**Block 3 Outputs – 2 Termination**

**Appendix 1 – Proposed GTAC amendments**

1. **term and TERMINATION**

**Term of TSA**

* 1. Each TSA will commence on the Commencement Date and expire on the Expiry Date, unless terminated earlier in accordance with this *section 19*.

**Term of Code**

* 1. Subject to *section 7.5* and *section 7.14*, the terms and conditions of this Code expire at 2400 on the date which is 10 Years after the date of this Code*.* Not later than the date which is:
     1. 8 Years after the date of this Code, First Gas will consider whether any changes ought to be made to this Code; and
     2. 8 Years and six Months after the date of this Code, First Gas will initiate a Draft Change Request to:
        1. extend the term of the Code (with the duration of the extension proposed not to be less than five years unless there is good reason to propose a shorter extension); and
        2. propose any other changes to the Code it considers are appropriate having regard to its review work it undertook in relation to the Code pursuant to *section 19.2(a)*,

and the provisions of *section 17* shall apply accordingly.

**Shipper May Terminate**

* 1. A Shipper may give First Gas written notice to terminate its TSA at any time, and the termination date will be 2400 on the later of:
     1. the date for termination set out in the Shipper’s notice of termination;
     2. without limiting *section 19.3(c)*, the expiry of all PRs held by the Shipper (if any);
     3. the date the sale of all PRs held by the Shipper (if any) becomes effective (or, if earlier, the date the relevant Shipper pays all amounts outstanding for the PRs to the end of the PR Term); and
     4. the date which is three months after the date First Gas receives the Shipper’s notice of termination.

**Termination for Default**

* 1. Either Party may terminate a TSA immediately on notice in writing to the other Party specifying the cause, if:
     1. any money payable by the other Party under this Code remains unpaid after its due date (other than pursuant to *section 11.26*) for a period of more than 10 Business Days and the other Party has not remedied that default within 20 Business Days of notice from the terminating Party; or
     2. a Shipper fails to comply with the prudential requirements set out in *section 14* for a period of 60 Business Days and the Shipper has not remedied that default within 20 Business Days of notice from the terminating Party; or
     3. the other Party defaults in the performance of any material covenants or obligations imposed upon it under this Code and has not remedied that default within 20 Business Days of notice from the terminating Party; or
     4. a resolution is passed or an order made by a court for the liquidation or winding up of the other Party, except for the purposes of solvent reconstruction or amalgamation; or
     5. the other Party makes or enters into or endeavours to make or enter into any composition, assignment or other arrangement with or for the benefit of that Party’s creditors; or
     6. a Force Majeure Event occurs such that the other Party could not be expected to be in a position to perform its obligations under this Code for a period of six Months or more.

**Suspension for Default**

* 1. If First Gas becomes aware that a Shipper is in breach of any material term or condition of this Code, First Gas shall be entitled to suspend any transmission services provided to that Shipper for the duration of any non-compliance if, and to the extent that, in First Gas’ reasonable opinion, that action is necessary to protect other Shippers or Interconnected Parties or their use of the Transmission System.

**Termination Without Prejudice to the Amounts Outstanding**

* 1. The expiry or termination of a TSA shall not:
     1. relieve a Shipper or First Gas of its obligation to pay any money outstanding under this Code or pursuant to the TSA; or
     2. relieve a Shipper of any obligation to settle the Shipper’s Running Mismatch in accordance with *section 8*, which, at First Gas’ election (where First Gas is the terminating Party) but following consultation with that Shipper, may be done either in dollar terms or by First Gas making Gas available for that Shipper to take, or taking Gas from, that Shipper.

**Effects of Termination**

* 1. Termination, suspension or expiry of a TSA shall not prejudice any rights or obligations of a Party that existed prior to termination, suspension or expiry.
  2. The provisions of this Code shall continue in effect after expiry or termination of the relevant TSA to the extent they relate to an event or circumstance that occurred prior to the date of expiry or termination of that TSA.