

**AGREEMENT CONCERNING THE PROCEDURE FOR ADOPTING THE TARIFF
METHODOLOGY FOR OPERATING A NATURAL GAS TRANSMISSION SYSTEM
CONTAINING THE GAS INTERCONNECTOR BETWEEN BELGIUM (ZEEBRUGGE) AND
THE UNITED KINGDOM (BACTON)**

Between:

The **COMMISSION DE RÉGULATION DE L'ÉLECTRICITÉ ET DU GAZ (CREG)**, an autonomous body having legal status, with registered office at Rue de l'Industrie 26-38, 1040 Brussels, Belgium,

Represented by Ms Marie-Pierre Fauconnier, President, and Mr Laurent Jacquet, Director,

Hereinafter referred to as "the CREG" or "the commission",

And

INTERCONNECTOR (UK) LIMITED., incorporated and registered in England and Wales with company number 2989838 whose registered office is at 8th Floor, 61 Aldwych, London WC2B 4AE, United Kingdom.

Represented by Mr Sean Waring

Hereinafter referred to as "Interconnector",

BACKGROUND:

Article 41.1 of Directive 2009/73/EC states that the duties of regulatory authorities include, amongst others, fixing or approving, in accordance with transparent criteria, transmission tariffs or tariff methodologies, co-operating in regard to cross-border issues with the regulatory authority of the Member State concerned and respecting contract freedom with regard to long term contracts provided that they are compatible with Community law and consistent with Community policies.

Article 8 of Regulation 713/2009 recognises that national regulatory authorities shall agree their competence to deal with certain matters relating to cross-border infrastructure, including the terms and conditions for access.

Article 15/5bis, § 2, of the Belgian Act of 12 April 1965 on the transmission of gaseous and other products by pipelines (hereinafter referred to as the "Gas Act") states:

"After structured, documented and transparent consultation with the operators concerned, the commission will work out the tariff methodology that the operator of the natural gas transmission network, the operator of the natural gas storage infrastructure and the operator of the LNG terminal must use in order to draft their tariff proposals".

It also stipulates that:

"[...] The tariff methodology may be worked out by the commission in accordance with a procedure determined of a common accord with the operator of the natural gas transmission network, the operator of the natural gas storage infrastructure and the operator of the LNG terminal, based on an explicit, transparent and non-discriminatory agreement".

Finally it details what the tariff methodology shall cover in particular the general tariff structure and tariff components.

The CREG and Interconnector are entering into this Agreement to agree a joint process for approving the charging methodology that shall apply to Interconnector's transmission capacity made available from 1 October 2018.

CONSEQUENTLY, PROVISION IS MADE FOR THE FOLLOWING:

Article 1. The purpose of this agreement is to define the procedure to be followed in order to determine the tariff methodology that shall apply to Interconnector's transmission capacity made available from 06.00 hours on 1 October 2018.

Article 2. The CREG will closely consult and cooperate with Ofgem in the approval of a tariff methodology applicable to Interconnector's transmission capacity. The CREG shall use

reasonable endeavours to agree with Ofgem its decision relating to the tariff methodology applicable to Interconnector.

Article 3. The tariff methodology shall be discussed between the CREG and Interconnector.

Article 4. Before this dialogue round starts, the CREG adopts a preliminary draft tariff methodology and sends it to Interconnector for information purposes.

Article 5. Prior to any dialogue meeting, the CREG shall send Interconnector all the necessary documents, information and supporting material required at least three working days before the meeting is to take place.

Article 6. After each meeting, the CREG shall produce minutes of the meeting.

The minutes of a dialogue meeting shall be sent to Interconnector for agreement.

In cases of disagreement about the content of the minutes, each parties' version shall be mentioned in the minutes.

Article 7. The dialogue on all aspects of the preliminary draft tariff methodology , including the drafting of minutes, is to be completed by 30 June 2014 at the latest.

Article 8. By 1 September 2014, the CREG shall publish the draft tariff methodology on its website for public consultation purpose. All the documents that it regards as necessary, along with the minutes of the meeting, shall also be published.

The public consultation will close on 30 September 2014 at midnight.

The answers to the consultation may be made in French, Dutch or English.

Article 9. During the consultation period, the CREG may make use of any types of initiative in order to discuss the draft tariff methodology in an informal way with any interested party.

Each initiative is, if any, subject to a report by the CREG.

Article 10. The respondents to the public consultation may ask for their responses to be treated as confidential. In this case, they shall justify their request directly.

The CREG shall consult with the respondent in order to determine which passages in the response may be made public. Should the need arise, it may ask the respondent to submit a non-confidential version of his or her response.

In cases of disagreement about the confidential nature of all or part of the information contained in the response, the CREG shall offer the respondent the possibility of eliminating all or part of his or her response within a period of three working days following the notification by the CREG of the rejection of the confidentiality of the information concerned. In this case, the CREG will not take the elements eliminated into consideration.

Article 11. The CREG shall draw up a consultation report containing the following elements:

- the number of respondents and their names, with the exception of those putting forward a valid reason not to have their identity revealed;
- the respondent's arguments, brought together by topics and summarised;
- the response that the CREG intends to make to the arguments raised, and its justifications for them.

The CREG shall not take account of answers received after the deadline.

Article 12. The consultation report will include in an appendix all the admissible responses except for those submitted by respondents having asked to have their responses treated as confidential.

Article 13. The draft tariff methodology shall, as needs be, be amended following the public consultation, and the consultation report and all annexes, are to be sent to the Belgian House of Representatives by 30 November 2014 at the latest.

Article 14. The tariff methodology adopted by the CREG shall be sent to Interconnector and Ofgem by 31 December 2014 at the latest.

Article 15. The tariff methodology, the consultation report and all annexes will be published on the CREG's website.

The tariff methodology shall also be published in the *Moniteur belge* (Belgian Official Journal).

Article 16. If within 6 months of the date that the tariff methodology was issued to Ofgem and Interconnector pursuant to Article 14, CREG and Ofgem have not been able to reach agreement on the applicable tariff methodology, CREG and Ofgem shall give utmost consideration as to whether the case shall be referred to the Agency for a decision.

Article 17. The deadlines given in the present Agreement are not strict deadlines.

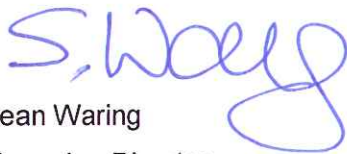
Article 18. This Agreement shall take effect on the date on which it is signed by the Parties. If the two Parties do not sign the Agreement on the same day, the CREG shall sign it second, and, on the very day on the date of signature, shall notify Interconnector thereof by e-mail and forward its own signed original by courier with acknowledgement of receipt.

Article 19. The CREG shall publish this Agreement on its website as soon as possible following its signature by the two parties.

All documents provided under this agreement shall be in the English language, or accompanied by an English translation.

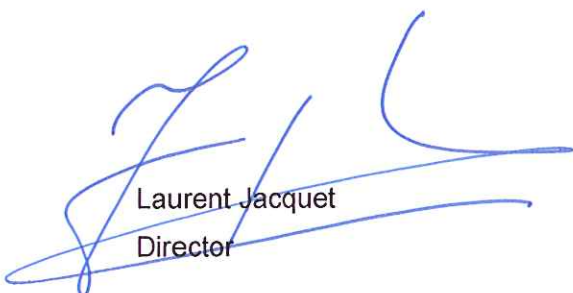
Done in Brussels, on 17 March 2014 in two originals, with each party acknowledging receipt of its own copy.

INTERCONNECTOR UK LTD

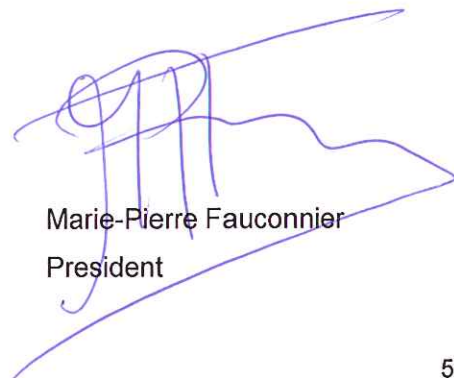


Sean Waring
Managing Director

COMMISSION DE REGULATION DE L'ELECTRICITE ET DU GAZ



Laurent Jacquet
Director



Marie-Pierre Fauconnier
President