

National Grid LNG Storage

2008 Winter Storage Injection Invitation

Issued: 18th February 2008

National Grid LNG Storage

Invitation to apply for Winter Storage Injectability for Storage Year 2008/09

1. Introduction

- 1.1 National Grid LNG Storage ("LNGS"), the business unit within National Grid Gas plc with responsibility for LNG storage operations, invites applications for Storage Injectability (separate from the standard Storage Injectability to be offered in the upcoming 2008/09 LNG Annual Storage Invitation) (such Storage Injectability being referred to herein as "Winter Storage Injectability") at the National Grid LNG Storage Facility at Dynevor Arms for the months of November and December in the 2008/09 Storage Year.
- 1.2 Anyone wishing to apply for Winter Storage Injectability ("Applicants") must return their completed application form to LNGS by 12.00 hours on 27 February 2008 (the "Winter Storage Injectability Invitation Close Date") or such later date as may be notified in accordance with 1.3.
- 1.3 LNGS reserves the right to extend the Winter Storage Injectability Invitation Close Date at not less than two (2) days written notice.
- 1.4 Terms not defined in this Winter Storage Injectability Invitation have the meanings given to them in the Uniform Network Code.
- 1.5 In the event of any conflict between the terms of this Winter Storage Injectability Invitation and the terms of TPD Section Z of the Uniform Network Code, the terms of this Winter Storage Injectability Invitation shall prevail in respect of the Winter Storage Injectability.

2. Winter Storage Injectability available

- 2.1 The amount of Winter Storage Injectability available pursuant to this invitation is a total of 35,000,000 kWh.
- 2.2 Applicants may apply for an aggregate amount of Winter Storage Injectability of not more than 35,000,000 kWh and not less than 2,000,000 kWh.

3. Description of Services Available

- 3.1 Any Winter Storage Injectability purchased pursuant to this Winter Storage Injectability Invitation will be for a specified number of days during the period 06:00 on 1 November 2008 to 05:59 on 21 December 2008 (the "Nominal Winter Injection Period").
- 3.2 Users may only purchase Winter Storage Injectability at the National Grid LNG Storage Facility at Dynevor Arms.
- 3.3 Winter Storage Injectability will be available for use on consecutive days during the Nominal Winter Injection Period, such days to be allocated and notified to the User by LNGS in accordance with paragraph 3.6.
- 3.4 Winter Storage Injectability allocated pursuant to this invitation will be subject to the charges given in paragraph 7.
- 3.5 Each User who is allocated Winter Storage Injectability pursuant to this invitation must, not later than 06:00 hours on 1 October 2008, notify LNGS of a mid-date for its preferred Actual Winter Injection Period ("the Nominated Mid Date"). The Nominated Mid-Date must be such that the User's preferred Actual Winter Injection Period would end no later than 21 December 2008.
- 3.6 Upon receipt of the Nominated Mid-Date from all Users holding Winter Storage Injectability, LNGS will allocate each User an amount of Winter Storage Injectability (in kWh/Day) on consecutive days during the Nominal Winter Injection Period (such that the allocated Winter Storage Injectability on each such day multiplied by the number of days equals the aggregate Winter Storage Injectability allocated to the User). The aggregate

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Winter Storage Injectability allocated to the User will be distributed as evenly as possible (having regard to the Winter Storage Injectability and Nominated Mid-Dates of other Users) throughout a period (the "Actual Winter Injection Period") centred on the Nominated Mid Date: provided that LNGS may centre the Actual Winter Injection Period on a date other than the Nominated Mid-Date to ensure that no Winter Storage Injectability is allocated to the User on any Day after 21 December 2008. LNGS shall, no later than 17:00 hours on 17 October 2008, notify each User of:

- (a) the Actual Winter Injection Period for that User; and
- (b) the Winter Storage Injectability in (kWh/Day) allocated to that User for each Day of the User's Actual Winter Injection Period.

3.7 Immediately following the notice given by LNGS pursuant to paragraph 3.6 above, each User holding Winter Storage Injectability shall be deemed to have made a Storage Injection Nomination to LNGS in respect of each Day of the User's Actual Winter Injection Period for an amount equal to the Winter Storage Injectability allocated to that User for such Day. A User may not submit a Storage Renomination in respect of such Storage Injection Nomination. Each such Storage Injection Nomination shall be entered onto CALMS by LNGS on behalf of the User prior to the Day to which it relates.

3.8 In the event that a User wishes to change its utilisation of its Winter Storage Injectability, the User may (at any time after 06:00 hours on 1 October 2008 but before 06:00 hours on the Day falling fifteen (15) Days prior to the first Day of the User's Actual Winter Injection Period or revised Actual Winter Injection Period, as the case may be) notify LNGS of the revised aggregate quantity (not exceeding the Winter Storage Injectability allocated to the User) (the "Revised Winter Injection Quantity") which the User wishes to inject utilising its Winter Storage Injectability. Within five (5) Days of receipt of such notice from the User, or by 17:00 hours on 17 October 2008, (whichever is later) LNGS will revise the User's Actual Winter Injection Period and reallocate the amount of Winter Storage Injectability (in kWh/Day) on each day in such revised Actual Winter Injection Period, in each case in accordance with the principles set out in paragraph 3.6, and will notify the User of:

- (a) the revised Actual Winter Injection Period for that User; and
- (b) the revised Winter Storage Injectability in (kWh/Day) allocated to that User for each Day of the User's revised Actual Winter Injection Period, being the Revised Winter Injection Quantity divided by the number of Days in the revised Actual Winter Injection Period for that User.

Immediately following the notice given by LNGS pursuant to this paragraph, the User shall be deemed to have made a Storage Injection Nomination to LNGS in respect of each Day of the User's revised Actual Winter Injection Period for an amount equal to the revised Winter Storage Injectability allocated to that User for such Day pursuant to this paragraph. A User may not submit a Storage Renomination in respect of such Storage Injection Nomination. Each such Storage Injection Nomination shall be entered onto CALMS by LNGS on behalf of the User prior to the Day to which it relates.

4. Terms applicable to Winter Storage Injectability

4.1 Except as provided in this Winter Storage Injectability Invitation, Winter Storage Injectability may be used in association with any other Storage Capacity held by the User at the National Grid LNG Storage Facility at Dynevor Arms.

4.2 In addition to the provisions of this invitation, the provisions of TPD Section Z of the Uniform Network Code (other than paragraphs 3, 4, 5.1, 5.2, 5.4, 5.6, 5.8 and 5.10 of TPD Section Z) shall apply to any Winter Storage Injectability allocated pursuant to this invitation, except as set out in this invitation. References in TPD Section Z of the Uniform Network Code to "Annual Storage Invitation" shall, where the context so requires in

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relation any Winter Storage Injectability allocated pursuant to this invitation, be deemed to be a reference to this invitation.

- 4.3 For the purposes of TPD Section Z4 of the Uniform Network Code, a User shall not be entitled to transfer all or any part of its Winter Storage Injectability, and so the provisions of TPD Section Z4 of the Uniform Network Code shall not apply to Winter Storage Injectability.

5. Surrender of Winter Storage Injectability

- 5.1 At any time prior to 06:00 hours on 1 October 2008, the User may, by notice to LNGS, surrender all or part of its allocated Winter Storage Injectability. The User's allocated Winter Storage Injectability will be reduced by the quantity so surrendered.
- 5.2 In the event that LNGS is able to resell the surrendered Winter Storage Injectability to another User, LNGS will refund the surrendering User the Storage Capacity Charges already paid by the surrendering User in respect of the surrendered Winter Storage Injectability prior to the date of any such resale, and the surrendering User shall not be liable for any further Storage Capacity Charges in respect of the surrendered Winter Storage Injectability after the date of any such resale. Such refund will appear as a credit on the next invoice issued to the surrendering User pursuant to Section Z, whether in respect of the Winter Storage Injectability or any other Storage Capacity held by the surrendering User. For the avoidance of doubt, until any such resale occurs, the surrendering User shall remain liable for Storage Capacity Charges in respect of the Winter Storage Injectability notwithstanding the surrender pursuant to paragraph 5.1.

6. CALMS and Commercial Operations communications

- 6.1 Winter Storage Injectability will not be recorded on the Customer Access and LNG Management System ("CALMS").
- 6.2 No Commercial Operations communications will be made by way of CALMS in respect of Winter Storage Injectability (other than as specified in paragraph 3.6 and paragraph 3.8).
- 6.3 All notices and other communications to be given in relation to the Winter Storage Injectability pursuant to this invitation shall be given by fax as follows:
- (a) for notices and other communications from the User to LNGS, to the fax number specified in paragraph 9.1(b) and marked for the attention of the person specified in paragraph 9.1(b); and
 - (b) for notices and other communications from LNGS to the User, to the fax number specified for such purposes in the application form submitted pursuant to this invitation and marked for the attention of the person specified for such purposes in the application form submitted pursuant to this invitation.

7. Charges

- 7.1 The Storage Injectability Charge (in pence) payable in respect of Winter Storage Injectability shall be calculated as follows:

$$0.621 * AWSI$$

where "AWSI" is the aggregate Winter Storage Injectability (in kWh) allocated to the User.

Such Storage Injectability Charge will be invoiced and is payable monthly in accordance with TPD Section Z8.

- 7.2 For the avoidance of doubt, TPD Section Z5.5.1 of the Uniform Network Code shall apply

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in respect of quantities injected utilising Winter Storage Injectability, provided that the charge payable in respect of the User's Actual Winter Injection Period shall be 0.481 pence per kWh.

8. Completion of Application Form(s)

- 8.1 Applicants must submit an application using the relevant application form, which can be found at www.nationalgrid.com/uk/Gas/Ingstorage/.
- 8.2 LNGS is not obliged to accept all or any applications submitted under this Winter Storage Injectability Invitation.
- 8.3 The application form must be completed in full. Each User may only submit one application form.

9. Submission of Application Form(s)

- 9.1 Applicants must complete the relevant application forms electronically. Users should then submit completed application forms:
 - (a) By post to the address set out below; or
LNG Storage – Commercial Operations
National Grid
Floor C3
National Grid House
Warwick Technology Park
Gallows Hill Warwick CV34 6DA
 - (b) By fax FAO: LNG Storage – Commercial Operations on 01926 656600

in each case, by no later than 12:00 hours on the Winter Storage Injectability Invitation Close Date.

- 9.2 For applications, all Applicants should clearly mark the sealed envelope or fax subject header with their company name.
- 9.3 LNGS will not be required to consider applications submitted by an Applicant where the requirements of this invitation have not been satisfied.
- 9.4 An Applicant wishing to withdraw its application must notify LNGS in writing before 12:00 hours on the Winter Storage Injectability Invitation Close Date. Where an Applicant so notifies LNGS, LNGS will promptly confirm receipt of the Applicant's notification by telephone, withdraw the Applicants sealed envelope or fax from the tender and return it unopened to the Applicant. Following a notification in accordance with this paragraph the Applicant may submit further applications in accordance with this invitation.

10. Allocation

- 10.1 Where the aggregate amount of Winter Storage Injectability applied for by Users is less than or equal to the maximum amount of Winter Storage Injectability made available pursuant to this invitation, each Applicant shall be allocated an amount of Winter Storage Injectability equal to the amount it applied for.
- 10.2 Where the aggregate amount of Winter Storage Injectability applied for by Users is greater than the maximum amount of Winter Storage Injectability made available pursuant to this invitation, each Applicant shall be allocated an amount of Winter Storage Injectability pro-rata to the amount it applied for.

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11. Notification

- 11.1 By 12:00 hours on the day following the Winter Storage Injectability Invitation Close Date, LNGS will notify each successful Applicant confirming details of the quantities (if any) of Winter Storage Injectability allocated to the Applicant.