

TTF Shippers

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Date	Telephone
23 December 2009	(050) 521 22 50
Our reference	Your reference
LTF 09.2757	

Subject
Improvements of Article 2.12.2 of the TSC

Dear Mr/Ms,

GTS is pleased to introduce two improvements of article 2.12.2 of the TSC 2010. This article sets out the way in which GTS deals with credit risks incurred by trading on the TTF. This letter is meant to inform all parties concerned of the changes.

The issue of the TTF credit risk has been a long-standing subject of discussion with shippers, traders and gas exchange operators. The above mentioned article has been regarded as a possible barrier to trading at the TTF. GTS is committed to lift this barrier as far as possible to improve trading at the TTF.

At the shipper meeting of October 2008, GTS announced a first step forward in reducing the barrier to trade at the TTF, by limiting the application of article 2.12.2. to a maximum period of three gas months after the occurrence of a shortage of gas in the portfolio of the defaulting party. The then amended article 2.12.2 has been in force as from 1 January 2009.

As a result of changes in the GTS risk management process and tools we are now able to make further improvements to article 2.12.2. The first improvement is that the application of article 2.12.2 is further reduced to a maximum period of 30 business days after the occurrence of a shortage of gas in the portfolio of the defaulting party. The second improvement is that this 30 business day period will start on the first business day after the occurrence of such a shortage of gas in the portfolio of the defaulting party. This means that the risk – which was already limited to a maximum of four calendar months - is now further reduced to 30 business days.

These changes do not only limit the direct risks for our customers but are also likely to enhance gas trading at the TTF (direct or via the gas exchange) and thus contribute to the liquidity of the TTF.

The improvements, see enclosure for an update of article 2.12.2, will be applied as from 1 January 2010. The updated article will also be published in the next revision of the TSC.

Yours Sincerely,
GAS TRANSPORT SERVICES B.V.



Jan van der Voort
Manager Front Office
Shipping & Grid Connections

Enclosure: Revision of article 2.12.2

Enclosure to letter LTF 09.2757

2.12.2

Shipper or trader, in the process of matching according to Appendix 5 acting as counter party of a shipper or trader in the position as meant in article 2.12.1, the latter shipper or trader being referred to as defaulting party, may be invoiced by GTS for the amount due by the defaulting party as meant in article 2.12.1, if it is not reasonably possible to receive that amount from the defaulting party. In case the defaulting party has more than one counter party, the amount concerned will be payable by those counter parties pro rata to the quantities of **gas** they have received from the defaulting party according to the **confirmations** at the *TTF* linked to the imbalances meant in article 2.12.1. In any case, for each **gas day** the amount payable by **shipper** or *trader* is limited to the amount as meant in article 2.12.1 regarding the quantity of **gas** received by **shipper** or *trader* from the defaulting party at the *TTF* on the **gas day** on which shortage of **gas** has occurred in the **portfolio** of the defaulting party. **Shipper** will not be charged by *GTS* for shortages as meant in article 2.12.1 more than thirty *business days* after the occurrence. *GTS* can decide to reduce this period of thirty *business days* if *GTS* has relevant information that supports a shorter period.