

Response received by email from Henk Kreuze on 3 July 2015

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Dear Aidan,

Vermilion has the following comments:

@Initial Modification Report: page 2 Neutrality arrangements: Shipper is liable for payment, but if he should receive, GNI is liable for payment.

@Business rules: page 7:

- In 3.1: Bellanaboy should be added. As Bellanaboy is a domestic entry point (not an IP), we suppose the entry tolerance would be 1.5% (same as for Inch).
- In 3.2 the last three categories are not clear to us. Is this related to customers on Isle of Man ?

General comment on balancing with reference to last Code Mod meeting. CER's consultant Jack O'Connell was adamant that while the obligation to ZIP (match nominations within an hour) was to be removed Shippers still had an obligation to be balanced. We don't believe there is an obligation to balance on a day, however the shipper will face the financial consequences of been out of balance. From this background there are now incentives (first tier imbalance prices) introduced to be in balance. Also it is the need to balance at the end of the day that gives power stations such difficulties, especially if called upon in the early hours of the morning. Furthermore, an adequate VRF service would facilitate shippers sourcing indigenous gas, to stay in balance as much as possible to avoid the financial consequences. This is one of the reasons that Vermilion wants to have such an adequate VRF service as soon as possible.

Kind regards,

Henk

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