detailed Design Report and the date that the Customer notifies NGG in writing to proceed to the build phase of the Construction Works pursuant to paragraph 4.3.2(c) above.

4.3.7 Payment

- (a) The Customer shall pay to NGG the Construction Works Price on a cost pass through basis.
- (b) The Construction Works Price Estimate shall be invoiced on a staged basis in accordance with NGG's credit policy.
- (c) Payment shall be made by the Customer within 30 Working Days of receipt of invoice from NGG in relation to the percentage of the estimate for the Construction Works plus any relevant overhead charges.
- (d) Payment shall be made by the Customer within 10 Working Days of receipt of any other invoice issued under the Construction Agreement (i.e. payment due in respect of any Compensation Event).

4.3.8 Liability and Insurance

- (a) NGG shall not be liable for any consequential loss sustained by the Customer arising from Construction Works howsoever caused (including in negligence).
- (b) NGG's maximum aggregate liability in relation to the Construction Works will be capped at one million pounds in relation to all losses howsoever caused by NGG (including breach and negligence of NGG).
- (c) Any liability of NGG to the owner of a Customer asset (who is not the Customer) shall be included in the cap on liability in relation to the Construction Works. The Customer shall hold harmless and indemnify NGG in relation to any liability which exceeds the cap.
- (d) NGG shall not be liable for the Customer's (or any third party's) reliance on any detailed design carried out by NGG where the Customer requests that the Construction Works be amended so as not to include elements of the works set out in the detailed design.
- (e) Each Party shall put in place and maintain employer's liability insurance for a minimum of five million pounds per occurrence.

4.3.9 Termination

- (a) The Customer shall have the right to terminate the Construction Agreement by issuing to NGG a termination notice in writing within 3 calendar months of receipt of the Detailed Design Report issued by NGG.

4.3.10 Compensation Events

- (a) The Construction Agreement shall provide a mechanism for amendments to the Date for Substantial Completion and the Construction Works Estimate in the event of various Compensation Events.

4.3.11 Adjudication

- (a) Disputes under the Construction Agreement shall be referred to and settled by adjudication.
- (b) The costs of adjudication shall be shared by both parties equally unless the adjudicator determines otherwise.

4.3.12 Ownership, Operation and Maintenance

- (a) NGG shall own outright the NGG Facilities. The Customer shall have no right or obligation to operate/maintain the NGG Facilities.
- (b) The Customer shall own outright the Customer Facilities. NGG shall have no right or obligation to operate/maintain the Customer Facilities.
- (c) If NGG becomes the operator of the Customer Facilities the Customer shall fully indemnify NGG in respect of its compliance with relevant legislation.

5 APPENDIX 4 – PCA

5.1 Start Date

5.1.1 The Start Date of the PCA shall be the date upon which the Customer agrees in writing to enter into the PCA with NGG.

5.2 Scope of Works

5.2.1 The PCA shall include a schedule setting out the scope of the P&C Works.

5.2.2 The P&C Works shall be split into the 4 stages as follows:

- (a) Stage 1a – the Technical Options Report;
- (b) Stage 1b - the Strategic Options Report;
- (c) Stage 2 – the Preferred Route Corridor Study Report; and
- (d) Stage 3 – the Environmental Impact Assessment.

Before the Customer is able to proceed to the next stage of the P&C Works the Customer must notify NGG in writing within [insert time period] of the issue date of the report produced in the previous stage of its request to proceed to the next stage.

5.3 NGG's Obligations

5.3.1 to use reasonable endeavours to complete each stage of the P&C Works by the completion date for that stage;

5.3.2 to update the Customer on the progress of the P&C Works;

5.3.3 to notify the Customer of NGG entering into a Parallel Agreement with a counterparty; and

5.3.4 to notify the Customer of the termination of a Parallel Agreement .

5.4 The Customer's Obligations

5.4.1 to provide and update all information reasonably requested by NGG for the proper completion of the P&C Works which is accurate and can be relied upon by NGG.

5.5 Payment

5.5.1 The PCA shall include a schedule setting out the pricing mechanism for calculating the P&C Works Price.

5.5.2 If NGG make an Entry Capacity Allocation and an Exit Capacity Allocation prior to the Stage [x] Completion Date the PCA will terminate and the Customer shall not be obliged to make payment of the P&C Works Price and NGG shall refund any P&C Works Price already paid.

- 5.5.3 If NGG does not make an Entry Capacity Allocation and an Exit Capacity Allocation prior to the Stage [x] Completion Date then NGG shall retain any P&C Works Price already paid and the P&C Works will continue and the Customer shall make payment of the P&C Works Price.
- 5.5.4 If NGG make an Entry Capacity Allocation and an Exit Capacity Allocation after the Stage [x] Completion Date then the PCA will terminate and so long as the Entry Capacity Allocation and an Exit Capacity Allocation are made during or within a period of time after completion of the P&C Works, NGG will:
- (a) refund to the Customer such part of the Previous P&C Works Price which NGG determines equates to that part of the Previous P&C Works which can be used by NGG at the time of the later of the Entry Capacity Allocation and the Exit Capacity Allocation in relation to the Proposed NGG Works based on the amount of Previous P&C Works Price paid and the amount of equivalent payment made under the Previous Parallel Agreements;
 - (b) refund to the Customer such part of the Stage [x] P&C Works Price paid by or on behalf of the Customer which NGG determines equates to that part of the Stage [x] P&C Works which can be used by NGG at the time of the later of the Entry Capacity Allocation and the Exit Capacity Allocation in relation to the Proposed NGG Works based on the amount of Stage [x] P&C Works Price paid and the amount of equivalent payment made under the Stage [x] Parallel Agreements.
- 5.6 No Further Rights/Obligations
- 5.6.1 NGG's agreement to carry out the P&C Works does not amount to any offer, warranty or commitment that it shall carry out the P&C Works.
- 5.7 Security
- 5.7.1 The Customer is obliged to provide security in the form of a Letter of Credit to NGG in respect of its obligations under the PCA.
- 5.8 Termination
- 5.8.1 Without prejudice to the rights of termination set out in the STCs the PCA shall terminate on the later of the Entry Capacity Allocation and the Exit Capacity Allocation.