

“**Bank Deposit**” a bank deposit made by the Customer in accordance with Clause 4.10;

“**CSL Facility**” any storage facility from time to time operated by CSL or its assignees;

“**Business Day**” a day other than a Saturday or Sunday or bank holiday in England;

“**Code**” the network code prepared by Transco plc pursuant to its licence as a public gas transporter, as from time to time modified in accordance with such licence;

“**Competent Authority**” the Director General of Gas Supply, or any local, national or supra national agency, authority or department, inspectorate, minister, official, court, tribunal or public or statutory person (whether autonomous or not) of the United Kingdom (or the government thereof) or the European Communities which has jurisdiction over CSL or the Customer or the subject matter of this Agreement;

“**Credit Limit**” is an amount representing the Customer’s maximum permitted Indebtedness determined in accordance with Clause 3;

“**Current Contracts**” any agreements between CSL and the Customer entered into before the date of this Agreement and which relate to the provision of storage services from any CSL Facility prior to 1st May 1999;

“**Defaulted Security**” as defined in Clause 3.5;

“**Deposit**” any deposit paid by the Customer to CSL pursuant to an Auction;

“**Event of Default**” means either where the Indebtedness has exceeded a Customer’s Credit Limit without the prior written consent of CSL or where CSL has given notice to terminate in accordance with the terms of any Storage Agreements;

“**Guarantee**” a guarantee in the form set out in the Schedule to this Agreement with such amendments as may be agreed by CSL;

“**Indebtedness**” is:

- (i) the aggregate amount for which the Customer is at any time liable to CSL pursuant to its Storage Agreements determined on the basis of amounts accrued and irrespective of whether such amounts have been invoiced or (where invoiced) have become due for payment; less
- (ii) any amount which has been paid to CSL by the Customer by way of prepayment, on the basis that CSL may apply such amount without the Customer’s consent in or towards payment of amounts referred to in paragraph (i), and which has not yet been so applied; less

- (iii) the amount of any invoices which are the subject of a bona fide dispute by the Customer in accordance with the terms of any Storage Agreements;

“Letter of Credit” an irrevocable letter of credit in respect of all Indebtedness drawn on an Approved Bank and in a form acceptable to CSL;

“Party” CSL or the Customer and **“Parties”** shall be construed accordingly;

“Prepayment” payment in advance of amounts due under Storage Agreements in accordance with Clauses 4.6 and 4.7;

“Storage Agreements” any agreements (excluding Current Contracts) from time to time existing between the Customer and CSL or its assignees for the provision of storage services from any CSL Facility;

- 1.2 Unless the context otherwise requires all references to a particular Clause or Schedule shall be a reference to that Clause or Schedule in this Agreement.
- 1.3 Headings are inserted for convenience only and shall be ignored in construing this Agreement
- 1.4 Words in the singular may be interpreted as including the plural.
- 1.5 This Agreement and any Acceptable Security provided hereunder shall not form part of the Code and neither shall constitute a Network Code Ancillary Agreement (as defined in the Code). No provision of or modification of the Code, nor any inconsistency between the Code and this Agreement or any Acceptable Security, shall prejudice or invalidate this Agreement or any Acceptable Security.
- 1.6 Unless the context otherwise requires, any reference to any law shall be construed, at the particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to all instruments, orders or regulations then in force and made under or deriving validity from such law.

2. Scope of Agreement

- 2.1 The Customer’s Credit Limit shall be determined in accordance with the terms of this Agreement.
- 2.2 Subject to Clause 4.15, the Customer shall provide Acceptable Security for the amount of its Credit Limit in accordance with the provisions of Clause 4.

3. Credit Limit

- 3.1 CSL and the Customer shall agree a Credit Limit established by reference to a reasonable estimate of the Customer’s projected Indebtedness under all its Storage Agreements. Notwithstanding the foregoing, where under the Storage Agreements the Customer capacity charges are calculated by reference to an annual charge then the Credit Limit for that capacity shall be determined as 51/365 ths of the annual charge plus a reasonable

amount for any other charges payable under the Storage Agreements based on projected activity.

- 3.2 Without prejudice to the right of CSL to revise the Credit Limit under Clause 3.4, CSL and the Customer shall agree any revisions to the Credit Limit from time to time.
- 3.3 Subject always to the right of CSL to revise the Credit Limit in accordance with Clause 3.4, in the event that CSL and the Customer shall fail to agree the Credit Limit or any revisions thereto then the Credit Limit that shall apply shall be the existing Credit Limit or if there is no existing Credit Limit then the Customer shall be deemed to have a zero Credit Limit.
- 3.4 Notwithstanding Clause 3.1 the Customer's Credit Limit may from time to time be reviewed and revised by CSL, on notice of not less than 30 days (or any lesser period agreed by the Customer) to the Customer:
 - (a) at intervals of approximately 12 months;
 - (b) at the Customer's request;
 - (c) where the Approved Rating Agency revises downwards the credit rating of the Customer or any person providing Acceptable Security on behalf of the Customer;
 - (d) at CSL's request where at any time CSL has reasonable grounds to believe that the effect of the review will be to reduce the Customer's Credit Limit.
- 3.5 Except to the extent provided for in Clause 4.4, where any Acceptable Security expires, is determined or otherwise becomes invalid (the "**Defaulted Security**") then the Credit Limit shall be immediately reduced without notice by CSL in an amount equal to the Defaulted Security.

4. Acceptable Security

General

- 4.1 The Customer shall provide CSL with Acceptable Security for the amount of its Credit Limit.
- 4.2 Subject to the following provisions of this Clause 4 the Customer may elect which form of Acceptable Security it wishes to provide in respect of its Credit Limit, and the Customer shall be entitled to elect to provide a combination of any forms of Acceptable Security . The Customer may change its election on giving not less than 30 days notice to CSL.

Guarantee

- 4.3 Unless CSL agrees in writing that the provisions of Clauses 4.3 and 4.4 shall not apply, a Customer may only elect to provide CSL with a Guarantee as Acceptable Security where

the company providing the guarantee has investment grade status with the Approved Rating Agency.

- 4.4 In the event that the company providing the Guarantee ceases at any time to have investment grade status with the Approved Rating Agency then such Acceptable Security shall no longer be considered as Acceptable Security. The Customer shall have 30 days from the date of such cessation to provide CSL with an alternative form of Acceptable Security in respect of its Credit Limit failing which the Guarantee shall be deemed to have become invalid (but only for the purposes of constituting Acceptable Security but not otherwise, and provided that CSL shall continue to be able to enforce the Guarantee in accordance with its terms up until the time at which the Customer puts in place alternative Acceptable Security in respect of its Credit Limit) and the provisions of Clause 3.5 shall apply.

Prepayment

- 4.5 Where the Customer has elected Prepayment as a form of Acceptable Security the provisions of Clauses 4.6 to 4.9 (inclusive) shall apply.
- 4.6 The Customer shall pay to CSL in advance one calendar months estimated Indebtedness under its Storage Agreements. CSL shall provide details of the estimated Indebtedness to the Customer by the 20th day of the preceding calendar month.
- 4.7 The Customer shall be required to make payment of the estimated charges in cleared funds by the last day of the preceding calendar month or if the last day is not a Business Day on the next following Business Day.
- 4.8 If the Customer fails to make payment in accordance with Clause 4.7 the unpaid amount shall be deemed to constitute Defaulted Security and the provisions of Clause 3.5 shall apply.
- 4.9 CSL will pay interest to the Customer at the rate of 1% above the base rate from time to time of Barclays Bank plc on the amount prepaid calculated from the date of payment by the Customer up until the last day of the calendar month in respect of which the prepayment is made. CSL shall pay the accrued interest on the 20th day after the end of the calendar month in respect of which the prepayment is made.

Bank Deposit

- 4.10 The Customer may provide security for the purpose of this Agreement in the form of a deposit in a bank account of an Approved Bank:
- (a) the account is in the joint names of the Customer and CSL;
 - (b) interest on the amount deposited in the account will accrue for the benefit of the Customer;
 - (c) the Customer and CSL have irrevocably instructed the bank, in terms satisfactory to CSL to make payment to CSL of amounts (up to the amount deposited in the

account) which have become due for payment to CSL against reasonable evidence provided by CSL that payment of such amount has become due;

- (d) the bank shall have agreed that the amounts deposited in the account may not be set-off or otherwise applied by the bank in respect of any indebtedness of the Customer or other person;
- (e) amounts (other than in respect of interest earned) standing to the credit of the account will not be paid to the Customer except with CSL's written agreement.

Release of Acceptable Security

- 4.11 Where the Customer has provided CSL with Acceptable Security the Customer may request CSL to release all or any of such security or agree to a reduction in any maximum amount of such security.
- 4.12 Following a request by the Customer under Clause 4.11, CSL will as soon as reasonably practicable and in any event not more than 10 Business Days after such request, release the security, or agree to a reduction in the security to such extent or by such amount as will permit the condition in Clause 4.13 to be satisfied.
- 4.13 The condition referred to in Clause 4.12 is that the amount of the Customer's Credit Limit at the time of the release or reduction is not more than the amount of the Acceptable Security left remaining after such release or reduction (after taking account of any alternative security provided by the Customer).

Exceptions

- 4.14 If after termination of all Storage Agreements the Customer's Indebtedness is zero then CSL shall immediately release all outstanding Acceptable Security.
- 4.15 Notwithstanding any other provisions of this Agreement should at any time the Customer hold investment grade status with an Approved Rating Agency it shall not be required to provide Acceptable Security to cover its Credit Limit.

5. Default

Without prejudice to its right to terminate any Storage Agreements, in the Event of Default CSL may call upon or take any step to enforce and realise the Acceptable Security to the extent necessary to recover all Indebtedness.

6. Transitional Provisions

- 6.1 This Agreement shall not extend to any Current Contracts which are hereby excluded from this Agreement.
- 6.2 In the event that the Customer has paid a Deposit and the Customer then fails to put in place Acceptable Security for the storage capacity secured in the Auction in respect of which the Deposit was paid by the 1st May, then CSL shall be entitled to retain the

Deposit as Acceptable Security. In the Event of Default CSL shall be entitled to use the Deposit to the extent necessary to recover all Indebtedness.

7. Assignment

7.1 CSL may assign all or part of its rights under this Agreement and the Acceptable Security to any Affiliate who from time to time is party to a Storage Agreement.

7.2 Where CSL assigns all or part of its rights under this Agreement and the Acceptable Security to an Affiliate under Clause 7.1:

(a) it shall be a condition precedent to such assignment that the Affiliate shall enter into an agreement with the Customer covenanting to be bound by this Agreement and the Acceptable Security to the extent of the rights assigned to the Affiliate;

(b) CSL shall be released from obligations under this Agreement and the Acceptable Security to the extent assigned to the Affiliate and which arise after the time that the assignment is effective, but CSL shall remain liable for any obligations accruing up to such time.

8. General Provisions

8.1 Nothing in this Agreement shall be construed as withdrawing from the Customer any right to dispute the validity of any invoice submitted by CSL pursuant to any Storage Agreements.

8.2 Nothing in this Agreement shall constitute any duty of care or other obligation on the part of CSL (whether to or for the benefit of the Customer) in relation to the implementation of this Agreement

9. Notices and Communications

9.1 Any notice shall be in writing and shall be addressed to the recipient Party at the recipient Party's address or facsimile number referred to in Clause 9.2, and marked for the attention of the representative (identified by name or title) referred to in that Clause or to such other address or facsimile number and/or marked for such other attention as the recipient Party may from time to time specify by notice given in accordance with this Clause 9 to the Party giving the notice.

9.2 The initial address and facsimile number of CSL and the Customer shall be as follows:

CSL: Centrica Storage Limited
42-54 London Road, Staines, Middlesex, TW18 4HF

Telephone: 01784 415300

Facsimile: 01784 415318

Electronic: storage.box@centrica-sl.co.uk

Attention: Head of Sales & Marketing

Customer:
.....
.....
.....

Telephone:
Facsimile:
Electronic:

Attention:

9.3 Any notice given by delivery shall be given by letter delivered by hand, and any notice given by post shall be sent by first class prepaid post (airmail if overseas).

9.4 Any notice shall be deemed to have been received

- (a) in the case of delivery by hand, when delivered; or
- (b) in the case of first class prepaid post, on the second day following the day of posting or (if sent airmail overseas or from overseas) on the fifth day following the day of posting; or
- (c) in the case of facsimile, an acknowledgement by the recipient Party's facsimile receiving equipment.

10. Variations

This Agreement may only be amended or varied by the written agreement of CSL and the Customer.

11. Waiver

No delay or omission by CSL in exercising any right, power, privilege or remedy under this Agreement or the Acceptable Security shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof. Any single or partial exercise of such right, privilege or remedy shall not preclude any other or future exercise therefore or the exercise of any other right, power, privilege or remedy.

12. Severance

If any provision of this Agreement is or becomes invalid, unenforceable or illegal, or is declared invalid, unenforceable or illegal by any court of competent jurisdiction or by order of any Competent Authority, such invalidity, unenforceability or illegality shall not prejudice the remaining provisions of this Agreement which shall continue in full force and effect notwithstanding the same.

13. Jurisdiction

- 13.1 The Parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any suit or action or proceeding (collectively 'proceedings') arising out of or in connection with this Agreement may be brought in such courts.

- 13.2 Each party irrevocably waives any objection which it may have now or hereinafter to the laying of the venue of any proceedings in any such court as is referred to in Clause 13.1 and any claim that any such proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgement in any proceedings brought in the English courts shall be conclusive and binding upon such Party and may be enforced by the courts of any other jurisdiction.

- 13.3 Where the Customer is not a company incorporated under the Companies Act 1985 it shall provide CSL an address in England and Wales for service of process on its behalf in any proceedings.

14. Governing Law

This Agreement shall be governed by and construed in all respects in accordance with English Law.

Signed by

the duly authorised representative
for and on behalf of Centrica Storage Limited

Signed by

the duly authorised representative
for and on behalf of

SCHEDULE

Form of Parent Company Guarantee

THIS GUARANTEE is made the day of 2005 by [.....
.....] a company registered in England (No. []) and having
registered office at [.....
.....] the “**Guarantor**”) in favour of
Centrica Storage Limited a company registered in England (No 3294124) having its principal
place of business at 42-54 London Road, Staines, Middlesex, TW18 4Hf (“**CSL**”).

WHEREAS

- (A) This Guarantee is supplemental to the Credit Agreement to which CSL and
[.....], a company registered in England (No []) and
having its registered office at [.....
.....] (the “**Shipper**”) are parties.
- (B) The Guarantor is aware of the terms and conditions of the Credit Agreement and of the
Shipper’s potential obligations under the Storage Agreements.
- (C) Under the terms of the Credit Agreement the Shipper is required to provide CSL with
Acceptable Security in respect of its Credit Limit. The Shipper has elected to provide all
[or part] of the Acceptable Security by means of this Guarantee.
- (D) The Guarantor is empowered to enter into this Guarantee and has taken all steps
necessary to ensure that this Guarantee is valid and binding upon it in accordance with
the terms hereof.

NOW THIS DEED WITNESSETH and the Guarantor hereby agrees as follows:

1. Terms defined in the Credit Agreement shall carry the same meaning in this Guarantee.
2. In consideration of CSL entering into the Credit Agreement and providing storage services to the Shipper pursuant to Storage Agreements, the Guarantor hereby unconditionally and irrevocably guarantees the payment by the Shipper to CSL of all Indebtedness of the Shipper and, as primary obligor and not merely as a surety, agrees to indemnify CSL on demand from and against any loss it may incur as a result of or in connection with its having now or hereafter allowed the Shipper to incur any Indebtedness.
3. If there is an Event of Default the Guarantor shall within 14 days of receipt of a written demand from CSL pay CSL such sum as may be specified in such demand and such demand shall be conclusive evidence for all purposes against the Guarantor.
4. The liability of the Guarantor to make payment to CSL shall not be impaired or discharged by reason of any of the following (whether or not the Guarantor has notice thereof):
 - (a) any amendment (whether material or otherwise) to the Credit Agreement or any Storage Agreements or their respective durations (if any) agreed (whether on a formal or informal basis) between CSL and the Shipper;
 - (b) any indulgence or forbearance shown by CSL towards the Shipper or the Guarantor whether as to payment or time for payment or any arrangement entered into or composition accepted by CSL modifying (by operation of law or otherwise) the rights and remedies of CSL under the Credit Agreement or any Storage Agreements with regard to payment or time for payment;
 - (c) any action lawfully taken by CSL to determine the Credit Agreement or any Storage Agreements as respects the Shipper or any other party thereto, or as a result of which the Shipper ceases to be a party to the Credit Agreement or any Storage Agreements.

- (d) any change in the relationship between the Guarantor and the Shipper;
 - (e) any disability, incapacity or change in the status or constitution of the Shipper, the Guarantor or CSL;
 - (f) the liquidation, dissolution or insolvency of the Shipper or any receivership, judicially supervised administration, moratorium, composition of creditors or other analogous event affecting the Shipper or any of its property;
 - (g) any third party becoming or ceasing to be a party to the Credit Agreement or any Storage Agreements.
 - (h) any failure or delay by CSL to assert any of its rights under this Guarantee;
 - (i) the holding by CSL either now or hereafter of any other guarantee or security in respect of the Shipper's Indebtedness.
5. This Guarantee is a continuing security and shall remain in effect until the date of termination of the Credit Agreement and the Storage Agreements as respects the Shipper but without prejudice to any antecedent rights then accrued to CSL arising out of any Event of Default provided that CSL shall make any demand in respect of an Event of Default within two years after the date of such termination.
6. The Guarantor hereby warrants that it does not hold and will not take or hold without CSL' consent in connection with this Guarantee any security whatever from the Shipper. Any security so taken (whether with or without the consent of CSL) shall be held in trust for CSL and as security for the Guarantor's liability under this Guarantee. The Guarantor shall deposit such security and any documents relating thereto with CSL as soon as practicable after the taking of such security.
7. Until all amounts due or to become due from the Guarantor under this Guarantee have been paid and discharged in full, the Guarantor shall not be entitled to share in any security held or money received or receivable by CSL on account of that balance or to

stand in the place of CSL in respect of any security or money. Until such balance has been discharged in full, the Guarantor shall not take any step to enforce any right or claim whatever against the Shipper in respect of any monies paid by the Guarantor to CSL under this Guarantee or have or exercise any rights as surety in competition with or in priority to any claim of CSL. The Guarantor will, if required by CSL, prove in a winding-up or bankruptcy of the Shipper, on the basis that the Guarantor holds the benefits of such claims on trust for CSL.

- 8.1 Any settlement, discharge or release between the Guarantor and CSL shall be conditional on no security given or payment made to CSL by the Shipper or any other person being avoided or reduced by virtue of any enactments relating to bankruptcy, administration or liquidation (or any analogous proceeding) for the time being in force. CSL shall be entitled (subject to any limit in the total amount recoverable under this Guarantee) to recover the value or amount of any such security or payment from the Guarantor subsequently as if such settlement, discharge or release had not occurred.
- 8.2 CSL may retain any security held by it for the Guarantor's liability under his Guarantee for the relevant period after payment of all sums due to CSL from the Shipper. If within the relevant period after such repayment a petition shall be presented for an order for the winding-up or administration of the Shipper or the Shipper shall commence to be wound-up or shall be the subject of an administration order, CSL may continue to retain such security or any part of it for such further period as CSL shall determine in its discretion. In this clause 8.2, the "relevant period" means the relevant statutory period, extended by one month, within which any payment or security made to or held by CSL may be avoided or invalidated under any enactment relating to insolvency.
9. CSL may assign all or part of its rights under this Guarantee to any Affiliate who is from time to time party to a Storage Agreement.
10. This Guarantee shall be governed by and construed in accordance with the laws of England and in the event of any dispute relating thereto the Guarantor hereby submits to the exclusive jurisdiction of the Courts of England [and appoints [insert name and

address of person/company registered/resident in UK] as its agent for service of notices and other communications under or relating to this Guarantee].

IN WITNESS whereof the Guarantor has caused this Guarantee to be executed as its deed the day and year first before written.

EXECUTED AS A DEED by [] acting by:-

[] Director

[] Director/Company Secretary