

**Interconnection Point
Planning and Advanced Reservation of Capacity Agreement**

Dated []

National Grid Gas plc

[insert name of Reservation Party]

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THIS AGREEMENT is made on the [] day of [] 20[]

BETWEEN:

Between

- (1) **National Grid Gas plc** registered in England and Wales with number 2006000 whose registered office is at 1 – 3 Strand, London WC2N 5EH (“**NGG**”); and
- (2) [insert name of Reservation Party] [registered in [England and Wales] with number [insert company registration number] whose registered office is at [insert registered office] [a corporation organised and existing under the laws of [insert jurisdiction]] [whose principal place of business is at [insert principle place of business]], (“**Reservation Party**”)

each a **Party** and together the **Parties**.

Recitals

- (A) NGG is the owner and the operator of the National Transmission System (**NTS**).
- (B) The Reservation Party wishes:
 - (i) NGG to reserve the Reserved Capacity from the Reservation Date; and
 - (ii) NGG to register, on the Allocation Date the Reserved Capacity in the name of the Reservation Party, or where the Reservation Party is not a User, in the name of a Nominated User, or Nominated Users which Reserved Capacity will be available to use with effect from the Registration Date.
- (C) NGG agrees to reserve, allocate and register the Reserved Capacity subject to and in accordance with the terms of this Agreement.

It is agreed:

1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement the following terms shall have the following meanings:

“AAM” means the alternative allocation mechanism which NGG, as part of a project proposal made under EID Section E4.1, shall apply in relation to the release of Interconnection Point Capacity at an Interconnection Point.

Acceptable Security means any of the following acceptable to NGG (acting reasonably):

- (a) a Deposit Deed;

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- (b) a Letter of Credit; or
- (c) a Parent Company Guarantee.

Ad-Hoc Demonstration Date means a date for the provision of Demonstration Information which NGG may agree with the Reservation Party if the Reservation Party has not provided NGG with the Demonstration Information by the Third Demonstration Date in accordance with Clause 4.4.

Allocation Date means:

- (a) the date identified as such in Schedule 1; or
- (b) such other date determined by the Parties, or NGG (as applicable) in accordance with Clause 8

Confidential Information means all information a Party receives as a result of entering or performing this Agreement which relates to:

- (a) the negotiations leading up to, and the provisions or subject matter of, this Agreement or any ancillary matter;
- (b) the other Party's business, financial or other affairs.

Credit Rating Agency means Moody's Investors Service or Standard and Poor's Rating Group.

Demonstration Information means demonstration information the Reservation Party is required to provide to NGG, prior to and in the course of NGG undertaking and completing of the IP PARCA Works, under this Agreement as specified in Schedule 1, details of which can be found in the Demonstration Information Guidelines.

Demonstration Information Guidelines means the guidelines published by NGG, from time to time, containing details of the Demonstration Information that the Reservation Party may be required to provide to NGG as the IP PARCA Works are progressed.

Deposit Deed means an agreement that is Enforceable and in such form as provided to the Reservation Party from time to time by NGG enabling the deposit of cash as security.

Effective Date means the date of this Agreement.

Enforceable means NGG (acting reasonably) is satisfied that the instrument of security or surety is legally enforceable and in this respect, where surety is provided by a company registered outside of England and Wales, the country of residence of such company must have a sovereign credit rating of at least the Required Credit Rating and the Reservation Party shall at its own expense provide such legal opinion as NGG may reasonably require.

First Demonstration Date means the date specified as such in Schedule 1 in relation to a stage of the IP PARCA Works.

Gas Flow Day has the meaning given to it in the UNC.

Insolvent means with respect to a Party, that such Party:

- (a) becomes insolvent, or unable to pay its debts as they become due;
- (b) commences any case, proceeding or other action under any bankruptcy, or insolvency law, or other statute seeking to enter into any composition, or other arrangement for the benefit of its creditors generally, or any class of creditors;
- (c) applies for, consents to, or acquiesces in, the appointment of a trustee, receiver, or other custodian for such Party, or any of its property, or makes a general assignment for the benefit of creditors;
- (d) in the absence of such application, consents, or acquiesces in, permits or suffers to exist the appointment of a trustee, receiver, or other custodian for such Party, or for a substantial part of its property, and such trustee, receiver, or other custodian is not discharged within 30 Business Days;
- (e) permits or suffers to exist the commencement of any bankruptcy, reorganisation, debt arrangement, or other case, or proceeding under any bankruptcy, or insolvency law, or other statute, or any dissolution, liquidation, winding up, or liquidation proceeding, in respect of such Party and, if any such case or proceeding is not commenced by such Party, such case, or proceeding is

consented to, or acquiesced to by such Party, or results in the entry of an order for relief or remains un-dismissed or un-stayed for 30 Business Days; or

- (f) takes any corporate action authorising, or in furtherance of, any of the above, provided always that any action to liquidate another member of a Party's Group as part of a solvent restructuring which does not by itself have a negative impact on its credit rating as specified by a Credit Rating Agency shall not make a Party Insolvent.

Interconnection Point means the Interconnection Point described in Schedule 1.

Joint Notice means the joint notice relating to the Interconnection Point to which this Agreement relates published under EID Section E4.2.

Legal Requirement means any Act of Parliament, regulation, licence, or Directive of a Competent Authority.

Letter of Credit means an unconditional irrevocable standby letter of credit that is enforceable in such form as provided to the Reservation Party from time to time by NGG from such bank as NGG may approve, (provided that payment may be made at a United Kingdom branch of such issuing bank) with a credit rating of at least the Required Credit Rating.

Nominated User has the meaning given in Clause 6.2.

Notice has the meaning given in Clause 20.1.

PARCA Termination Amount means amount calculated in accordance with TPD Section Y.

Parent Company means:

- (a) in the case of a company registered in England and Wales a public or private company within the meaning of Section 4 of the Companies Act 2006 that is either a shareholder of the Reservation Party or any holding company of such shareholder (the expression holding company having the meaning assigned thereto by Section 1159, Companies Act 2006 as supplemented by Schedule 6 Companies Act 2006 and Section 144(3) Companies Act 1989); or

- (b) in the case of an entity registered outside of England and Wales, such equivalent entity to (a) above that is acceptable to NGG, acting reasonably.

Parent Company Guarantee means an on demand irrevocable guarantee provided by a Parent Company with a credit rating of at least the Required Credit Rating that is enforceable and in such form as is provided to the Reservation Party, from time to time, by NGG.

Party's Group means a Party and any company which is a subsidiary of that Party, or a holding company of that Party, or a subsidiary of any such holding company (as such expressions are defined in Section 1159 of the Companies Act 2006).

IP PARCA Works means Phase 2 works as described in Schedule 1.

IP PARCA Works Report means a report containing the information referred to in Clause 4.5 provided by NGG to the Reservation Party as soon as reasonably practicable following the completion of each of phase of IP PARCA Works.

Planning Acts means the Localism Act 2011, the Planning Act 2008, the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning (Consequential Provisions) Act 1990 and the Planning and Compulsory Purchase Act 2004 (in each case as amended or restated from time to time).

Planning Permission means any and/or all planning permissions, outline planning permissions, planning approvals of reversed matters, any application to amend any condition attached to any of the above, any extension of time for approval of reserved matters and detailed planning permissions, listed building consents, conservation area consents and/or other consents or approvals required under the Planning Acts for the performance of reinforcement works or other works to be undertaken by either Party for purposes related to this Agreement.

Reasonable and Prudent Operator means a person seeking, in good faith, 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 which would reasonably and ordinarily be expected from a skilled and experienced operator

complying with all applicable Legal Requirements engaged in the same type of undertaking in similar circumstances and conditions.

Registration Date means:

- (a) the date specified as such in Schedule 1; or
- (b) such other date as the Parties or NGG (as applicable) may determine in accordance with Clause 8,

being the Gas Flow Day from which the User or Nominated User(s) is first registered as holding the Reserved Capacity (for the purposes of the UNC).

Required Credit Rating means a long term debt rating of at least A-/A3 from a Credit Rating Agency (where such ratings conflict, the lower rating will be used).

Reservation Date means the date on which NGG reserves the Reserved Capacity on behalf of the Reservation Party in accordance with Clause 3.1.

Reserved Capacity means the amount of Interconnection Point Capacity in respect of each Gas Year as specified in Schedule 1, which may be revised, from time to time, in accordance with Clauses **Error! Reference source not found.** and **Error! Reference source not found.**

Second Demonstration Date means the date falling twenty eight (28) days after the First Demonstration Date, or such other date as the Parties may agree in the event the Reservation Party has not provided NGG with the Demonstration Information by the First Demonstration Date.

Third Demonstration Date means the date falling twenty eight (28) days after the Second Demonstration Date or such other date as the Parties may agree in the event the Reservation Party has not provided NGG with the Demonstration Information by the Second Demonstration Date.

Total PARCA Security Amount means the amounts and periods of time in respect of which the IP PARCA Applicant (as defined in the AAM) shall provide Acceptable Security calculated in accordance with TPD Section Y paragraph 46 and set out in

Schedule 1, or as otherwise notified to the Reservation Party by NGG pursuant to Clause 10.1.4.

UNC means the uniform network code prepared by NGG, pursuant to its gas transporter licence, as such uniform network code may be modified and supplemented from time to time, including any replacement thereof.

User Nomination has the meaning given in Clause 6.1 (and in the form set out in Schedule 2 (PARCA User Nomination form)).

1.2 In this Agreement, unless the context otherwise requires:

1.2.1 terms defined in the UNC and not defined in this Agreement shall have the meanings given to them in the UNC;

1.2.2 words in the singular shall be interpreted as including the plural.

1.3 A breach of this Agreement will not constitute a breach of the UNC.

1.4 The Reservation Party shall be deemed to have obtained and to be fully informed of the terms of the prevailing associated methodology statements, including; the Incremental Entry Capacity Release Methodology Statement, the NTS Entry Capacity Substitution Methodology Statement, the NTS Exit Capacity Substitution Methodology Statement and the Exit Capacity Release Methodology Statement.

2 DURATION

2.1 This Agreement shall take effect on the Effective Date and shall continue in full force and effect until the earlier of:

2.1.1 the Allocation Date; or

2.1.2 the date on which this Agreement terminates in accordance with Clause 13.

2.2 Notwithstanding the termination of this Agreement the Reservation Party shall remain liable to NGG for any amounts due and owing to NGG which remain outstanding on termination of this Agreement.

3 RESERVATION

3.1 NGG will reserve the Reserved Capacity no later than two Business Days following the date on which all of the following are satisfied:

3.1.1 payment any monies due by the Reservation Party to NGG in relation to any reconciliation of the fee paid by the Reservation Party in relation to the design studies;

3.1.2 provision by the Reservation Party to NGG of Acceptable Security in an amount that is not less than the PARCA Security Amount; and

3.1.3 the performance of the economic test in respect of an Interconnection Point referred to in paragraph 2.2.1 of the AAM having a positive outcome (as such expression shall be interpreted under the AAM); and

Note: the following clause 3.1.4 will only be included in this Agreement if any IP PARCA Applicant requests a Multiple IP Condition under paragraph 2.2.2 of the AAM.

3.1.4 [the performance of an economic test pursuant to the Amended CAM Code in respect of any other identified interconnection points referred to in paragraph 2.2.2 of the AAM having a positive outcome.]

3.2 NGG shall notify the Reservation Party of the Reservation Date.

3.3 NGG may cancel a reservation made in accordance with Clause 3.1 where, NGG submits an initial proposal to the Authority which details how the reservation of capacity is likely to be satisfied and the Authority veto such proposal (the **Authority Veto**). In the event of an Authority Veto, NGG shall discuss in good faith available options with the Reservation Party and both Parties shall use reasonable endeavours to agree an alternative proposal.

3.4 Where pursuant to Clause 3.3 the Authority has exercised the Authority Veto and the Parties have not been able to agree an alternative proposal and NGG has not incurred, or will not incur, any costs in connection with the IP PARCA Works, the Reservation

Party shall not be liable for the PARCA Termination Amount if the Reservation Party terminates the Agreement in accordance with Clause 13.3.

3.5 If the economic test in respect of the Interconnection Point referred to in clause 3.1.3 shall have a negative outcome (as such expression shall be interpreted under the AAM), this Agreement shall terminate (as is referred to in paragraph 2.3.2(b) of the AAM).

3.6 If the economic test in respect of the Interconnection Point, or any economic test in respect of the interconnection points to which a Multiple IP Condition (as defined in the AAM) relates referred to in clause 3.1.4 shall have a negative outcome, NGG shall promptly inform the Reservation Party whereupon this Agreement shall terminate (as is referred to in paragraph 2.3.4(b) of the AAM).

Note: the following clause 3.7 will only be included in this Agreement if the Reservation Party requests a Multiple IP Condition under paragraph 2.2.2 of the AAM.

3.7 The Reserving Party may waive the condition referred to in clause 3.1.4 by notifying NGG in writing at any time before any economic test referred to in the condition is performed (as is referred to in paragraph 2.3.5 of the AAM).

Note: the following clause 3.8 will only be included in this Agreement if any other IP PARCA Applicant in relation to the IP Project (as defined in the AAM) to which this Agreement relates requests a Multiple IP Condition under paragraph 2.2.2 of the AAM.

3.8 If any another IP PARCA (as defined in the AAM) which relates to the IP Project to which this Agreement relates contains a Multiple IP Condition which is waived the Reserving Party's Multiple IP Condition will be waived and NGG will inform the Reserving Party of that (as is referred to in paragraph 2.3.5 of the AAM).

4 IP PARCA WORKS

4.1 Subject to the conditions in Clause 3.1 being satisfied and the terms of this Clause **Error! Reference source not found.**, NGG shall undertake and subject to Clause 4.2 complete the IP PARCA Works in respect of the Reserved Capacity identified in Schedule 1 in accordance with the indicative timetable specified in Schedule 1 and in

doing so NGG shall act in accordance with the standards of a Reasonable and Prudent Operator.

4.2 NGG shall keep the Reservation Party regularly informed of NGG's progress in completing each stage of the IP PARCA Works. Where NGG expects that completion of any stage of the IP PARCA Works will not take place in accordance with the indicative timetable in Schedule 1 (or such other timetable agreed in writing with the Reservation Party) NGG shall inform the Reservation Party as soon as reasonably practicable and provide the following:

4.2.1 an explanation as to why it expects that the IP PARCA Works will not take place in accordance with the indicative timetable provided in Schedule 1 (or such other timetable agreed in writing with the Reservation Party); and

4.2.2 a revised indicative timetable.

NGG shall not be liable to the Reservation Party for any delay in completion of any stage of the IP PARCA Works.

4.3 In respect of the stages of IP PARCA Works:

4.3.1 the Reservation Party agrees to provide NGG with the Demonstration Information by the First Demonstration Date;

4.3.2 NGG shall undertake the stage(s) of the IP PARCA Works following receipt of the Demonstration Information;

4.3.3 NGG shall not be required to undertake the stage(s) of IP PARCA Works until it is in receipt of the Demonstration Information.

4.4 If NGG has not received the Demonstration Information in respect of any stage of the IP PARCA Works by the Third Demonstration Date (or where agreed with NGG, an Ad-Hoc Demonstration Date) NGG may terminate this Agreement. NGG will remind the Reservation Party on the Second Demonstration Date that it may terminate this Agreement if it has not received the Demonstration Information in respect of any stage of the IP PARCA Works by the Third Demonstration Date (or where agreed with

NGG, an Ad-Hoc Demonstration Date), but any failure to remind will not preclude NGG from exercising its right of termination.

4.5 Following completion of each stage of IP PARCA Works, NGG will provide as soon as reasonably practicable to the Reservation Party a IP PARCA Works Report containing information in respect of the relevant stage of IP PARCA Works including, but not limited to, a project update and project progression against the indicative timetable as set out in Schedule 1.

4.6 Where following submission of a report(s) in accordance with Clause 4.5, NGG has already received the Demonstration Information for the next stage of the IP PARCA Works NGG shall proceed to undertake such stage of the IP PARCA Works without delay.

5 PLANNING PERMISSION

5.1 If a need for NGG to obtain Planning Permission in relation to reinforcement works is identified in Schedule 1 or the IP PARCA Works NGG shall undertake those works necessary and submit an application for Planning Permission as soon as reasonably practicable after the date on which the Reservation Party has complied with its obligations under Clauses 3.1.1 and 3.1.2.

5.2 NGG shall:

5.2.1 use all reasonable but commercially prudent endeavours; and

5.2.2 act in accordance with the standards of a Reasonable and Prudent Operator, to obtain any such Planning Permission on terms reasonably satisfactory to NGG.

5.3 Where pursuant to Clause 5.1 NGG made an application for a Planning Permission and has complied with Clause 5.2 but fails to obtain such Planning Permission in the first instance on reasonably satisfactory terms, the Reservation Party shall remain liable for the PARCA Termination Amount if NGG terminates the Agreement in accordance with Clause 13.1.1(b).

5.4 Where pursuant to Clause 5.1 NGG made an application for a Planning Permission and has not complied with Clause 5.2 and fails to obtain such Planning Permission in the

first instance on reasonably satisfactory terms, the Reservation Party shall not be liable for the PARCA Termination Amount if NGG terminates the Agreement in accordance with Clause 13.1.1(b).

5.5 Where NGG fails to obtain any Planning Permission in the first instance on reasonably satisfactory terms, NGG shall meet the Reservation Party as soon as reasonably practicable to discuss in good faith available options prior to termination under Clause 13.1.1(b), and both Parties shall use their respective reasonable endeavours to agree an alternative proposal acceptable to both Parties.

5.6 If the Reservation Party needs to obtain Planning Permission for works to be undertaken by it, the Reservation Party shall submit an application for Planning Permission and following the receipt of such Planning Permission the Reservation Party shall promptly provide NGG with evidence of having obtained the Planning Permission.

5.7 A Party submitting an application for Planning Permission shall notify the other Party of:

5.7.1 the submission of the application for Planning Permission;

5.7.2 the progress of the application for Planning Permission and all material issues arising in relation to the application; and

5.7.3 the grant or refusal of Planning Permission and the terms on which the grant or refusal was made.

6 USER NOMINATION(S)

6.1 Where the Reservation Party is not a Shipper User the Reservation Party may, on any day between the Reservation Date and the date falling one month before the Allocation Date, submit a notice(s) ("**User Nomination(s)**") to NGG.

6.2 A User Nomination shall specify:

6.2.1 the identity of a Shipper User which the Reservation Party wishes NGG to register on the Allocation Date as holding the Reserved Capacity which it will be able to use with effect from the Registration Date (the **Nominated User**);

- 6.2.2 the Interconnection Point;
- 6.2.3 the Reserved Capacity in respect of which the User Nomination is made, provided such amount shall not be:
 - (a) greater than the Reserved Capacity; or
 - (b) less than 24 kWh/Day;
- 6.2.4 the Registration Date, or such later date as the Parties (as applicable) determine in accordance with Clause 8, being the first day of a Gas Year, and NGG shall disclose the contents of a User Nomination to the Nominated User.
- 6.3 Following receipt of a User Nomination NGG shall as soon as reasonably practicable notify the Nominated User of the receipt of the User Nomination from the Reservation Party.
- 6.4 If a Nominated User does not confirm its acceptance to NGG within five Business Days of NGG's notice under Clause 6.3, NGG shall as soon as reasonably practicable notify the Reservation Party of such non-acceptance and request that the Reservation Party resubmits a notice (or notices) pursuant to Clause 6.1 in relation to that amount of Reserved Capacity that was to be registered in the name of the Nominated User which failed to confirm its acceptance.
- 6.5 NGG may reject a User Nomination:
 - 6.5.1 which does not comply with Clause 6.2;
 - 6.5.2 where NGG would be entitled to reject an application for Reserved Capacity from the Nominated User in accordance with TPD Section V3 of the UNC;
 - 6.5.3 where the Demonstration Information required at this stage under this Agreement has not been provided by the Reservation Party to NGG.
- 6.6 The Reservation Party may submit more than one User Nomination provided the aggregate Reserved Capacity in respect of which User Nominations are submitted does not exceed the Reserved Capacity.

6.7 Where a Reservation Party who is not a Shipper User fails to submit a User Nomination(s) in respect of the full amount of Reserved Capacity by the date falling one month before the Allocation Date, NGG may terminate this Agreement.

6.8 Notwithstanding NGG's right of termination pursuant to Clause 6.7, NGG shall discuss in good faith available options with the Reservation Party prior to termination.

7 ALLOCATION

7.1 Not less than ten days prior to the Allocation Date NGG shall confirm to the Reservation Party and any Nominated User(s) the amount of Reserved Capacity which will be allocated to the Reservation Party, or Nominated User(s) on the Allocation Date, provided such amount of Reserved Capacity shall be the amount agreed by NGG and the Reservation Party provided further that such amount of Reserved Capacity shall be reduced in accordance with clause 7.6.

7.2 An allocation will be made on the Allocation Date pursuant to this Clause 7 where:

7.2.1 NGG obtains any Planning Permission required in relation to reinforcement works on reasonably satisfactory terms;

7.2.2 the Reservation Party obtains any Planning Permission required for the purposes of its facilities to be located at the Interconnection Point (and provides NGG with satisfactory evidence of having obtained such Planning Permission);

7.2.3 there are no outstanding sums due for payment by the Reservation Party to NGG under this Agreement;

7.2.4 the Authority has not vetoed such allocation; and

7.2.5 all Demonstration Information required under this Agreement has been provided by the Reservation Party to NGG and is acceptable to NGG.

7.3 Where the Reservation Party is a Shipper User NGG will on the Allocation Date register the Reservation Party as holding the Reserved Capacity at the Interconnection Point which it will be able to use and for which it will be liable under the UNC with effect from the Registration Date.

- 7.4 Without prejudice to Clause 6.7, where the Reservation Party has submitted a User Nomination(s) in accordance with Clause 6, NGG will on the Allocation Date register the Nominated User(s) as holding the Reserved Capacity at the Interconnection Point which it will be able to use and for which it will be liable under the UNC with effect from the Registration Date.
- 7.5 An allocation of Reserved Capacity will not be made on the Allocation Date pursuant to this Clause 7 where the Nominated User(s) notifies NGG that it does not wish to be allocated the Reserved Capacity.
- 7.6 [The Reserved Capacity shall, notwithstanding any other provision of this Agreement, be reduced by 10% immediately before it is allocated under this clause 7.]¹

8 CHANGE TO ALLOCATION DATE AND/OR REGISTRATION DATE

- 8.1 Subject to Clause 8.2, the Allocation Date and Registration Date shall only be changed with the agreement of the Parties.
- 8.2 If the Reservation Party fails to provide:
- 8.2.1 NGG with Acceptable Security in the relevant amount within the time specified in this Agreement;
 - 8.2.2 Demonstration Information by any demonstration date (or where agreed in writing with NGG, an Ad-Hoc Demonstration Date);
- and NGG, acting reasonably, is of the opinion that such delay means NGG will no longer be able to make available the Reserved Capacity with effect from the Registration Date NGG may, acting reasonably, revise the Allocation Date and/or Registration Date.

¹ In line with the proposed changes to the Capacity Release Methodology Statements, a rule to withhold 10% of incremental capacity release has been added into the IP PARCA

9 PAYMENT

9.1 The amounts payable by the Reservation Party to NGG under this Agreement shall be paid:

9.1.1 free and clear of any restriction, reservation or condition; and

9.1.2 except to the extent required by law, without deduction or withholding in respect of tax or on account of any amount due or to become due to the Reservation Party from NGG, whether by way of set off, counterclaim or otherwise.

9.2 Where following the commencement of IP PARCA Works this Agreement is terminated in accordance with Clause 13:

9.2.1 where applicable, NGG shall submit an invoice to the Reservation Party for the PARCA Termination Amount; and

9.2.2 the Reservation Party shall pay the PARCA Termination Amount specified in the invoice submitted by NGG within 30 days of receipt of the invoice.

9.3 Where the Reservation Party fails to make payment of the PARCA Termination Amount in accordance with Clause 9.2 within three Business Days of the due date for payment NGG shall be entitled to take such steps as required to enforce the Acceptable Security for the purposes of recovering all amounts due and owing to NGG under this Agreement.

10 CREDIT PROVISIONS

10.1 Acceptable Security

10.1.1 The Reservation Party shall provide NGG with Acceptable Security for the PARCA Security Amount on and from the dates specified in accordance with Schedule 1 or as otherwise required under this Agreement.

10.1.2 Subject to the following provisions of this Clause 10 the Reservation Party may elect which form of Acceptable Security it wishes to provide in respect of the PARCA Security Amount and shall be entitled to provide a combination

of any forms of Acceptable Security (as long as the PARCA Security Amount is covered at all times).

10.1.3 A Reservation Party may change its election of the form of Acceptable Security on giving not less than 30 days' notice to NGG provided that the original Acceptable Security covers the PARCA Security Amount at all times until it has been replaced by an alternative Acceptable Security in accordance with this Agreement. Once the original Acceptable Security has been replaced by the requested alternative Acceptable Security, if applicable, NGG shall return the original Acceptable Security within ten (10) Business Days. NGG will not be obliged to agree to any request of the Reservation Party under this Clause 10 unless the Reservation Party agrees to reimburse NGG the reasonable costs and fees incurred by NGG in connection with such request.

10.1.4 If at any time the person providing Acceptable Security for the Reservation Party or such person's sovereign (as applicable) ceases to have at least the Required Credit Rating, NGG will notify the Reservation Party. Such notice may specify that the Reservation Party is required to provide alternative surety or security.

10.1.5 In the event the Reservation Party fails to provide NGG with Acceptable Security in accordance with Clauses 10.1.1, 10.1.6, 10.2.2, or 10.3.2 or such security ceases to be valid, binding on and Enforceable against the Reservation Party NGG may terminate this Agreement with immediate effect.

10.1.6 Where NGG requires the Reservation Party to provide alternative surety or security pursuant to Clause 10.1.4, the Reservation Party shall provide to NGG, by no later than 17.00 on the second Business Day following the date of such notice, with alternative Acceptable Security for such an amount that results in the whole of the PARCA Security Amount being covered.

10.2 Parent Company Guarantee

10.2.1 The Reservation Party may only elect to provide NGG with a Parent Company Guarantee as Acceptable Security, where the person providing the Parent

Company Guarantee or its sovereign (as applicable) has a credit rating of at least the Required Credit Rating.

10.2.2 In the event that the person providing the Parent Company Guarantee or its sovereign (as applicable) ceases at any time to have a credit rating of at least the Required Credit Rating then NGG will notify the Reservation Party. Such notice may specify that the Reservation Party is required to provide alternative surety or security.

10.2.3 A Parent Company Guarantee is deemed zero value, for the purposes of determining cover of the PARCA Security Amount, thirty (30) days before expiry unless either extended or replaced by security or surety effective from no later than the day after the expiry date of the existing Parent Company Guarantee.

10.3 Letter of Credit

10.3.1 The Reservation Party may only elect to provide NGG with a Letter of Credit as Acceptable Security where such bank providing the Acceptable Security or its sovereign (as applicable) has a credit rating of at least the Required Credit Rating.

10.3.2 In the event that the bank providing the Letter of Credit or its sovereign (as applicable) ceases at any time to have a credit rating of at least the Required Credit Rating then NGG will notify the Reservation Party. Such notice may specify that the Reservation Party is required to provide alternative surety or security.

10.3.3 A Letter of Credit is deemed zero value, for the purposes of determining cover of the PARCA Security Amount, 30 days before expiry unless either extended or replaced by security or surety effective from no later than the day after the expiry date of the existing Letter of Credit.

11 CONSENTS, WAY LEAVES AND INTELLECTUAL PROPERTY

All consents, way leaves and other intellectual property rights developed as a result of NGG undertaking the IP PARCA Works shall remain the exclusive property of NGG.

12 REPRESENTATIONS AND WARRANTIES

- 12.1 Each Party represents and warrants to the other Party that, as of the Effective Date:
- 12.1.1 it is duly incorporated, validly existing in its jurisdiction of formation and has complied fully with all requirements of the Companies Act 2006 (as amended from time to time) and all other Legal Requirements;
 - 12.1.2 it has full power to carry on its business and to enter into, legally bind itself by, and perform its obligations under, this Agreement;
 - 12.1.3 this Agreement has been duly authorised, executed, and delivered by and constitutes its legal, valid and binding obligation;
 - 12.1.4 the execution, delivery, and performance of this Agreement does not, and will not, constitute a violation of:
 - (a) any statute, judgment, order, decree or regulation or rule of any Competent Authority; or
 - (b) its formational or governance documents, or other document, indenture, contract or agreement to which it is a party or by which it or its property may be bound.
- 12.2 In addition each Party represents and warrants to the other Party that, as of the Effective Date:
- 12.2.1 there are no outstanding judgments against it, and, to the best of its knowledge, no action, claim, suit or proceeding is pending or threatened against it before any Competent Authority that could have a material adverse effect on its financial condition or operations or its ability of it to perform its obligations under this Agreement, or that purports to affect the legality, validity or enforceability of this Agreement; and
 - 12.2.2 it is not in default under any agreement to which it is a party or by which it or its property may be bound, nor in any material default of any technical or financial obligation, that could have a material adverse effect on its financial condition or operations or its ability of it to perform its obligations under this

Agreement, or that purports to affect the legality, validity or enforceability of this Agreement.

13 TERMINATION

13.1 NGG may terminate this Agreement:

13.1.1 in the event that:

- (a) following the Effective Date the Reservation Party notifies NGG that it wishes NGG to cease undertaking IP PARCA Works;
- (b) subject to clause 5.5, NGG fails to obtain any Planning Permission (in the first instance or otherwise) on reasonably satisfactory terms where Schedule 1 or IP PARCA Works identify the need for NGG to obtain Planning Permission for the purposes of making the Reserved Capacity available;
- (c) any information provided to NGG by the Reservation Party for the purposes of this Agreement is found to be false or misleading in a material respect;

13.1.2 on notice to the Reservation Party in accordance with Clauses 4.4, 6.7 and 10.1.5;

13.1.3 if any sum payable by the Reservation Party under this Agreement is not paid by the due date; and

- (a) NGG has, no earlier than seven Business Days after such due date, given notice to the Reservation Party requiring payment of such sum; and

- (b) such sum has not been paid in full within seven Business Days after NGG's notice under paragraph 13.1.3(a); or

13.1.4 where the Reservation Party is a User and the Reservation Party ceases to be User prior to the Allocation Date.

13.2 The Reservation Party may terminate this Agreement if:

- 13.2.1 any sum payable by NGG hereunder is not paid by the due date; and
 - 13.2.2 the Reservation Party has, no earlier than seven Business Days after such due date, given notice to NGG requiring payment of such sum; and
 - 13.2.3 such sum has not been paid in full within seven Business Days after the Reservation Party's notice under paragraph 13.2.2.
- 13.3 Subject to Clause 3.5, the Reservation Party may also terminate this Agreement if the Authority has exercised the Authority Veto and the Parties have been unable to agree an alternative proposal.
- 13.4 Notwithstanding Clause 13.5 and subject to the payment of all amounts due under this Agreement pursuant to Clause 9, the Reservation Party may terminate this Agreement at any time by giving at least ten Business Days written notice to NGG.
- 13.5 In addition to the provisions of Clauses 13.1, 13.2, 13.3 and 13.4 this Agreement may be terminated by NGG or the Reservation Party:
- 13.5.1 immediately by giving notice of such termination to the other Party if:
 - (a) such other Party is in default of a provision of this Agreement which default is capable of remedy;
 - (b) such default has a material adverse effect on the non-defaulting Party;
 - (c) the non-defaulting Party has given notice to the defaulting Party specifying the nature of the default and requiring that it be remedied; and
 - (d) the defaulting Party has not substantively remedied the default to the fullest practicable extent within a period of fifteen (15) days after the non-defaulting Party's notice under paragraph 13.5.1(c);
 - 13.5.2 immediately by giving notice of such termination to the other Party if:
 - (a) such other Party is in default of a provision of this Agreement which default is not capable of remedy;

- (b) such default has a material adverse effect on the non-defaulting Party;
- (c) the non-defaulting Party has given notice to the defaulting Party specifying the nature of the default; and
- (d) either:
 - (i) at any time within the period of six months preceding the non-defaulting Party's notice under paragraph 13.5.2(c) the defaulting Party was in default of the same provisions, and such prior default had a material adverse effect on the non-defaulting Party at such time; or
 - (ii) the effect of such default is to take away from the non-defaulting Party all or substantially all of the benefit of this Agreement;

13.5.3 on notice to the other Party if such Party becomes Insolvent.

13.6 The termination of this Agreement shall be without limitation of or prejudice to any other antecedent right, relief or remedy of any Party under or in connection with this Agreement; provided, however, that in relation to any express right of payment or indemnity under or in connection with this Agreement such right shall be limited to such payments (together with interest thereon) or indemnities actually accruing prior to the date of termination.

13.7 The Reservation Party shall pay NGG the PARCA Termination Amount upon the termination of this Agreement, unless this Agreement expressly provides otherwise.

13.8 This Agreement shall terminate immediately after the Reservation Party or the Nominated User(s) are registered as holding the Reserved Capacity at the Interconnection Point which capacity it will, with effect from the Allocation Date, be liable for under the UNC and with effect from the Registration Date, be able to use under the UNC. The PARCA Termination Amount shall not be payable by the Reservation Party on termination under this clause 13.8.

Note: the following clause 13.9 will only be included in this IP PARCA if this IP PARCA includes a Multiple IP Condition.

- 13.9 [If the Multiple IP Condition referred to in clause 3.1.4 is not satisfied within [3] months (or such other period as may be stated in the Joint Notice (as defined in the AAM)) of the execution of the first IP PARCA executed which relates to the IP Project (as defined in the AAM) to which this Agreement relates, this Agreement shall terminate (as is referred to in paragraph 2.2.4 of the AAM).]
- 13.10 If, before any Interconnection Point Capacity is allocated under an IP PARCA in respect of the IP Project to which this Agreement relates, any other IP PARCA Applicant terminates its IP PARCA, this Agreement shall, subject to clause 13.11, be deemed to terminate (as is referred to in paragraph 2.3.5 of the AAM). The PARCA Termination Amount shall not be payable by the Reservation Party on a deemed termination under this clause 13.10.
- 13.11 NGG shall, before any deemed termination under Clause 13.10, discuss in good faith with each IP PARCA Applicant whose IP PARCA would otherwise be deemed to terminate whether those remaining IP PARCA Applicants wish the IP Project to continue and on what terms. If agreement is reached with NGG to proceed with the IP Project and on what terms, within [] Business Days of the termination of the relevant IP PARCA, there shall be no deemed termination of the other IP PARCAs.

14 LIMITATION OF LIABILITY

- 14.1 Subject to Clause 14.5, neither Party shall be liable to the other Party for loss arising from any breach of this Agreement other than for loss directly resulting from such breach and which at the Effective Date was reasonably foreseeable as likely to occur in respect of:
- 14.1.1 physical damage to the property of the other Party;
- 14.1.2 the liability (in law) of the other Party to any other person in respect of physical damage to the property of such person.
- 14.2 Subject to Clause 14.5, neither Party shall in any circumstances be liable in respect of any breach of this Agreement to the other Party for:

14.2.1 any loss of profit, loss of revenue, loss of use, loss of contract, loss of goodwill or increased cost of working;

14.2.2 any indirect or consequential loss;

14.2.3 except as provided under Clause 14.1.1, loss resulting from the liability of the other Party to any other person, howsoever and whensoever arising.

14.3 Nothing in this Agreement shall exclude or limit liability of a Party for death or personal injury resulting from the negligence of such Party.

14.4 The amount or amounts for which a Party may be liable to the other Party under Clause 14.1 in respect of any one event or circumstance constituting or resulting from such Party's breach of this Agreement shall not exceed one million pounds sterling (£1,000,000).

14.5 Nothing in this Clause 14 applies to any payment of sums due and owing by the Reservation Party to NGG under this Agreement.

15 CONFIDENTIALITY

15.1 Each Party must:

15.1.1 keep all Confidential Information confidential and not disclose it to any person; and

15.1.2 ensure that all the following do the same:

- (a) its representatives;
- (b) each person connected with it;
- (c) the representatives of each connected person

provided this duty is subject to Clause 15.2.

15.2 A Party may disclose or allow disclosure of Confidential Information:

- 15.2.1 to its representatives, officers, employees or professional advisers to the extent necessary to enable the Party to perform or enforce of any of its duties or rights under this Agreement; or
- 15.2.2 to the extent required in order to comply with the requirements of the Act or any other Legal Requirement; or
- 15.2.3 when its legal counsel advises it that disclosure is required by:
- (a) law; or
 - (b) the rules or any order of any court, tribunal or agency of competent jurisdiction or any Competent Authority; or
 - (c) any securities exchange, recognised investment exchange or regulatory or governmental body, wherever situated, including, without limitation, the UK Listing Authority and the Panel on Takeovers and Mergers:
 - (i) which has jurisdiction over it or any of its group companies; or
 - (ii) to which it or any of its group companies normally submits; whether a direction from that body has the force of law or not; or
 - (d) any contractual duty of that party existing at the date of this Agreement; or
- 15.2.4 to the extent the Confidential Information has become publicly available or generally known to the public at the time of the disclosure other than as a result of a breach of this Clause; or
- 15.2.5 to a Competent Authority to the extent necessary for the proper management of the taxation affairs of that Party or any of its group companies; or
- 15.2.6 if some other provision of this Agreement expressly allows the disclosure;

15.2.7 to any transmission system operator of a system to which an IP Project (as defined in the AAM relates; or

15.2.8 if it has the prior written approval of the other Party to the disclosure (that approval not to be unreasonably withheld or delayed).

15.3 If a Party intends to disclose Confidential Information in a way allowed by Clause 15.2 it must to the extent allowed:

15.3.1 give the other Party advance notice of the fact and a copy of the information which it intends to disclose;

15.3.2 allow the other Party to make representations or objections about the disclosure; and

15.3.3 take into account the reasonable representations and objections the other Party makes.

15.4 The duties in this Clause shall continue to apply after this Agreement ends for a period of two (2) years.

16 FORCE MAJEURE

16.1 The provisions of TPD GT Section B3 shall apply for the purposes of this Agreement as if set out in full in this Agreement and for which purposes references to:

16.1.1 a Party shall be construed as being to a Party to this Agreement;

16.1.2 the Code shall be construed as being to this Agreement.

16.2 Without prejudice to Clause 16.1, if a Force Majeure event occurs prior to the Allocation Date, then such date and the Registration Date shall be delayed by a period equivalent to the duration of the Force Majeure event.

16.3 For the avoidance of doubt, any other term of the UNC relating to Force Majeure other than the terms set out in TPD GT Section B3 shall not apply for the purposes of this Agreement.

17 ASSIGNMENT

Neither Party may assign this Agreement, in whole or in part, without the consent of the other Party, such consent not to be unreasonably withheld or delayed.

18 AMENDMENTS

Neither Party may amend or change this Agreement without the prior written consent of the other Party.

19 WAIVER

No waiver by a Party of any default by the other Party in the performance of any of the terms of this Agreement shall operate or be construed as a waiver of any other default by the same Party. No waiver by a Party of the performance of any term of this Agreement shall be binding unless such waiver is made in writing.

20 NOTICES

20.1 This Clause 20 applies to all notices and other communications (except formal notices in legal proceedings) between the Parties under this Agreement (**Notices**).

20.2 Each Notice must be in writing in English and signed by the Party giving it (or its authorised representative).

20.3 Notices must be delivered by one of these methods:

20.3.1 by hand;

20.3.2 prepaid first class Recorded Signed For post; or

20.3.3 prepaid International Signed For post for an address outside the United Kingdom,

provided if Recorded Signed For service is not available at the relevant time, the Parties may use any widely-used postal service recording delivery instead.

20.4 Notices must be addressed to the Party to be served at the address set out below as up-dated or replaced under Clause 20.5:

NGG:

Address:

Attention:

[Copy to:]

Reservation Party:

Address:

Attention:

[Copy to:]

20.5 A Party may change its address in the United Kingdom for Notices by notifying the other Party. Each change takes effect on the effective date calculated under Clause 20.6, or on any later date set out in the Notice itself.

20.6 A Notice delivered:

20.6.1 by hand at 17:00 hours or earlier on a Business Day is effective at delivery;

20.6.2 by hand after 17:00 hours, or on a non-Business day is effective at 09:30 hours on the next Business Day;

20.6.3 post is effective on the second Business Day after posting. Proof the Notice was properly addressed, prepaid and posted is sufficient evidence the Notice has been duly served;

20.7 A Notice is not validly served under this Agreement if sent by email only and a Party may copy a Notice by email without affecting its validity.

20.8 A Party may not withdraw a Notice without the written consent of the receiving Party.

21 INVALIDITY

As long as the commercial purpose of this Agreement is unaffected, the invalidity, illegality or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect the validity, legality or enforceability of:

21.1 any other provision of this Agreement under the law of that jurisdiction; or

21.2 any provision of this Agreement under the law of any other jurisdiction.

22 ENTIRE AGREEMENT

22.1 This Agreement and the UNC set out the entire agreement between the Parties in relation to the subject matter of this Agreement. This Agreement supersedes all previous agreements between the Parties on the subject matter of this Agreement.

22.2 No other term, express or implied, forms part of this Agreement. No usage, custom or course of dealing forms part of or affects this Agreement.

22.3 The only claim, right or remedy available to a Party for a representation expressly set out in this Agreement shall be damages for breach of contract.

22.4 Each Party waives all claims, rights and remedies for all representations:

22.4.1 made to it by any person before entering this Agreement; and

22.4.2 not set out in this Agreement.

22.5 Each Party acknowledges that, in deciding to enter this Agreement, it has not relied on any such representation.

22.6 This Clause 22 does not exclude or restrict liability for fraudulent misrepresentation or fraudulent concealment.

22.7 If any provision of this Agreement is inconsistent with any provision of the UNC, this Agreement shall prevail.

23 NO THIRD PARTY RIGHTS

A person who is not party to this Agreement may not enforce any term of this Agreement under the Contracts (Rights of Third Parties) Act 1999. The Parties may change any term and may rescind this Agreement without the consent of any person who is not party to this Agreement except where this Agreement expressly states otherwise.

24 COSTS

Each Party must pay its own costs in connection with the negotiation, preparation, execution, and implementation of this Agreement.

25 GOVERNING LAW AND JURISDICTION

25.1 The laws of England and Wales govern:

25.1.1 this Agreement and its interpretation; and

25.1.2 any non-contractual obligations arising from or connected with this Agreement.

25.2 The Parties irrevocably agree that the courts of England and Wales have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement. Each Party agrees to waive any objection to the courts of England and Wales, whether on the grounds of venue or that the forum is not appropriate.

Signed by the Parties [or their duly authorised representatives]

Signed by)

Duly authorised for and)

on behalf of)

National Grid Gas plc

SCHEDULE 1

Allocation Date []

Demonstration Information []

Interconnection Point []

Total PARCA Security Amount []

Year	Amount of Total PARCA Security Amount in respect of which Acceptable Security is to be provided
Year One	£[]
Year Two	£[]
Year Three	£[]
Year Four [and Beyond]	£[]

Registration Date []

IP PARCA Works (including its stages)[]

Indicative timetable for completion of IP PARCA Works (including its stages) []

Reserved Capacity

Gas Year	Reserved Capacity
20[]/20[]	[]
20[]/20[]	[]
20[]/20[]	[]
20[]/20[]	[]

Planning Permission required for reinforcement works []

SCHEDULE 2 - PARCA User Nomination form

IP PARCA - User Nomination form

In accordance with Clause 6 of the Interconnection Point Planning and Advanced Reservation of Capacity Agreement (IP PARCA) where the Reservation Party is not a Shipper User, the Reservation Party is required to provide details of a Nominated User(s) to National Grid.

This User Nomination form will be used by National Grid to obtain acceptance of your nomination from the User. Where there are multiple Nominated Users, please submit individual User Nomination forms and ensure that the aggregate of the individual amounts of Reserved Capacity will match the total amount of Reserved Capacity under the IP PARCA that is to be allocated on the Allocation Date.

The User Nomination form should be submitted by the Reservation Party to National Grid on any day between the Reservation Date and at least one (1) month prior to the Allocation Date.

The Reservation Party shall specify the following information with respect to a User Nomination:

Identity of Nominated User	Company Name:
	Shipper Short Code:
Interconnection Point	
Amount of Reserved Capacity (kWh/day) ²	
Registration Date	

Once complete, please forward this User Nomination form to your Customer Account Manager at National Grid.

Signed by:

Print:

Company (Reservation Party):

Date:

² The amount of Reserved Capacity shall not be:

- (a) greater than the Reserved Capacity; or
- (b) less than 24 kWh/Day.