

EFET

European Federation of Energy Traders

Amstelveenseweg 998 / 1081 JS Amsterdam
Tel: +31 20 5207970/Fax: +31 346 283 258

E-mail: secretariat@efet.org

Webpage: www.efet.org

NBP APPENDIX

to the
EFET General Agreement
Concerning the Delivery and Acceptance of Natural Gas
Version 2.0/January 6, 2003
(the "NBP Appendix")

NOTICE & WAIVER: THIS NBP 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 NBP 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 NBP APPENDIX ARE URGED TO CONSULT RELEVANT LEGAL OPINIONS MADE AVAILABLE THROUGH EFET AS WELL AS THEIR OWN COUNSEL.

EFET

European Federation of Energy Traders

NBP Appendix
to the
General Agreement
Concerning the Delivery and Acceptance of Natural Gas
Version 2.0/January 6, 2003

NBP APPENDIX

dated as of: _____
(the "NBP Appendix Effective Date")

Between

[_____]

and

[_____]

Check the box and fill in date ONLY if you are using this NBP Appendix to modify and supplement a previously executed General Agreement between the Parties:

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

All transactions entered into by the Parties for and concerning the delivery and acceptance of Natural Gas at the NBP, which were entered into prior to the NBP Appendix Effective Date, but which remain either fully or partially unperformed as of such NBP Appendix Effective Date (each such transaction a "Pre-Existing NBP Contract"), shall, as of the NBP Appendix Effective Date:

become Individual NBP Contracts hereunder, subject to the terms and conditions of the Agreement, as modified by this NBP Appendix; or

not become Individual NBP Contracts hereunder and instead shall remain governed by and subject to only their original terms and conditions.

Upon execution of this NBP Appendix, and effective as of the NBP Appendix Effective Date, any contrary prior election by the Parties in § 1.1 of the Election Sheet to a previously executed General Agreement is hereby amended to provide that the General Agreement, as hereby amended, shall apply, in accordance with its terms, to all specified categories of Individual Contracts in respect of which the Delivery Point is the National Balancing Point ("NBP").

NBP Appendix

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

Part I: General Terms

1. Subject of NBP Appendix

1.1 Incorporation of NBP 97 Terms and Amendment of General Agreement for Individual NBP Contracts. As provided in further detail hereafter, this NBP Appendix to the General Agreement (inclusive of this NBP Appendix's Annexes): (a) incorporates by specific references hereinafter certain terms and provisions of the Short Term Flat NBP Trading Terms & Conditions 1997 (the "**NBP 97 Terms**"); and (b) modifies, amends and supplements, to the extent set forth herein, certain provisions of the General Agreement (which pursuant to § 1.1 (*Subject of Agreement*) of the General Agreement, includes its Annexes, Appendices and Election Sheet) and, together with the General Agreement, shall, except and to the extent, if any, provided otherwise in this NBP Appendix in respect of Pre-Existing NBP Contracts, apply to and govern all Individual Contracts entered into by the Parties for and concerning the delivery and acceptance of Natural Gas at the NBP (each such Individual Contract an "**Individual NBP Contract**", and collectively, the "**Individual NBP Contracts**"). Any contrary prior election contained in respect of § 1.1 (*Subject of Agreement*) in the Election Sheet to the General Agreement is hereby amended accordingly.

1.2 Applicability of this NBP Appendix. As of the NBP Appendix Effective Date, any and all future Individual NBP Contracts shall be automatically subject to the General Agreement, as it is modified, supplemented and amended by this NBP Appendix, without further action by the Parties, unless the agreed upon terms of such Individual NBP Contract expressly provide that it shall not be subject to this NBP Appendix. For all other types of Individual Contracts, the General Agreement shall remain unchanged by this NBP Appendix.

2. Definitions and Construction

2.1 Definitions. Capitalised terms used in this NBP Appendix, or in Clauses of the NBP 97 Terms incorporated herein (or in other NBP 97 Term Clauses referenced by those incorporated Clauses), and not otherwise defined herein or in the General Agreement shall have the meanings given to them, as applicable, in § 1.1 of the NBP 97 Terms and, if not defined therein, in the applicable rules of the Network Operator (as amended from time to time), and all such definitions are hereby incorporated by reference herein.

References to any particular article or provision of the applicable rules of the Network Operator shall be read as references to such article or provision as renumbered or re-referenced from time to time.

For the purposes of this NBP Appendix and all Individual NBP Contracts, the following words, defined in the NBP 97 Terms, shall be read as synonymous with, respectively, the following corresponding terminology employed by the General Agreement:

NBP Terminology	EFET Terminology
NBP Trade	
For a trade delivered during one day:	Individual NBP Contract;
For a trade with deliveries over more than one day:	that portion of an Individual NBP Contract corresponding to deliveries during a single day
Supply Period	Total Supply Period
Daily Quantity	Contract Quantity for a one Day Time Unit
Monthly Statement	invoice

2.2 Inconsistencies. In the event of any inconsistency between the General Agreement and this NBP Appendix, this NBP Appendix will prevail for purposes of all Individual NBP Contracts. In the event of

any inconsistency between the terms of an Individual NBP Contract (whether evidenced in a Confirmation or otherwise) and the provisions of either this NBP Appendix or the General Agreement (as amended by this NBP Appendix), the terms of the Individual NBP Contract shall prevail for the purpose of that Individual NBP Contract.

- 2.3 **References to Time.** Notwithstanding a contrary specification in the Parties' Election Sheet, for purposes of complying with all Scheduling and similar requirements involving the NBP, references to time in the General Agreement shall be construed as referring to time then prevailing at the NBP, 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. **Confirmations**

- 3.1 **Form of Confirmation for Individual NBP Contracts.** For the purposes of Individual NBP 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 NBP (A) – 2 NBP (D)" which are attached to this NBP Appendix and shall be added to the General Agreement for use in Individual NBP Contracts.

- 3.2 **Alternate Confirmation Procedure.** If this § 3.2 is specified as applying in Part II of this NBP Appendix, for purposes of Individual NBP Contracts, the confirmation procedure set forth in Clauses 2.1 to 2.8 (excluding Clause 2.7) of the NBP 97 Terms shall replace the procedure set forth in § 3.2 (*Confirmations*) and § 3.3 (*Objections to Confirmations*) of the General Agreement.

4. **Primary Obligations for Individual NBP Contracts**

- 4.1 **Net Scheduling of Trade Nominations.** The definition of "**Schedule**" found in § 4.2 (*Definition of Schedule and Applicable Code*) of the General Agreement shall be amended by adding the following sentence at the end thereof:

For the purposes of Individual NBP Contracts, a Party's obligations to "Schedule" shall include, without limitation, compliance with all the obligations and requirements contained in Clause 4.1 of the NBP 97 Terms, which provision is hereby incorporated herein.

- 4.2 **Breach of Scheduling Obligations.** In the event of a failure to make an Accurate Trade Nomination, Clause 4.1.4 of the NBP 97 Terms shall be used to determine the Party in breach of its Scheduling obligations for the purposes of § 8 (*Remedies for Failure to Deliver or Accept the Contract Quantity*) of the General Agreement.

5. **Force Majeure**

- 5.1 **Definition of Force Majeure.** For the purposes of an Individual NBP Contract only, the definition of Force Majeure set forth in § 7.1 (*Definition of Force Majeure*) of the General Agreement is hereby replaced with the definition of Force Majeure set forth in § 1.1 of the NBP 97 Terms.

- 5.2 **Long Term Force Majeure Limit.** Unless this § 5.2 is specified as not applying in Part II of this NBP Appendix, the Parties hereby replace, with respect only to Individual NBP Contracts, the formula-based long term Force Majeure calculation methodology found in § 7.5 (*Long Term Force Majeure Limit*) of the General Agreement with the fixed, seven (7) Day duration methodology found in Clause 7.2 of the NBP 97 Terms; and further replace the General Agreement's immediate right of termination with termination effective only upon three (3) Banking Days notice, as also provided in Clause 7.2 of the NBP 97 Terms.

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

- 6.1 **Default under an Individual NBP Contract.** For purposes of determining the amount payable by one Party to the other in respect of a failure to deliver or accept the Contract Quantity under Individual NBP Contracts,

- (a) §§ 8.1 (*Underdelivery*), 8.2 (*Under Acceptance*), 8.3 (*Overdelivery*) and 8.4 (*Over Acceptance*) of the General Agreement shall be deleted in their entirety and replaced with Clauses 4.2 and 4.3 of

the NBP 97 Terms as new §§ 8.1 (*Breach by the Seller*) and 8.2 (*Breach by the Buyer*), respectively; and

- (b) the System Marginal Buy Price for the applicable Day will form the basis of the compensation payable under Clause 4.2 of the NBP 97 Terms and the System Marginal Sell Price for the applicable Day will form the basis of the compensation payable under Clause 4.3 of the NBP 97 Terms.

6.2 **Invoicing and Payment of Amounts Due.** Amounts that are due as the result of breaches of Scheduling, acceptance and delivery obligations as calculated pursuant to § 8 (*Remedies for Failure to Deliver or Accept the Contract Quantity*) of the General Agreement (as amended by this NBP Appendix) shall be invoiced and paid in accordance with § 13 (*Invoicing and Payment*) of the General Agreement.

7. Off-Spec Gas

7.1 **Off-Spec Gas:** For the purposes of Individual NBP Contracts, the provisions of § 8a (*Off-Spec Gas*) of the General Agreement shall not apply in respect of any Individual NBP Contract and any Natural Gas delivered at the NBP under an Individual NBP Contract shall be deemed to comply with the operating conditions and quality requirements applicable at the NBP.

7.2 **Tolerance:** For the purposes of Individual NBP Contracts, the Tolerance shall be zero.

8. Suspension of Delivery, Acceptance and Trade Nomination Obligations.

If this § 8 is specified as applying in Part II of this NBP Appendix, for the purposes of Individual NBP Contracts, § 9 (*Suspension of Delivery, Acceptance and Trade Nomination Obligations*) of the General Agreement shall be amended by deletion of the words: “no earlier than three (3) Business Days after sending...” in the fifth and sixth lines of § 9, and the addition of the words: “upon receipt of...” in their place.

9. Early Termination of Individual NBP Contracts

Calculation of Termination Amount. If this § 9 is specified as applying in Part II of this NBP Appendix, any Settlement Amount for an Individual NBP Contract calculated in accordance with Clauses 10.5 and 10.6 of the NBP 97 Terms (which Clauses are hereby incorporated herein) shall be deemed to have been calculated in a “commercially reasonable manner” as required by § 10.3(c) of the General Agreement.

10. Limitation of Liability

For the avoidance of doubt, the currently existing references:

- (a) to § 8 (*Remedies for Failure to Deliver or Accept the Contract Quantity*) of the General Agreement contained within §§ 12.2 (*Exclusion of Liability*) and 12.3 (*Consequential Damage and Limitation of Liability*) of the General Agreement shall be construed for purposes of Individual NBP Contracts to also include references to amounts calculated or provided in, as applicable (given the Parties’ elections herein), Clauses 4.2, 4.3 of the NBP 97 Terms which have been incorporated by reference in this NBP Appendix; and
- (b) to § 10.3 (*Termination for Material Reason*) of the General Agreement contained within §§ 12.2 (*Exclusion of Liability*) and 12.3 (*Consequential Damage and Limitation of Liability*) of the General Agreement shall be construed for purposes of Individual NBP Contracts to also include references to amounts calculated or provided in, as applicable (given the Parties’ elections herein), Clauses 10.5, 10.6 of the NBP 97 Terms which have been incorporated by reference in this NBP Appendix.

11. Invoicing and Payment

11.1 **Invoicing and Payment of Individual NBP Contracts.** If this § 11.1 is specified as applying in Part II of this NBP Appendix, § 13.1(*Invoice*) of the General Agreement shall be amended by adding the following to its end:

In respect of Individual NBP Contracts, each Party who is a Seller of Natural Gas in a calendar month shall calculate the quantities of Natural Gas sold, the related amounts due between the Parties for that calendar month, and shall invoice Buyer for the same on or before the tenth (10th) day of the following calendar month. Invoicing for such purposes shall be in accordance with the methodology set forth sub-Clauses 6.1.1, 6.1.2, 6.1.3, 6.1.4 and 6.1.6 of Clause 6.1 of the NBP 97 Terms and, if the Parties have elected to make operative § 13.3 (*Payment Netting*) of the General Agreement, Clauses 6.1.5 and 6.7 of the NBP 97 Terms (which provisions are by this reference hereby incorporated, as applicable, in this NBP Appendix).

12. **Miscellaneous**

- 12.1 **Entirety.** The terms of each Individual NBP Contract, as modified and supplemented by all consistent provisions of the Agreement (inclusive of this NBP Appendix) shall be the entire agreement between the Parties with respect to such Individual NBP Contract, and shall supersede and extinguish any provisions and representations previously given or agreed between the Parties with respect to such Individual NBP Contract, whether orally or in writing.
- 12.2 **Waiver.** No waiver by either Party of any breach by the other Party in respect of an Individual NBP Contract shall operate or be construed as a waiver of any other breach.
- 12.3 **Currency Conversion.** If any amounts calculated, payable, quoted or incurred hereunder, as the case may be, are in a currency other than the Euro, the party, as applicable, calculating, netting, setting off or otherwise working with such amount may, in good faith convert such amount into its Euro equivalent for such purposes using a conversion rate commercially reasonable at such time.

Part II:

ELECTIONS FOR CUSTOMIZATION OF PROVISIONS IN THIS NBP APPENDIX:

§ 3

Concluding and Confirming Individual NBP Contracts

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

§ 5

Non-Performance of Individual NBP Contracts Due to Force Majeure

§ 5.2 **Long Term Force Majeure Limit:** [] Clause 7.2 of the NBP 97 Terms shall not apply in lieu of § 7.5 of the General Agreement.

§ 8

Suspension of Delivery, Acceptance and Trade Nomination Obligations

§ 8 **Suspension of Delivery, Acceptance and Trade Nomination Obligations:** [] § 8 shall apply

§ 9

Early Termination of Individual NBP Contracts

§ 9 **Calculation of Termination Amount:** [] § 9 shall apply

§ 11

Invoicing of Individual NBP Contracts

§ 11.1 Invoicing and Payment of Individual NBP [] § 11.1 shall apply
Contracts:

ADDITIONAL PROVISIONS / AMENDMENTS TO THE NBP APPENDIX

To be executed by Parties that checked and completed the box on the first page hereof:

IN WITNESS whereof this NBP 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 NBP Appendix Effective Date.

[Name of Party]

[Name of Party]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

THE BALANCE OF THIS PAGE LEFT INTENTIONALLY BLANK

EFET

European Federation of Energy Traders

ANNEX 1 NBP (A) to the General Agreement

CONFIRMATION OF INDIVIDUAL CONTRACT FOR NBP TRANSACTIONS (FIXED PRICE)

BETWEEN:

SELLER:

(including Gemini Reference)

BUYER:

(including Gemini Reference) :

Delivery Point : NBP

Time Unit : one (1) Day

DAILY QUANTITY:

CONTRACT PRICE:

TOTAL SUPPLY PERIOD :

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

Date and time of Transaction:

Signed

.....

EFET

European Federation of Energy Traders

ANNEX 1 NBP (B) to the General Agreement

CONFIRMATION OF INDIVIDUAL CONTRACT FOR NBP TRANSACTIONS (FLOATING PRICE)

BETWEEN:

SELLER:

(including Gemini Reference)

BUYER:

(including Gemini Reference) :

DAILY QUANTITY:

Delivery Point : NBP

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 : 0

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

Date : _____

Signature : _____

EFET

European Federation of Energy Traders

ANNEX 1 NBP (C) to the General Agreement

CONFIRMATION OF INDIVIDUAL CONTRACT FOR NBP TRANSACTIONS (CALL OPTION)

BETWEEN:

(1) _____ (“Writer”); and (2) _____ (“Holder”).

(Gemini References) _____

concluded on [/ /], [:] hours

Option Details :

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

Delivery Point : NBP

Contract Quantity : []

Time Unit : one (1) Day

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

Contract Price : []

Tolerance : 0

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

Date : _____ Signature : _____

EFET

European Federation of Energy Traders

ANNEX 1 NBP (D) to the General Agreement

CONFIRMATION OF INDIVIDUAL CONTRACT FOR NBP TRANSACTIONS (PUT OPTION)

BETWEEN:

(1) _____ (“**Writer**”); and (2) _____ (“**Holder**”).

(Gemini References) _____

concluded on [/ /], [:] hours

Option Details :

- (a) Option Type : Put
- (b) Option Style: American/European
- (c) Exercise Deadline : []
- (d) Exercise Period: (if American Style Option)
- (e) Premium : []
- (f) Premium Payment Date : []

Delivery Point : NBP

Contract Quantity : []

Time Unit : one (1) Day

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

Contract Price : []

Tolerance : 0

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

Date : _____ Signature : _____