

Project Nexus - Modification 0440

Amended and Restated Transporters Framework Agreement

Explanatory Note

1 Introduction

- 1.1 This note has been prepared to explain the proposal to amend and restate the Transporters Framework Agreement, and the proposed process for signing the amended and restated Agreement.
- 1.2 Modification 0440 creates the Independent Gas Transporter Arrangements Document (**IGTAD**), which sets out terms applying between the DN Operators (**DNOs**) and the Independent Gas Transporters (**IGTs**). In order to give the IGTAD contractual effect, it is necessary that all DNOs and all IGTs sign a Framework Agreement which binds each of them to the Uniform Network Code (**UNC**) (of which IGTAD is a constituent document).
- 1.3 National Grid Gas plc (**NGG**) has requested its external legal advisors Dentons UKMEA LLP (**Dentons**) to handle the process of finalising the text of the Framework Agreement and then arranging for it to be signed, as set out in this note.
- 1.4 If any party would like any further explanation of the proposals in this note, or has any objection to the proposals, they are asked to contact Dentons or NGG as soon as possible (see contact details below). Please also contact Dentons or NGG as soon as possible if the contact details (below) for any party are incorrect.

2 Proposed approach

- 2.1 There is an existing Framework Agreement (**Transporters Framework Agreement** or **TFA**), dated 1 May 2005, between **NGG** (as National Grid NTS) and the DNOs (collectively referred to as Transporters). This binds the parties to NGG's network code which incorporates the UNC. The existing TFA was put in place when the Offtake Arrangements Document (another part of the UNC) was created. It includes an accession mechanism under which NGG can admit a new DNO.
- 2.2 The proposed approach is that the existing TFA is amended and restated in order to add the IGTs as a new class of party. It will then operate to bind all the Transporters and the IGTs to the UNC (via NGG's individual network code). The accession mechanism will be amended to allow for the future admission of a new party either as DNO or IGT.
- 2.3 Although the amended and restated TFA will bind the parties to the whole of the UNC, it will in practice only make those parts of the UNC which are relevant to the IGTs binding on them. Those parts are the IGTAD, General Terms, Modification Rules and Transition Document (i.e. not the Transportation Principal Document, European Interconnection Document or Offtake Arrangements Document).
- 2.4 Attached to this explanatory note is a draft of the proposed Amended and Restated TFA (shown as a mark-up against the existing TFA). The draft includes as party each company that NGG has identified as an IGT.

3 Finalising the Amended and Restated TFA

- 3.1 In order to finalise a version of the Amended and Restated TFA for signature, two things are needed:
- (a) to finalise the text of the Amended and Restated TFA;
 - (b) to identify each IGT, and insert in the Amended and Restated TFA the details of each company, which intends to sign it.
- 3.2 The proposed process to finalise the text of the Amended and Restated TFA is as follows:
- (a) If any DNO or IGT has any comments on the attached draft, such comments should be sent to Dentons;
 - (b) Dentons will discuss any comments with the party who sent them. If there are substantial comments, NGG will arrange an all-party discussion to resolve them. Otherwise Dentons will prepare and circulate a final version for signature.
- 3.3 The suggested process to identify correctly the parties who will sign the Amended and Restated TFA is as follows:
- (a) Each IGT is requested:
 - (i) to confirm to Dentons that it intends to sign the Amended and Restated Framework Agreement;
 - (ii) to confirm or correct the details set out in Schedule 1 to the draft Amended and Restated TFA; i.e. name, registered number, place of incorporation, registered or principal office;
 - (b) Each DNO is requested to confirm that the details (i.e. name, registered number, place of incorporation, registered or principal office) set out in the Amended and Restated TFA are correct;
 - (c) If any DNO or IGT is aware of any other entity which is an IGT and is not named as a party in the draft Amended and Restated TFA, please provide the details of such missing IGT as soon as possible to Dentons.
- 3.4 Dentons will then update the Amended and Restated TFA with the details provided, and circulate the finalised version to each party by email for signature.

4 Signature process

- 4.1 It is proposed that there will be a single execution version of the Amended and Restated TFA which will include separate signature pages with each party's signature in the relevant signature block.
- 4.2 The Amended and Restated TFA will be dated once each party has signed it. The date of the Amended and Restated TFA may be earlier than the Nexus Implementation Date (1 October 2015), but the IGTAD is effective on a gas flow day basis from the Nexus Implementation Date.
- 4.3 The proposed process for signing and dating the Amended and Restated TFA is as follows:

- (a) as set out above, Dentons will circulate to each party the signature version of the Amended and Restated TFA, together with an authorisation to date the Agreement when Dentons receives the last signed version of the Agreement;
- (b) an authorised representative of each party should sign the relevant signature block, leaving the Agreement undated;
- (c) each party should return to Dentons, by courier, the signed but undated Amended and Restated TFA, together with the signed authorisation to date the Agreement;
- (d) Dentons will hold each signed Agreement to the order of the party signing it, until the last signed version is received, and will then compile the signature pages into one original Amended and Restated TFA, and date the Agreement;
- (e) Dentons will provide to each party a certified copy of the Agreement as signed, and will send the original Agreement to NGG for safe-keeping.

5 Timetable

5.1 The timetable for the above steps is as follows:

Step	Section in this note	Deadline
Any questions or objections to be raised with Dentons or NGG		As soon as possible
Parties to send any comments on the draft Amended and Restated TFA		[2nd week after circulation]
IGTs to confirm intention to sign All parties to provide or confirm party details		[4th week]
Dentons to circulate final version for signature		[6th week]
Each Party to sign and return signed Amended and Restated TFA together with authorisation to date		8th weeks
Dentons to date Agreement (assuming all signed versions received) and provide certified copy to each party.		9th weeks

6 Contact details

6.1 Contact details for Dentons are as follows:

Dentons UKMEA LLP, One Fleet Place, London, EC4M 7WS

Contact:

Charles Wood (Partner), 020 7246 7663, charles.wood@dentons.com

or

David Tennant (Partner), 020 7246 7660 david.tennant@dentons.com

Please copy emails to:

Andrew Meaden (Associate) andrew.meaden@dentons.com

6.2 Contact details for NGG (for any questions or objections to the proposals in this note):

Chris Warner: [/].

6.3 The contact details used for correspondence with DNOs and IGTs are in the table below.
Please provide any corrections as soon as possible:

[table]