UK BEACH APPENDIX

to the
EFET General Agreement
Concerning the Delivery and Acceptance of Natural Gas
Version 2.0(a)/May 11, 2007
(the “UK Beach Appendix”)

NOTICE & WAIVER: THIS UK BEACH APPENDIX WAS PREPARED BY EFET’S MEMBERS EXERCISING ALL REASONABLE CARE. HOWEVER EFET, THE EFET MEMBERS, REPRESENTATIVES AND COUNSEL INVOLVED IN ITS PREPARATION AND APPROVAL SHALL NOT BE LIABLE OR OTHERWISE RESPONSIBLE FOR ITS USE AND ANY DAMAGES OR LOSSES RESULTING OUT OF ITS USE IN ANY PARTICULAR CASE AND IN WHATEVER JURISDICTION. IT IS THEREFORE THE RESPONSIBILITY OF EACH PARTY WISHING TO USE THIS UK BEACH APPENDIX AND THE EFET GENERAL AGREEMENT TO ENSURE ITS TERMS AND CONDITIONS ARE LEGALLY BINDING, VALID AND ENFORCEABLE AND BEST SERVE TO PROTECT THE USER’S LEGAL INTERESTS. USERS OF THIS UK BEACH APPENDIX ARE URGED TO CONSULT RELEVANT LEGAL OPINIONS MADE AVAILABLE THROUGH EFET AS WELL AS THEIR OWN COUNSEL.
EFET

European Federation of Energy Traders

UK Beach Appendix
to the
General Agreement
Concerning the Delivery and Acceptance of Natural Gas
Version 2.0 (a)/May 11, 2007

UK BEACH APPENDIX

dated as of ____________________ 20[ ]
(the “UK Beach Appendix Effective Date”)

Between

[Party A]

and

[Party B]

By executing this UK Beach Appendix in the signature block at the end hereof, the Parties hereby modify, supplement and amend the terms of that certain previously executed General Agreement entered into and dated as of [ Effective Date ] to provide that the terms of this UK Beach Appendix shall be incorporated therein and shall be applicable to and thereafter govern all Individual Beach Contracts (as hereinafter defined).

All transactions entered into by the Parties for and concerning the delivery and acceptance of Natural Gas at the UK Beach, which were entered into prior to the UK Beach Appendix Effective Date, but which remain either fully or partially unperformed as of such UK Beach Appendix Effective Date shall, as of the UK Beach Appendix Effective Date

[ ] become Individual Beach Contracts hereunder.

[ ] only become Individual Beach Contracts hereunder if so agreed in writing between the Parties.

As of the UK Beach Appendix Effective Date, any contrary prior election by the Parties in § 1.1 of the Election Sheet to the General Agreement referred to above is hereby amended to provide that the General Agreement, as hereby amended, shall apply, to all Individual Beach Contracts.
UK BEACH APPENDIX

The provisions of the General Agreement are hereby amended and supplemented in accordance with the following:

Part I: General Terms

1.1 Subject of UK Beach Appendix.

Incorporation of Beach 2000 Terms and Amendment of General Agreement for Individual Beach Contracts. As provided in further detail hereinafter, this UK Beach Appendix to the General Agreement: (a) incorporates by specific references certain terms and provisions of the 2000 release of the “Standard Terms and Conditions for the sale and purchase of Natural Gas for UK short term deliveries at the beach” (the “Beach 2000 Terms”); and (b) modifies, amends and supplements, to the extent set forth herein, certain provisions of the General Agreement (which, pursuant to § 1.1 of the General Agreement, includes its Annexes, Appendices and Election Sheet) and, together with the General Agreement, shall apply to and govern any Individual Contract entered into by the Parties for and concerning the delivery and acceptance of Natural Gas at the UK Beach (each such Individual Contract a “Beach Transaction”), and to any Option on the delivery and acceptance of Natural Gas at the UK Beach (each such Option a “Beach Option”) which the Parties agree, either through the application of § 1.2 or otherwise in respect of a specific Individual Contract, shall be subject to the terms of this UK Beach Appendix. Beach Transactions and Beach Options are referred to in this UK Beach Appendix as “Individual Beach Contracts”.

1.2 Applicability to Individual Contracts entered after the UK Beach Appendix Effective Date. If this § 1.2 is specified as applying in Part II, as of the UK Beach Appendix Effective Date, any and all future transactions between the Parties that concern the delivery and acceptance of Natural Gas (together with Options on the delivery and acceptances of Natural Gas) at the UK Beach shall automatically be subject to the General Agreement, as it is modified, supplemented and amended by this UK Beach Appendix, without further action by the Parties, unless the agreed upon terms of such transaction expressly provide that it shall not be subject to the General Agreement as modified, supplemented and amended by this UK Beach Appendix. For all other types of Individual Contracts, the General Agreement shall remain unchanged by this UK Beach Appendix.

2. Definitions and Construction.

2.1 Definitions.

(a) Capitalised terms used in this UK Beach Appendix and not otherwise defined herein or in the General Agreement shall have the meanings given to them, as applicable, in Clause 1 (Definitions) of the Beach 2000 Terms, and all such definitions are hereby incorporated by reference herein. If a Clause from the Beach 2000 Terms is incorporated into this UK Beach Appendix, then the definitions of any defined term in that Clause are also incorporated into this UK Beach Appendix.

(b) The following additional definitions shall apply:

“Network Code” means the Uniform Network Code administered by the Joint Office of Gas Transporters as may be amended from time to time.

“UK Beach” means each Aggregate System Entry Point at which Natural Gas is delivered to the UK from an offshore Natural Gas transportation system and enters the National Transmission System.

(c) For the purposes of this UK Beach Appendix and all Individual Beach Contracts, the following words, defined in the Beach 2000 Terms, shall be read as synonymous with, respectively, the following corresponding terminology.
employed by the General Agreement:

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<tr>
<th>Beach Terminology</th>
<th>General Agreement Terminology</th>
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<td>Interest Rate</td>
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<td>Daily Quantity</td>
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<tr>
<td>Excess Gas</td>
<td>the absolute value of the Default Quantity</td>
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<td>Off-Specification Gas</td>
<td>Off-Spec Gas</td>
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<td>Quality Specification</td>
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(d) Any reference to the term “Contract Quantity” with respect to an Individual Beach Contract shall refer to the definition of such term contained in the General Agreement only and shall be construed accordingly provided that the words "expressed in MWh," shall be deleted from such General Agreement definition.

(e) For the purposes of this UK Beach Appendix, the definition of "Day" in the Beach 2000 Terms shall be amended to read as follows: "shall have the same meaning as in the Network Code from time to time".

(f) For the purposes of this UK Beach Appendix, the definition of "National Transmission System" or "NTS" in the Beach 2000 Terms shall be amended to read as follows "shall have the same meaning as in the Network Code from time to time".

(g) For the purposes of this UK Beach Appendix, the definition of “Nomination and Allocation Arrangements” shall be amended to read “means the validation by the Claims Validation Agent pursuant to, and in accordance with, the relevant Claims Validation Services Agreement and/or the Agreement for the Provision of Claims Validation Information”.

2.2 Inconsistencies. In the event of any inconsistency between the General Agreement and this UK Beach Appendix, this UK Beach Appendix will prevail for purposes of all Individual Beach Contracts. In the event of any inconsistency between the terms of an Individual Beach Contract (whether evidenced in a Confirmation or otherwise) and the provisions of either this UK Beach Appendix or the General Agreement (as amended by this UK Beach Appendix), the terms of the Individual Beach Contract shall prevail for the purpose of that Individual Beach Contract.

2.3 Interpretation of References to Transactions & Laws and Internal Cross-references. Sub-Clauses 1.2 and 1.3 of Clause 1 (Definitions) of the Beach 2000 Terms are hereby incorporated by reference in this UK Beach Appendix. Where Clauses of the Beach 2000 Terms which refer to other Clauses of the Beach 2000 Terms are incorporated into this UK Beach Appendix such other Clauses shall also be incorporated into this Beach Appendix to the extent required.

2.4 References to Time. Notwithstanding a contrary specification in the General Agreement, for purposes of Individual Beach Contracts, references to time shall be construed as referring to the time then prevailing at the UK Beach, being GMT +0 hours in the winter period and GMT +1 hour during the summer period. For this purpose “winter period” and “summer period” shall have the meanings ascribed to them in the Eighth Directive (97/44/EC) and Directive 2000/84/EC and any succeeding EC Regulation on summer-time arrangements.

3. Concluding and Confirming Individual Beach Contracts.

3.1 Form of Confirmation for Individual Beach Contracts. For purposes of Individual Beach Contracts, § 3.2 (Confirmations) of the General Agreement shall be amended by deleting the reference in the last line to
“Annex 2a - d” and replacing it with “Annex 2 A-D UK Beach which are attached to this UK Beach Appendix and shall be added for use in Individual Beach Contracts”.

3.2 **Alternate Confirmation Procedure.** If this § 3.2 is specified as applying in Part II of this UK Beach Appendix, for the purposes of Individual Beach Contracts the confirmation procedure set forth in sub-Clauses 3.1 to 3.8 of Clause 3 (Notifying a Transaction Agreement) of the Beach 2000 Terms shall replace the procedure set forth in § 3.2 (Confirmations) and § 3.3 (Objections to Confirmations) of the General Agreement.

4 Delivery and Acceptance and Net Scheduling Obligations.

4.1 § 4.1(a) of the General Agreement shall be amended by adding the following sentence between “of the Total Supply Period.” in the fourth line and “In performing” in the fourth and fifth line:

“For the purposes of Individual Beach Contracts, a Party’s obligations to “deliver and accept” shall include, without limitation, compliance with all obligations and covenants set forth as applicable to it in sub-Clauses 2.4 and 2.5 of Clause 2 (General Matters) of the Beach 2000 Terms (which provisions are by this reference hereby incorporated in this UK Beach Appendix), and any terms contained in § 4.1 (Delivery and Acceptance and Net Scheduling Obligations) and § 4.2 (Definition of Schedule and Applicable Code) of the General Agreement which are inconsistent with such provisions of the Beach 2000 Terms shall be deemed amended accordingly.”

4.2 For the purposes of Individual Beach Contracts § 4.1 *(Delivery and Acceptance and Net Scheduling Obligations)* of the General Agreement shall be amended by inserting sub-Clauses 4.2, 4.3 and 4.6 of Clause 4 (Delivery Obligations) of the Beach 2000 Terms (which provisions are by this reference hereby incorporated in this UK Beach Appendix) as an additional §§ 4.1(c), (d) and (e) of the General Agreement, respectively.

5. **Non-Performance of Individual Beach Contracts Due to Force Majeure.**

5.1 **Definition of Force Majeure.** For the purposes of Individual Beach Contracts, § 7.1 *(Definition of Force Majeure)* of the General Agreement shall be amended by:

(i) inserting sub-Clauses 9.1.3 (a) and (b) of Clause 9 (Force Majeure) of the Beach 2000 Terms (which provisions are by this reference hereby incorporated in this UK Beach Appendix) as new § 7.1 (c) and § 7.1 (d), respectively; and

(ii) deleting the final sentence of §7.1 of the General Agreement and in its place adding sub-Clauses 9.1.4 and 9.3 of Clause 9 (Force Majeure) of the Beach 2000 Terms to § 7.1 of the General Agreement to constitute exceptions to “Force Majeure” (and sub-Clauses 9.1.4 and 9.3 of Clause 9 (Force Majeure) of the Beach 2000 Terms are by this reference hereby incorporated in this UK Beach Appendix, provided that the words “Notwithstanding Clause 9.1” shall be deleted from sub-Clause 9.3 of the Beach 2000 Terms for the purposes of the incorporation of such sub-Clauses).

5.2 **Notification and Mitigation of Force Majeure.** For the purposes of Individual Beach Contracts, § 7.3 *(Notification and Mitigation of Force Majeure)* of the General Agreement shall be deleted and replaced with sub-Clauses 9.4 and 9.5 of Clause 9 (Force Majeure) of the Beach 2000 Terms (which provisions are by this reference hereby incorporated in this UK Beach Appendix).

5.3 **Apportion.** If this § 5.3 is specified as applying in Part II of this UK Beach Appendix, the Parties shall, with respect to Individual Beach Contracts amend § 7 *(Non-Performance Due to Force Majeure)* of the General Agreement by inserting sub-Clauses 9.6 and 9.7 of Clause 9 (Force Majeure) of the Beach 2000 Terms (which provisions are by this reference hereby incorporated in this UK Beach Appendix) as an additional § 7.6 (Apportion) (a) and (b).

6. **Remedies for Failure to Deliver or Accept the Contract Quantity.**

6.1 **Underdelivery and Overdelivery.** For the purposes of Individual Beach Contracts, § 8.1 *(Underdelivery)* and § 8.3 *(Overdelivery)* of the General Agreement shall be deleted and replaced with, respectively, the provisions of sub-Clauses 7.1 to 7.3 of Clause 7 (Shortfall Gas) of the Beach 2000 Terms and sub-Clause 4.5 of Clause 4
(Delivery Obligations) of the Beach 2000 Terms, each of which Clauses is, by this reference, hereby incorporated in its entirety in this UK Beach Appendix. For these purposes Clause 7.2.1 of the Beach 2000 Terms shall be amended to read as follows: "the sum (where positive) of \((SMBP-CP) \times SG\) where "\(SMBP\)" is the System Marginal Buy Price for the Day in question; and"

6.2 Under and Over Acceptance. For the purposes of Individual Beach Contracts, § 8.2 (Under Acceptance) and § 8.4 (Over Acceptance) of the General Agreement shall be deleted in their entirety.

7. Off-Spec Gas

7.1 For the purposes of Individual Beach Contracts, §§ 8a.1 to 8a.4 inclusive of the General Agreement shall be deleted in their entirety and replaced with sub-Clauses 6.1, 6.2, 6.3 and 6.4.1 of Clause 6 (Quality, Pressure and Off-Specification Gas) of the Beach 2000 Terms (which provisions are by this reference hereby incorporated in this UK Beach Appendix) as new §§ 8a.1, 8a.2, 8a.3 and 8a.4 respectively.

7.2 Indemnity. For the purposes of Individual Beach Contracts, § 8a (Off-Spec Gas) of the General Agreement shall be amended by deleting the existing § 8a.5 (Indemnity) and inserting in its place sub-Clauses 6.4.2 and 6.4.3 of Clause 6 (Quality, Pressure and Off-Specification Gas) of the Beach 2000 Terms (which provisions are by this reference hereby incorporated in this UK Beach Appendix).

7.3 Payment for Off-Spec Gas: In the second line of §8a.6 the words “and accepted” shall be added after the word “delivered”.


Subject to §9 below, if any amounts calculated, payable, quoted or incurred hereunder, as the case may be, are in a currency other than Euros, the Party calculating, netting, setting off or otherwise working with such amount may, in good faith covert such amount into its Euro equivalent for such purposes using a conversion rate commercially reasonable at such time.

9. Invoicing of Individual Beach Contracts.

Payment. If this § 9 is specified as applying in Part II of this UK Beach Appendix, § 13.2 (Payment) of the General Agreement shall in respect of Individual Beach Contracts be deleted in its entirety and replaced with sub-Clauses 8.4 and 8.5 of Clause 8 (Price and Payment) of the Beach 2000 Terms (which provisions are by this reference hereby incorporated in this UK Beach Appendix).

If § 9 is not specified as applying, the Parties acknowledge that for the purposes of Individual Beach Contract the Contract Price shall be denominated in pounds sterling and payment shall be made in pounds sterling.

10. Miscellaneous.

10.1 Rounding. For the purposes of Individual Beach Contracts, § 23 (Miscellaneous) of the General Agreement shall be amended by inserting sub-Clause 14.4 of Clause 14 (Miscellaneous) of the Beach 2000 Terms (which provisions are by this reference hereby incorporated in this UK Beach Appendix) as a new § 23.7.

10.2 Entirety. The terms of each Individual Beach Contract, as modified and supplemented by all consistent provisions of the General Agreement (inclusive of this UK Beach Appendix) shall be the entire agreement between the Parties with respect to such Individual Beach Contract, and shall supersede and extinguish any provisions and representations previously given or agreed between the Parties with respect to such Individual Beach Contract, whether orally or in writing.

10.3 Waiver. No waiver by either Party of any breach by the other Party in respect of an Individual Beach Contract shall operate or be construed as a waiver of any other breach.
10.4 **Confidentiality.** For the purposes of each Individual Beach Contract, the words "to the relevant Claims Validation Agent" shall be added after the words "Network Operator" in § 20.2(c) of the General Agreement.

10.5 **Representations and Warranties.** The following additional representation and warranty shall be added as additional §21(m) for the purposes of all Individual Beach Contracts: "it is and will be through the subsistence of each Individual Beach Contract a party to the Claims Validation Services Agreement and/or the Agreement for the Provision of Claims Validation Information".

10.6 **Governing Law.** If this §10.6 is specified as applying in Part II of this UK Beach Appendix, then notwithstanding the terms of § 22 of the General Agreement, the question of whether any event or circumstance is an event of Force Majeure in respect of an Individual Beach Contract shall be governed by English law and the Parties hereby submit to the exclusive jurisdiction of the English Courts for such purposes.¹

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¹ Without prejudice to the general waiver, EFET recommends parties to seek their own legal advice on the potential risk of using a governing law different to the law elected in §22 of the General Agreement for the Force Majeure Event of this UK Beach Appendix.
Part II:

ELECTIONS FOR CUSTOMIZATION OF PROVISIONS IN THIS UK BEACH APPENDIX:

§ 1
Subject of UK Beach Appendix

§ 1.2 Applicability to Individual Contracts: [ ] § 1.2 shall apply

§ 3
Concluding and Confirming Individual Beach Contracts

§ 3.2 Alternate Confirmation Procedure: [ ] § 3.2 shall apply

§ 5
Non-Performance of Individual Beach Contracts Due to Force Majeure

§ 5.3 Apportion: [ ] § 5.3 shall apply

§ 9
Invoicing of Individual Beach Contracts

§ 9 Payment: [ ] § 9 shall apply

§ 10
Governing Law

§ 10.6 Governing Law for Force Majeure Events: [ ] § 10.6 shall apply.

ADDITIONAL PROVISIONS / AMENDMENTS TO THE UK BEACH APPENDIX
To be executed by Parties that checked and completed the box on the first page hereof:

IN WITNESS whereof this UK Beach Appendix has been duly executed by the duly authorized representative(s) of each Party on the respective dates set out below with effect from the UK Beach Appendix Effective Date.

By: 
Name: 
Title: 
Date: 

By: 
Name: 
Title: 
Date: 

By: 
Name: 
Title: 
Date:
Annex 2A

CONFIRMATION OF INDIVIDUAL CONTRACT FOR UK BEACH TRANSACTIONS (FIXED PRICE)

Trade Date:

Between
Seller:
Buyer:

Contract Quantity:

Delivery Point:
INTER SYSTEM
Seller's System:
Buyer's System:

Contract Price:

Time Unit: one (1) Day

Total Supply Period: From [ ] hours on [ ] to [ ] hours on [ ]

Tolerance:

This Confirmation confirms the Individual Beach Contract entered into pursuant to the EFET General Agreement Concerning the Delivery and Acceptance of Natural Gas between the Parties (General Agreement) including the UK Beach Appendix and supplements and forms part of that General Agreement including the UK Beach Appendix. In case of any inconsistencies between the terms of this Confirmation and the Individual Beach Contract, please contact us immediately.

Date: ____________________________ Signature: ____________________________
Annex 2B

CONFIRMATION OF INDIVIDUAL CONTRACT FOR UK BEACH TRANSACTIONS (FLOATING PRICE)

Trade Date :

Between
Seller :
Buyer :

Contract Quantity:

Delivery Point :
INTER SYSTEM
Seller's System:
Buyer's System:

Time Unit : one (1) Day

Total Supply Period : From [ ] hours on [ / / ] to [ ] hours on [ / / ]

Commodity Reference Price : [ ]

Alternate Commodity Reference Price : [ ]

Calculation Date : [ ]
Calculation Agent : [ ]
Calculation Method : [ ]

Tolerance :

This Confirmation confirms the Individual Beach Contract entered into pursuant to the EFET General Agreement Concerning the Delivery and Acceptance of Natural Gas between the Parties (General Agreement) including the UK Beach Appendix and supplements and forms part of that General Agreement including the UK Beach Appendix. In case of any inconsistencies between the terms of this Confirmation and the Individual Beach Contract, please contact us immediately.

Date : ___________________________ Signature : ___________________________
Annex 2C
CONFIRMATION OF INDIVIDUAL CONTRACT FOR UK BEACH OPTIONS (CALL OPTION)

Trade Date:

Between

Writer:

Holder:

Option Details:

(a) Option Type: Call
(b) Option Style:
(c) Exercise Deadline:
(d) Exercise Period: (if American Style Option)
(e) Premium:
(f) Premium Payment Date:

Delivery Point:

[ ] INTER SYSTEM:

Seller’s System:

Buyer’s System:

Contract Quantity:

Time Unit: one (1) Day

Total Supply Period: From [ ] hours on [ / / ] to [ ] hours on [ / / ]

Contract Price:

Tolerance:

This Confirmation confirms the Individual Beach Contract entered into pursuant to the EFET General Agreement Concerning the Delivery and Acceptance of Natural Gas between the Parties (General Agreement) including the UK Beach Appendix and supplements and forms part of that General Agreement including the UK Beach Appendix. In case of any inconsistencies between the terms of this Confirmation and the Individual Beach Contract, please contact us immediately.

Date: __________________ Signature: ____________________________
Annex 2D
CONFIRMATION OF INDIVIDUAL CONTRACT FOR UK BEACH OPTION (PUT OPTION)

Trade Date :

Between
Writer:
Holder :

Option Details:
(a) Option Type: Put
(b) Option Style:
(c) Exercise Deadline:
(d) Exercise Period: (if American Style Option)
(e) Premium:
(f) Premium Payment Date:

Delivery Point :

[ ] INTER SYSTEM:
Seller’s System:
Buyer’s System

Contract Quantity:

Time Unit : one (1) Day

Total Supply Period: From [ ] hours on [ / / ] to [ ] hours on [ / / ]

Contract Price

Tolerance:

This Confirmation confirms the Individual Beach Contract entered into pursuant to the EFET General Agreement Concerning the Delivery and Acceptance of Natural Gas between the Parties (General Agreement) including the UK Beach Appendix and supplements and forms part of that General Agreement including the UK Beach Appendix. In case of any inconsistencies between the terms of this Confirmation and the Individual Beach Contract, please contact us immediately.

Date : ___________________________ Signature : ___________________________