

# Concluding Interconnection Agreements

What do you really need?

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## Content:

- Contractual history in gas transport
- Why need a contract
- Interconnection Agreements – Multiple usage
- Interconnection Agreements - Structure
- Main issues
- Other ingredients

## Disclaimer

- Based on experiences at GTS (> 33 customised contracts until now).
- National legislation or regulatory aspect may lead to differences.

# Contractual history in gas transport

- Before July 2005:  
All aspects covering gas sales, transport and connection covered in 1 "sales agreement". → everything was commercial.
- After 2005: liberalisation forced splitting of contracts
  - Sales contract → shippers with producers, other shippers, end users etc.
  - Transport contract → GTS with shippers.
  - **Connection contract → "Interconnection Agreements" (IA's)**
- Most aspects where clear; sales, transport or connection.
- Sales and transport contracts lead to regular invoices → priority!  
Therefore in time.
- Connection was functioning, contract 'under construction'. To overcome gap connection aspects in transport and sales contracts.  
Example: Gas quality ("to solve")

## Why need a contract?

- To be compliant with NC INT?
- Responsibility to users and stake-holders?

Sure, but,.....

A contractual position in which all responsibilities, rights and obligations, tasks and liabilities are laid down is essential to have a clear view on your exposure. Exposure can be insured (or accepted).

No contract = unknown exposure = unlimited liability?

## “Connection Agreements” @ GTS: Multiple usage (85 NP’s)

- Storages (15 NP’s): → **S**torage **C**onnection **A**greement (SCO)
- Producers and Pipeline operators, on and off-shore (48 NP’s):  
→ **G**as **P**roduction **S**ystem **C**onnection **A**greement (GPSCA)
- Interconnection Points (22 IP’s)  
→ Interconnection Agreement (IA)

Connection Agreements have same structure, lay-out and content. Only different names. All contracts are customised.

Note: Local Distribution Networks and Industrial end users have different contracts but same purpose and therefore overlapping content. More coverage from national regulations.

# Interconnection Agreement – Structure (GTS)

Much more coverage then required by NC INT:

## General conditions / Main text:

- Definitions, purpose, entry into force/termination, assignment, **liability**, force majeure, confidentiality, exchange of information, applicable law and disputes.
- Intended not to change regularly.

## Exhibits (up to 14):

- Connection point, CP, gas quality, pressure specifications, pressure safety, metering, data transfer, matching, nomination and allocation, OBA, dispatching.
- Specific technical and operational appointments. Exhibits can be easily updated periodically if needed.

Contract is main text + exhibits!

# Experiences: main discussions

**Wordings:** Writer has different perception on own words then reader.

## **Gas quality differences:**

- Really a problem? Or only specifications / direction dependent?
- Both parties try to solve it operationally (art 15.1 INT NC)
- .....art 15.2 INT NC applicable.

## **Liability:**

- Applicability, amount, chain.

## **Law system and disputes:**

- Choose neutral system closest to own or acceptable to both.
- Mix systems? (Law systems in A, disputes setteled by B).

## Other ingredients

Essential to be present at both parties:

- Management support
- Steady team
- Frequent meetings
- Will to conclude
- Will to compromise
- Curiosity
- Persistence
- Patience
- Patience

## Assistance? Advice? Mediation?

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