

**UNIFORM NETWORK CODE - TRANSITION DOCUMENT****PART IIC – TRANSITIONAL RULES****1. UNIFORM NETWORK CODE****1.1 TPD Section B: System Use and Capacity****1.1.1 TPD Section B2.1.5 and Section B2.1.6**

- (a) In respect of any invitation for Quarterly NTS Entry Capacity issued prior to 31 March 2007, then the Unsold NTS Entry Capacity which National Grid NTS shall be required to offer in such invitation shall be determined as follows:

In respect of an Aggregate System Entry Point and in relation to a Day in a calendar month in a Formula Year, "**Unsold NTS Entry Capacity**" is the amount of Firm NTS Entry Capacity that National Grid NTS has, in relation to each Day in a calendar quarter, an obligation to make available (in accordance with the procedures set out in UNC TPD Section B2) to Users pursuant to paragraph 14(5)(f) of Part 2 of Special Condition C8B of National Grid NTS's Transporter's Licence as, in the case of Quarterly NTS Entry Capacity to be made available under UNC TPD Section B2.2, set out in National Grid NTS's Transportation Statement; provided that where the Authority has so consented in writing:

- (i) such Unsold NTS Entry Capacity shall not include any NTS Entry Capacity which National Grid NTS assesses it may be unable to physically deliver for any reason if such NTS Entry Capacity were to be allocated at a given Aggregate System Entry Point, including for example, due to the length of time required to obtain consents or construction challenges; and
- (ii) such Unsold NTS Entry Capacity for a particular Aggregate System Entry Point shall be zero where National Grid NTS assesses there is an expectation that National Grid NTS would be required to accept daily capacity offers pursuant to UNC TPD Section B2.10 in respect of previously allocated NTS Entry Capacity at that Aggregate System Entry Point;

and (for the avoidance of doubt) the provisions of UNC TPD Section B2.1.5 shall not apply for the purposes of UNC TPD Section B2.2 in relation to any invitations for Quarterly NTS Entry Capacity issued prior to 31 March 2007.

- (b) In respect of any allocations of Quarterly NTS Entry Capacity pursuant to an invitation issued prior to 31 March 2007, then, for the purposes of the application of UNC TPD Section B2.6, the amount of Unsold NTS Entry Capacity in existence at a particular time will, unless expressly stated otherwise, be calculated by reference to a continuing obligation to make available Firm NTS Entry Capacity through the application of paragraph 14(5) of Part 2 of Special Condition C8B of National Grid NTS's Transporter's Licence prior to the time at which the amount of Unsold NTS Entry Capacity is to be ascertained; provided that where the Authority has so consented in writing:
- (i) the amount of Unsold NTS Entry Capacity in existence at a particular time shall not include any NTS Entry Capacity which National Grid NTS assesses it may be unable to physically deliver for any reason if such NTS Entry Capacity were to be allocated at a given Aggregate System Entry Point,

including for example, due to the length of time required to obtain consents or construction challenges; and

- (ii) the amount of Unsold NTS Entry Capacity in existence at a particular time for a particular Aggregate System Entry Point shall be zero where National Grid NTS assesses there is an expectation that National Grid NTS would be required to accept daily capacity offers pursuant to UNC TPD Section B2.10 in respect of previously allocated NTS Entry Capacity at that Aggregate System Entry Point;

and (for the avoidance of doubt) the provisions of UNC TPD Section B2.1.6 shall not apply in such circumstances.

- (c) Where (by virtue of the provisions of paragraph 1.1.1(a) or 1.1.1(b) above) the Unsold NTS Entry Capacity for a particular Aggregate System Entry Point is zero for a particular calendar quarter, then the Unsold NTS Entry Capacity for the purposes of paragraphs 2.2 (in relation to Monthly NTS Entry Capacity only), 2.3 or 2.4 of UNC TPD Section B shall also be deemed to be zero for each calendar month or Day within such calendar quarter, and (for the avoidance of doubt) the provisions of UNC TPD Section B2.1.5 shall not apply for the purposes of UNC TPD Section B2.2 (in relation to Monthly NTS Entry Capacity only), 2.3 or 2.4 in such circumstances.

#### 1.1.2 TPD Section B2.2.1

- (a) Notwithstanding TPD Section B2.2.1(d) (which requires that National Grid NTS will invite, and Users may make, applications for Quarterly NTS System Entry Capacity during the month of September in each Capacity Year), for the Capacity Year commencing on 1 April 2005 National Grid NTS will invite, and Users may make, applications for Quarterly NTS Entry Capacity in respect of each Aggregate System Entry Point for the periods specified in TPD Section B2.2.2(b) no earlier than 1 September 2005 and no later than 30 November 2005.
- (b) Notwithstanding TPD Section B2.2.1(b) (which requires that National Grid NTS will invite, and Users may make, applications for Monthly NTS Entry Capacity during the month of February in each Capacity Year), National Grid NTS will not be required to invite applications pursuant to TPD Section B2.2.1(b) in the Capacity Year commencing on 1 April 2006 for Monthly NTS Entry Capacity in respect of each Aggregate System Entry Point for the periods specified in TPD Section B2.2.2(a). Instead, the provisions of paragraph (c) below shall apply.
- (c) National Grid NTS will invite, and Users may make, applications for Monthly NTS Entry Capacity in respect of each Aggregate System Entry Point for the Relevant Capacity Period. Such invitation shall be issued by National Grid NTS no later than 2 Business Days of the Authority next directing changes (after the date of implementation of the Modification giving effect to this paragraph) to the Transporter's Licence of National Grid NTS pursuant to Section 23 of the Gas Act in relation to the contents of Schedule A of the Transporter's Licence of National Grid NTS. Applications pursuant to such invitation may be made on the date(s) specified in the invitation, the first such date being no earlier than the later of:
  - (i) 1 April 2007; and
  - (ii) 28 days after the date on which the invitation is issued by National Grid NTS pursuant to this paragraph (c);

and shall be as soon as possible after the dates specified above.

References to TPD Section B2.2.1(b) in TPD Section B shall (where paragraph (b) above applies) be deemed to be references to this paragraph (c). References to the period in TPD Section B2.2.2(a) in TPD Section B shall (where paragraph (b) above applies) be deemed to be references to the Relevant Capacity Period.

For the avoidance of doubt, National Grid NTS shall be required to issue one invitation only pursuant to this paragraph (c), and nothing in this paragraph (c) shall affect National Grid NTS's obligations pursuant to TPD Section B2.2.1(b) for the Capacity Year commencing on 1 April 2007 (or any subsequent Capacity Year).

- (d) For the purposes of paragraph (c), the **“Relevant Capacity Period”** means:
- (i) where the final date on which applications may be made pursuant to paragraph (c) is more than 1 Business Day before the end of the month M, the period from M+1 to March 2009 (where “M” is the month in which the first date on which applications may be made pursuant to paragraph (c) falls); and
  - (ii) where the final date on which applications may be made pursuant to paragraph (c) is not more than 1 Business Day before the end of the month M, the period from M+2 to March 2009 (where “M” is the month in which the first date on which applications may be made pursuant to paragraph (c) falls).

#### 1.1.3 TPD Section B6.3.2(b)

A DNO User may apply for an amount of NTS Offtake Capacity at an NTS/LDZ Offtake in relation to the relevant Gas Year ending 30 September 2009 by submitting an application to National Grid NTS no later than 6 February 2006 subject to and in accordance with TPD Section B6.

#### 1.1.4 TPD Section B6.3.6

In the case of an application under paragraph 1.1.2, National Grid NTS will notify the DNO User by no later than 6 March 2006 whether such application has been accepted in whole or in part, or rejected, specifying (where the application is accepted in part) the amount of NTS (Flat) Capacity and /or NTS Offtake (Flexibility) Capacity for which the application is accepted.

#### 1.1.5 TPD Section B6.2.1

National Grid NTS will issue to each of the DNO Users not later than 6 March 2006 a revised Offtake Capacity Statement specifying the amount of NTS Offtake (Flat) Capacity, NTS (Flexibility) Capacity and Assured Offtake Pressures for each of the DNO Users for each of the Gas Years up to and including the Gas Year ending 30 September 2009 in relation to each NTS/LDZ Offtake.

#### 1.1.6 TPD Section B

Notwithstanding the provisions of Section B1.2.8, the provisions of TPD Section B2 shall not apply to any LDZ System Entry Point (a **“New LDZ System Entry Point”**) that is not listed in Table A2 of Schedule A to the National Grid NTS's Transporter's Licence. In respect of any New LDZ System Entry Point, the type and quantity of entry capacity that will be offered, the method by which such capacity will be offered and subsequently allocated, and the rules relating to the use of that capacity will be set out in a separate agreement (a **“Bilateral Agreement”**) between the relevant Transporter and the operator of the Delivery Facility

connected to the System at the New LDZ System Entry Point. The relevant Transporter may make it a condition of any User being allocated or holding capacity at a New LDZ System Entry Point that such User enter into or accede to an Ancillary Agreement setting out the terms of the use of the relevant System for the purposes of delivering gas at the New LDZ System Entry Point.

Any references in the Code to Section B2 shall, for the purposes of a New LDZ System Entry Point, be deemed to be references to this paragraph 1.1.6, the provisions of the relevant Bilateral Agreement and/or the relevant Ancillary Agreement as the case may be.

For the purposes of the Code, the Available Firm NTS Entry Capacity in respect of a New LDZ System Entry Point shall be zero (0).

The provisions of this paragraph 1.1.6 shall cease to apply at 06:00 hours on 1 October 2007.

#### 1.1.7 TPD Section B2.2

(a) For the purposes of this paragraph 1.1.7:

- (i) in respect of an Available Month and an ASEP Zone the "**Available Monthly Capacity**" is an amount (where such amount is positive) of Monthly NTS Entry Capacity equal to:

$$(A - B) + C$$

where:

- A is the zonal allocation maximum for the ASEP Zone and the Available Month;
- B is the aggregate amount of Firm NTS Entry Capacity held by Users at Aggregate System Entry Points in the ASEP Zone for the Available Month (prior to the application of this paragraph 1.1.7);
- C is the aggregate amount of Monthly NTS Entry Capacity which Users are willing to surrender at Aggregate System Entry Points in the ASEP Zone for the Available Month (pursuant to a notice under paragraph (b)(iv));
- (ii) the "**effective date**" is the date on which the Modification giving effect to this paragraph 1.1.7 first has effect;
- (iii) in each case following the allocation of Monthly NTS Entry Capacity pursuant to the annual invitation for Monthly NTS Entry Capacity held in May 2007 in accordance with TPD Section B2.2:
- (1) "**Available Month**" is a month, in the period November 2007 to March 2008 (the "**relevant period**") in respect of which there is no Unsold NTS Entry Capacity at an Aggregate System Entry Point in an amount equal to or greater than 100,000 kWh/Day, unless allocations for the Available Month would not be completed and published prior to the rolling monthly invitation date for a Rolling Monthly NTS Entry Capacity Auction relating to such month;
- (2) "**Recipient ASEP**" is, in respect of an Available Month, an Aggregate System Entry Point where the NTS SO Baseline Entry Capacity for a

day in such month is greater than zero and the Unsold NTS Entry Capacity is less than 100,000 kWh/Day;

- (3) **"Non-Recipient ASEP"** is, in respect of an Available Month, an Aggregate System Entry Point which is not a Recipient ASEP but is an ASEP within a Relevant ASEP Zone or a related ASEP Zone;
  - (iv) the **"nodal allocation maximum"** in respect of an Aggregate System Entry Point, and the **"zonal allocation maximum"** in respect of all the Aggregate System Entry Points in the same ASEP Zone, is in each case an amount of NTS Entry Capacity determined by National Grid NTS for the purposes of this paragraph 1.1.7 in accordance with the NTS Entry Capacity Transfer and Trade Methodology Statement;
  - (v) the **"NTS Entry Capacity Transfer and Trade Methodology Statement"** is the NTS Entry Capacity Transfer and Trade methodology statement prepared and published by National Grid NTS in accordance with Special Condition C8D of National Grid NTS's Transporter's Licence;
  - (vi) an **"ASEP Zone"** is in respect of an Aggregate System Entry Point, the zone in which the Aggregate System Entry Point is located, as more particularly described in National Grid NTS's Gas Transportation Ten Year Statement and a **"Relevant"** ASEP Zone is an ASEP Zone in which a Recipient ASEP is located;
  - (vii) the **"ASEP merit order"** is the sequence in which National Grid NTS will consider and give effect to a reduction in the Unsold NTS Entry Capacity or the surrender of Monthly NTS Entry Capacity at Aggregate System Entry Points for the purposes of paragraphs (j)(iii)(1)(cc) and (l)(iii)(4) as set out in the NTS Entry Capacity Transfer and Trade Methodology Statement;
  - (viii) the **"inter-zone exchange rate(s)"** are the rate(s), in respect of different pairs of ASEP Zones (as set out in the NTS Entry Capacity Transfer and Trade Methodology Statement, each such paired ASEP Zone a **"related"** ASEP Zone in respect of the other ASEP Zone), used by National Grid NTS to determine in respect of a relevant capacity trade bid:
    - (1) the amount of Monthly NTS Entry Capacity which a User is treated as applying for; and
    - (2) the translated bid price in respect of which the bid is made

in each case for the purposes of paragraph (l)(ii) and accordingly the amount by which the Unsold NTS Entry Capacity will be reduced or the amount of surrendered Monthly NTS Entry Capacity surrendered at an Aggregate System Entry Point for the purposes of paragraph (l)(iii)(2) and (3) as set out in the NTS Entry Capacity Transfer and Trade Methodology Statement; and
  - (ix) **"relevant bids"** comprise capacity trade bids in respect of a Non-Recipient ASEP located in an ASEP Zone in respect of which no allocation was undertaken in accordance with paragraph (j) or translated capacity trade bids created in accordance with paragraph (m).
- (b) By not later than:

- (i) ten (10) Business Days following the effective date National Grid NTS will notify Users of:
    - (1) each month in the relevant period which is an Available Month; and
    - (2) the Recipient ASEPs for each Available Month.
  - (ii) twelve (12) Business Days following the effective date a User may (acting in good faith) notify National Grid NTS of:
    - (1) an Available Month(s); and
    - (2) a Recipient ASEP(s)

in respect of which the User proposes to submit a capacity trade bid under paragraph (d);
  - (iii) fourteen (14) Business Days following the effective date National Grid NTS will notify Users of, in respect of each Available Month and Recipient ASEP in respect of which a User submitted a notice under paragraph (ii):
    - (1) the nodal allocation maximum for the Recipient ASEP;
    - (2) for each ASEP Zone in which there is a Recipient ASEP:
      - (aa) the zonal allocation maximum;
      - (bb) the ASEP merit order(s)
    - (3) the inter-zone exchange rate(s) between the ASEP Zone in which the Recipient ASEP is located and each other related ASEP Zone; and
    - (4) the amount of Unsold NTS Entry Capacity at each Non-Recipient ASEP;
  - (iv) sixteen (16) Business Days following the effective date a User ("**Surrender User**") may notify National Grid NTS of the maximum amount of Monthly NTS Entry Capacity at an Aggregate System Entry Point ("**Surrender ASEP**") which the User is willing to surrender for an Available Month for the purposes of this paragraph 1.1.7 ("**Surrender Amount**");
  - (v) twenty-one (21) Business Days following the effective date National Grid NTS will invite Users to make applications for Monthly NTS Entry Capacity in respect of each Recipient ASEP and each Non-Recipient ASEP located in the same ASEP Zone or in another related ASEP Zone (together the "**Relevant ASEPs**") for any month in the relevant period where it is an Available Month.
- (c) National Grid NTS's invitation under paragraph (b)(v) will specify:
- (i) the date(s) (each being a Business Day) on which an application for Monthly NTS Entry Capacity at Relevant ASEP's can be made, which for the purposes of paragraph (b)(v) shall be two dates, the first of which shall not be later than 2 Business Days after National Grid NTS has issued such an invitation, the second of which shall be no more than ten (10) Business Days after the first date on which applications for Monthly NTS Entry Capacity can be made (each an "**invitation date**");

- (ii) for each Available Month:
  - (1) the Relevant ASEPs;
  - (2) the nodal allocation maximum for each Recipient ASEP;
  - (3) the Available Monthly Capacity for each ASEP Zone;
  - (4) the inter-zone exchange rate(s) between the ASEP Zone in which the Recipient ASEP is located and each other related ASEP Zone;
  - (5) the aggregate amount of Monthly NTS Entry Capacity which Users are willing to surrender at a Relevant ASEP (pursuant to notices given in accordance with paragraph (b)(iv));
  - (6) the amount of Unsold NTS Entry Capacity at each Non-Recipient ASEP which is a Relevant ASEP;
  - (7) the ASEP merit order for each Relevant ASEP Zone and related ASEP Zone; and
  - (8) the applicable reserve price
- (d) Users may apply for Monthly NTS Entry Capacity at a Relevant ASEP for fifty percent (50%) of the Available Monthly Capacity for any Available Month on the first invitation date notified pursuant to paragraph (c)(i) and for the remaining Available Monthly Capacity for such Available Month on the second invitation date notified pursuant to paragraph (c)(i).
- (e) An application (a "**capacity trade bid**") for Monthly NTS Entry Capacity at a Relevant ASEP for an Available Month shall specify:
  - (i) the identity of the User;
  - (ii) the Relevant ASEP;
  - (iii) the Available Month;
  - (iv) the amount of Monthly NTS Entry Capacity (not less than the minimum eligible amount) applied for (in kWh/Day);
  - (v) the minimum amount (not less than the minimum eligible amount) of Monthly NTS Entry Capacity which the User is willing to be allocated for the purposes of paragraphs (j) and (l)); and
  - (vi) the price (the "**capacity trade bid price**") which shall not be less than the reserve price at the Relevant ASEP.
- (f) A User may have at any one time up to but no more than three (3) capacity trade bids in respect of a Relevant ASEP and Available Month.
- (g) A capacity trade bid:
  - (i) may not be submitted before 08:00 hours or after 17:00 hours on an invitation date;

- (ii) may be withdrawn or amended after 08:00 hours and until 17:00 hours on an invitation date.
- (h) National Grid NTS may reject a capacity trade bid submitted on the capacity trade invitation date:
  - (i) where the requirements of paragraphs (e) and (f) are not complied with and National Grid NTS may reject a capacity trade bid;
  - (ii) where National Grid NTS has given a notice under TPD Section B2.2.14 or 2.2.16 and the User has not provided the required surety or security within (10) Business Days of such notice; or
  - (iii) in accordance with TPD Section V3.
- (i) Following the submission of capacity trade bids Monthly NTS Entry Capacity will be allocated for each Available Month in accordance with paragraph (j) and (l) for which purposes the "**relevant**" Available Monthly Capacity shall be:
  - (i) for any Available Month, following submission of capacity trade bids on:
    - (1) the first invitation date, fifty percent (50%) of the Available Monthly Capacity for the Available Month;
    - (2) the second invitation date, the remaining Available Monthly Capacity.
- (j) For each Available Month, Monthly NTS Entry Capacity in respect of the Aggregate System Entry Points in a Relevant ASEP Zone will be allocated pursuant to capacity trade bids submitted in respect of the Available Month and Relevant ASEP Zone as follows:
  - (i) all capacity trade bids in respect of an Available Month (excluding any rejected in accordance with paragraph (h)) will be ranked in order of capacity trade bid price (the highest ranking first);
  - (ii) Monthly NTS Entry Capacity for the Available Month will be allocated to capacity trade bids with the highest capacity trade bid price first until such time as all the capacity bids are satisfied or:
    - (1) in the case of all Aggregate System Entry Points in the ASEP Zone, the amount of Monthly NTS Entry Capacity allocated is equal to relevant Available Monthly Capacity;
    - (2) in the case of a particular Recipient ASEP, the aggregate amount of Users Registered NTS Entry Capacity allocated (pursuant to TPD Section B2.2 and this paragraph 1.1.7) is equal to the nodal allocation maximum;
    - (3) in the case of a Non-Recipient ASEP, the amount of Monthly NTS Entry Capacity allocated (pursuant to TPD Section B2.2 and this paragraph 1.1.7) is equal to the Unsold NTS Entry Capacity at the Non-Recipient ASEP (which for the purposes of this paragraph (3) shall be treated as including any Surrender Amounts in respect of the Non-Recipient ASEP)



in which case no further capacity trade bids in respect of any Relevant ASEP will be considered for the purposes of this paragraph (j) and no further capacity trade bids in respect of a Non-Recipient ASEP will be considered for the purposes of paragraph (l);

- (iii) for the purposes of paragraph (ii), where an allocation of Monthly NTS Entry Capacity is made following acceptance of a capacity trade bid:

- (1) at a Recipient ASEP:

- (aa) the amount of remaining Unsold NTS Entry Capacity at an Aggregate System Entry Point in the same ASEP Zone will be reduced by the remaining capacity trade bid amount or by the amount equal to the remaining Unsold NTS Entry Capacity;
- (bb) subject to paragraph (aa), the Monthly NTS Entry Capacity held by a Surrender User at a Surrender ASEP in the same ASEP Zone will be reduced by the remaining capacity trade bid amount or by the amount equal to the remaining aggregate Surrender Amount;
- (cc) for the purposes of paragraphs (aa) and (bb):

National Grid NTS will first effect a reduction in the remaining Unsold NTS Entry Capacity and second accept a surrender of Monthly NTS Entry Capacity;

National Grid NTS will give effect to the reduction or surrender at Aggregate System Entry Points in the sequence set out in the ASEP merit order;

where there is more than one Surrender User at a Surrender ASEP the amount of Monthly NTS Entry Capacity treated as surrendered by the Surrender User shall be calculated pro rata to the Surrender Amounts;

- (2) at a Non-Recipient ASEP;

- (aa) the Unsold NTS Entry Capacity at the Non-Recipient ASEP will be reduced by an equal amount or an amount equal to the remaining unsold amount;
- (bb) subject to paragraph (aa), the Monthly NTS Entry Capacity held by a Surrender User at the Non-Recipient ASEP will be reduced by the remaining capacity trade bid amount or by the amount equal to the remaining aggregate Surrender Amount;

- (iv) subject to paragraphs (v), (vi) and (vii), where the amount of Monthly NTS Exit Capacity applied for under a capacity trade bid exceeds the amount of:

- (1) in the case of a Recipient ASEP, the lesser of the remaining relevant Available Monthly Capacity or remaining nodal allocation maximum;
- (2) in the case of a Non-Recipient ASEP, the lesser of the remaining Available Monthly Capacity, the remaining amount of Unsold NTS Entry Capacity (which for the purposes of this paragraph (2) shall be

treated as including any Surrender Amounts in respect of the Non-Recipient ASEP)

the “**remaining unallocated transfer amount**” the User will be allocated such an amount;

- (v) where the amount to be allocated in respect of a capacity trade bid pursuant to paragraphs (ii) and (iv) would be less than the minimum amount specified in the capacity trade bid, the capacity trade bid will (without prejudice to paragraph (l)) be disregarded for the purposes of this paragraph (j) and an allocation made in respect of the next ranked bid;
  - (vi) where the amount to be allocated in respect of any capacity trade bid would be less than the minimum eligible amount, no allocation shall be made to that bid (and no further allocation shall be made in respect of this paragraph j, without prejudice to paragraph (l)); and
  - (vii) where each of two or more capacity trade bids specify the same capacity trade bid price, National Grid NTS shall, for the purposes of this paragraph (j), consider each such capacity trade bid in the sequence the capacity trade bids were received by National Grid NTS (the earlier received capacity trade bid being considered first).
- (k) Where following the application of paragraph (j) in respect of a Recipient ASEP and an Available Month:
- (i) a User submitted a capacity trade bid in respect of the Recipient ASEP in respect of which
    - (1) no allocation was made under paragraph (j) or
    - (2) a partial allocation was made in accordance with paragraph (j) in respect of a capacity trade bid (such capacity trade bid shall still be considered for the purposes of an allocation in accordance with paragraph (l) for a bid quantity equal to the amount remaining unallocated following the partial allocation and with a minimum quantity of zero)

In each case a “**relevant capacity trade bid**”;

- (ii) the aggregate amount of Monthly NTS Entry Capacity held by Users (pursuant to TPD Section B2.2 and paragraph (j)) is less than the nodal allocation maximum for the Recipient ASEP; and
- (iii) there remains Available Monthly Capacity for a Relevant ASEP Zone or a related ASEP Zone.

paragraph (l) shall apply.

- (l) Where this paragraph (l) applies, Monthly NTS Entry Capacity in respect of Recipient ASEPs, and Non-Recipient ASEPs, will be allocated pursuant to relevant bids as follows:
  - (i) subject to paragraph (m), all relevant bids in respect of an Available Month (excluding any rejected in accordance with paragraph (h)) will be ranked in

order of the capacity bid price (for Recipient ASEPs this shall equal the translated capacity trade bid price) the highest ranking first;

- (ii) Monthly NTS Entry Capacity for the Available Month will be allocated in respect of relevant bids with the highest translated capacity trade bid price or capacity trade bid price first until such time as all relevant bids are satisfied or:
  - (1) in the case of all Relevant ASEPs in an ASEP Zone the amount of Monthly NTS Entry Capacity allocated is equal to the remaining relevant Available Monthly Capacity for all related ASEP Zone(s);
  - (2) in the case of a Recipient ASEP the aggregate amount of Users Registered NTS Entry Capacity at the Aggregate System Entry Point is equal to nodal allocation maximum;
  - (3) in the case of a Non-Recipient ASEP the aggregate amount of Users Registered NTS Entry Capacity at the Aggregate System Entry Point is equal to the Unsold NTS Entry Capacity at the Non-Recipient ASEP (which for the purposes of this paragraph (3) shall be treated as including any Surrender Amounts in respect of the Non-Recipient ASEP)

(in which case no further relevant capacity trade bids in respect of the Relevant ASEP(s) will be considered for the purposes of this paragraph (i));
- (iii) for the purposes of paragraph (ii), where an allocation of Monthly NTS Entry Capacity is made at a Recipient ASEP following acceptance of a translated capacity trade bid within a related ASEP Zone:
  - (1) the amount of Monthly NTS Entry Capacity allocated at a Recipient ASEP will be an amount equal to the amount determined by reference to the inter-zone exchange rate(s) (the allocated translated capacity trade bid quantity multiplied by the applicable inter-zone exchange rate(s));
  - (2) the amount of Unsold NTS Entry Capacity held at Aggregate System Entry Points in the related ASEP Zone, in respect of the translated capacity trade bid that was accepted will be reduced by the remaining translated capacity trade bid amount or by the amount equal to the amount in respect of which the translated capacity trade bid was accepted up to an amount equal to the Unsold NTS Entry Capacity;
  - (3) subject to paragraph (2), the Monthly NTS Entry Capacity held by a Surrender User at a Surrender ASEP in the related ASEP Zone will be reduced the remaining translated capacity trade bid amount that was accepted up to an amount equal to the remaining aggregate Surrender Amount;
  - (4) for the purposes of paragraphs (1) and (2):
    - (aa) National Grid NTS will first effect a reduction in the remaining Unsold NTS Entry Capacity and second accept a surrender of Monthly NTS Entry Capacity;

- (bb) National Grid NTS will give effect to the reduction or surrender at Aggregate System Entry Points in the sequence set out in the ASEP merit order;
- (cc) where there is more than one Surrender User at a Surrender ASEP the amount of Monthly NTS Entry Capacity treated as surrendered by the Surrender User shall be calculated pro rata to the Surrender Amounts;
- (iv) for the purposes of paragraph (ii), where an allocation of Monthly NTS Entry Capacity is made at a Non-Recipient ASEP
  - (1) the amount of Unsold NTS Entry Capacity held at the Non-Recipient ASEP will be reduced by an equal amount; and
  - (2) subject to paragraph (1), the Monthly NTS Entry Capacity held by a Surrender User at the Non-Recipient ASEP will be reduced by the remaining capacity trade bid amount or by the amount equal to the remaining aggregate Surrender Amount;
- (v) paragraphs (j)(iv), (v), (vi) and (vii) shall apply.
- (m) For the purposes of paragraph (l) and in respect of a relevant capacity trade bid National Grid NTS will by applying inter-zonal exchange rate(s) create a “**translated capacity trade bid**” in respect of each Non-Recipient ASEP in a related ASEP Zone (for which purposes all translated capacity trade bids in respect of a particular relevant capacity trade bid are a “**translated bid set**” and all translated capacity trade bids in respect of a particular related ASEP Zone are a “**translated ASEP Zone bid set**”) and:
  - (i) the bid quantity for a translated capacity trade bid shall be determined by multiplying the bid quantity in respect of which the relevant capacity trade bid was made or is remaining by the applicable inter-zone exchange rate(s) applying between the ASEP Zone in which the Recipient ASEP is located and the ASEP Zone in which the Non-Recipient ASEP is located;
  - (ii) the bid price for a translated capacity trade bid shall also be determined by dividing the bid price in respect of which the relevant capacity trade bid was made by the applicable inter-zone exchange rate(s) applying between the ASEP Zone in which the Recipient ASEP is located and the ASEP Zone in which the Non-Recipient ASEP is located;
  - (iii) where:
    - (1) a translated capacity trade bid is accepted such that the bid amount under the corresponding relevant capacity trade bid is allocated in full all other translated capacity trade bids in the prevailing translated bid set shall be disregarded (and have no further effect);
    - (2) a translated capacity trade bid is accepted such that the bid amount under the corresponding relevant capacity trade bid is not allocated in full all translated capacity trade bids in the prevailing translated bid set shall be disregarded (and have no further effect) and a new translated bid set shall be calculated on the basis of the remaining unallocated amount in respect of which the corresponding relevant capacity trade bid was made;

- (3) a translated capacity trade bid or a capacity trade bid at a Non-Recipient ASEP is accepted such that:
  - (aa) there is a reduction in the remaining Unsold NTS Entry Capacity or Surrender Amounts at the Non-Recipient ASEP; and
  - (bb) the applicable inter-zone exchange rate(s) would give rise to a new bid quantity and bid price (in accordance with paragraphs (i) and (ii)) for translated capacity trade bids which have not been accepted

all translated capacity trade bids in the prevailing translated ASEP Zone bid set shall be disregarded (and have no further effect) and a new translated ASEP Zone bid set shall be calculated on the basis of the Unsold NTS Entry Capacity and remaining Surrender Amounts at the Non-Recipient ASEP

for which purposes the "**prevailing**" translated bid set or translated ASEP Zone bid set shall be the translated bid set or translated ASEP Zone bid set last calculated in accordance with this paragraph (m);

- (iv) where a relevant capacity trade bid is accepted the corresponding translated capacity trade bid in the prevailing translated bid set treated as made in accordance with this paragraph (m) shall also be treated as accepted for which purposes:
  - (1) no actual allocation of Monthly NTS Entry Capacity at the relevant Non-Recipient ASEP will be made (such that no User is treated as holding the Monthly NTS Entry Capacity at the Non-Recipient ASEP by reason of the acceptance of the translated capacity trade bid); and
  - (2) the amount of remaining Unsold NTS Entry Capacity at the Non-Recipient ASEP shall for the purposes of the application of paragraph (l) be reduced by an amount equal to the amount in respect of which the translated capacity trade bid was made (and National Grid NTS shall be under no further obligation under TPD Section B2 or this paragraph 1.1.7 to make such Monthly NTS Entry Capacity available to Users).
- (n) Where Monthly NTS Entry Capacity is surrendered at an Aggregate System Entry Point for an Available Month by a Surrender User in accordance with this paragraph 1.1.7 for the purposes of TPD Section B2 and TPD Section I the Surrender User's Available Firm NTS Entry Capacity for each day in the relevant month shall be reduced by an amount equal to the amount surrendered under paragraphs (j)(iii)(1)(bb), (j)(iii)(2)(bb), (l)(iii)(3) and (l)(iv)(2).
- (o) Where a capacity trade bid is accepted under paragraph (j) or (l) the User agrees to pay NTS Entry Capacity Charges equal to the capacity trade bid price in respect of the Monthly NTS Entry Capacity allocated in respect of the capacity trade bid in accordance with this paragraph 1.1.7.
- (p) Where the amount of Monthly NTS Entry Capacity held by a Surrender User is reduced at a Surrender ASEP in accordance with paragraph (j)(iii)(1)(bb), (j)(iii)(2)(bb), (l)(iii)(3) or (l)(iv)(2) National Grid NTS shall pay to the Surrender User an amount equal to:

D \* E

where:

D is the amount by which the Surrender User's Monthly NTS Entry Capacity was reduced;

E is the weighted average of the bid price for allocated translated capacity trade bids in respect of which a reduction of Monthly NTS Entry Capacity at the Surrender ASEP was made in accordance with paragraph (j)(iii)(1)(bb), (j)(iii)(2)(bb), (l)(iii)(3) or (l)(iv)(bb).

(q) By not later than fifteen (15) Business Days following the invitation date National Grid NTS will notify, in respect of each Aggregate System Entry Point and each Available Month, each User which submitted a notice under paragraph (b)(iv) or a capacity trade bid of the amount of Monthly NTS Entry Capacity surrendered or allocated in accordance with this paragraph 1.1.7.

(r) By not later than:

(i) seven (7) Business Days following each invitation date in respect of an Available Month National Grid NTS shall notify Users of their allocations and surrender allocations;

(ii) nine (9) Business Days following each invitation date in respect of an Available Month;

National Grid NTS will notify, in respect of each Aggregate System Entry Point and each Available Month, notify Users of:

(1) the highest and lowest capacity trade bid price;

(2) the weighted average price of successful capacity trade bids, calculated as follows:

$$\frac{\sum_{i=1}^n Q_i * P_i}{\sum_{i=1}^n Q_i}$$

where:

n is the number of successful capacity trade bids;

P is the capacity trade bid price for each successful capacity trade bid;

Q is the amount of Monthly NTS Entry Capacity allocated pursuant to each successful capacity trade bid;

(3) the aggregate amount of Monthly NTS Entry Capacity allocated pursuant to this paragraph 1.1.7;

- (4) the aggregate amount of NTS Entry Capacity allocated pursuant to TPD Section B2.2 and this paragraph 1.1.7; and
- (5) the number of Users who submitted successful capacity trade bids and the number of Users who submitted unsuccessful capacity trade bids.

#### 1.1.8 TPD Section B2.3

National Grid NTS will invite applications (and Users may make applications) for Monthly NTS Entry Capacity in accordance with the provisions of TPD Section B2.3 which applied immediately prior to the implementation of the Modification which gave effect to this paragraph 1.1.8 ("**old B2.3**") for each calendar month prior to the relevant month in respect of which National Grid NTS first issues a rolling monthly surrender invitation and rolling monthly invitation; and:

- (a) National Grid NTS may in the same calendar month issue an invitation pursuant to old B2.3 and (in respect of a different calendar month) TPD Section B2.3.3 and B2.3.10;
- (b) the first invitations to be issued by National Grid NTS pursuant to TPD Section B2.3.3 and B2.3.10 may be issued earlier than the month preceding the month to which the invitations relate.

### 1.2 TPD Section J: Exit Requirements

#### 1.2.1 TPD Section J3.11:

- (a) Unless the CSEP Network Exit Agreement provides otherwise, the CSEP Liability Sharing Proportion in respect of each LDZ Connected System Exit Point to which TPD Section J3.11 applies shall (notwithstanding TPD Section J3.11.7) be:
  - (i) until such time, not earlier than 1 May 1997, at which another proportion is determined under paragraph (c), one;
  - (ii) with effect from such time, the proportion (applicable to the relevant LDZ Connected System Exit Point) so determined.
- (b) All relevant CSEP Users and the Transporter agree to meet, commencing reasonably promptly after the date of the Code, and review together on a mutually agreeable basis (in consultation with relevant Connected System Operators and with the Authority) what principles are appropriate to determine CSEP Liability Sharing Proportions.
- (c) In respect of each LDZ Connected System Exit Point to which TPD Section J3.11 applies, the proportion referred to in paragraph (a) shall be such proportion, or the proportion determined by such mechanism, as following the review under paragraph (b) the Transporter shall with Condition A11(18) Approval of the Authority determine and notify to the relevant CSEP Users and Connected System Operator.

#### 1.2.2 TPD Section J2.5.4(b)

A DNO User may, at the time at which it may apply for an amount of NTS Offtake Capacity (in accordance with paragraph 1.1.2) apply for Assured Offtake Pressures in relation to each NTS/LDZ Offtake for the Gas Year ending 30 September 2009.

#### 1.2.3 TPD Section J2.5.7

Where an application has been made in accordance with paragraph 1.2.2 then where the Assured Offtake Pressures specified in the Offtake Capacity Statement for the preceding year are:

- (a) greater than or equal to the Assured Offtake Pressures applied for, such application will be accepted;
- (b) less than the Assured Offtake Pressures applied for, the Assured Offtake Pressures accepted will be not less than the values specified in the Offtake Capacity Statement for such preceding year;

and in either case National Grid NTS will notify the DNO User accordingly by no later than 6 March 2006.

### **1.3 TPD Section M: Supply Point Metering**

#### **1.3.4 TPD Section M2.1**

Until 12 July 2006 but not thereafter, for the purposes of Section M:

- (a) where:
  - (i) a Supply Meter Point does not relate to premises covered by Standard Condition 34(2) of the Supplier's Licence; and
  - (ii) any supplier or any User in relation to such Supply Meter Point has provided or requested, or is providing or requesting, another to provide a Supply Meter Installation (other than where the Supply Meter Installation belongs to a consumer, or is lent or hired to a consumer and is the responsibility of a person other than a Gas transporter or supplier) for such Supply Meter Point;then the Registered User in respect of such Supply Meter Point shall secure that:
  - (1) where the Supply Meter Installation at such Supply Meter Point is installed after the 12 July 2004, appropriate approval, appraisal and authorisation will be obtained from the Transporter to the extent required by section 6 of the MAM CoP; and/or
  - (2) after 12 July 2004, such Supply Meter Installation at such Supply Meter Point is maintained by a Meter Asset Manager appointed by the supplier or the User; and
- (b) where the Transporter discovers after the 12 July 2004 that in respect of such Supply Meter Installation paragraphs (a)(1) and/or (2) have not been complied with then the Transporter shall notify the Registered User accordingly and the Registered User will:
  - (i) within fourteen (14) calendar days of receipt of the notice from the Transporter ensure that such Supply Meter Installation is re-installed and/or maintained by a Meter Asset Manager and notify the Transporter of the identity of such Meter Asset Manager; or
  - (ii) where it is not practicable to ensure the performance of such reinstallation and/or maintenance within such 14 calendar day period, within 7 calendar days of receipt of the notice from the Transporter notify the Transporter of the



reasons for this and the date by which it will ensure such re-installation and/or maintenance is performed by a Meter Asset Manager and promptly notify the Transporter when such work has occurred;

- (c) where the Registered User has failed to fully comply with paragraphs (a)(1) or (2) the Transporter, acting reasonably, shall be entitled to take whatever steps it deems necessary (including the inspection, repair, replacement or disconnection of the Supply Meter Installation) to ensure that the Transporter complies with any Legal Requirements imposed upon it, and the Registered User shall reimburse the Transporter in respect of any and all costs, expenses and charges reasonably incurred or expended by or on behalf of the Transporter in taking such steps;
- (d) the Transporter's entitlement in paragraph (c) is without prejudice to the Transporter's entitlement at any time to make safe any Supply Meter Installation (including disconnection) for this purpose;
- (e) for the purposes of paragraph (a) "**Meter Asset Manager**" means:
  - (i) a person approved by the Authority as possessing expertise satisfactorily to provide services in relation to Supply Meter Installations or a class or description of persons so approved; or
  - (ii) an undertaking approved by the Authority as having staff possessing the requisite expertise;

and, for the purposes of this definition, "**approved by the Authority**" means approved by it for the purposes of this paragraph generally and "**staff**" includes officers, servants and agents;

#### 1.3.5 TPD Section M3.8.1

Where a User submits a Supply Point Confirmation with a Supply Point Registration Date which becomes effective up to and including 8 July 2004 and the Supply Point Confirmation records a change only to the supplier identity (but not a change to the User identity or the Supply Point configuration) then the requirement of the User to obtain and provide an Opening Meter Reading (in accordance with TPD Section M3.8.2) shall not apply and where, in the absence of any such Opening Meter Reading, any notional Meter Reading is used by the Transporter as an estimated Meter Reading (in accordance with TPD Section M3.8.5) it shall not be included in the calculation (in accordance with TPD Section M3.8.10(c)) of the number of estimated Meter Readings in respect of which the User is required to pay a charge and the Transporter shall not levy such charge (in accordance with TPD Section M3.8.10 (a)) in respect of such estimated Meter Readings.

### 1.4 TPD Section R: Storage

#### 1.4.1 TPD Section R4.1.4

For the purposes of TPD Section R4.1.4, in relation to the Storage Year commencing 1 May 2003, where any Storage Facility is to be a Constrained Storage Facility for that Storage Year, National Grid will, not later than 1 April before the start of that Storage Year, publish a document (the "**Constrained Storage Statement**") containing the following details for each Constrained Storage Facility:

- (a) the "**Constrained Point(s)**", being a point or points on the NTS as identified by National Grid NTS as being relevant, for the purposes of TPD Section R4, to a Constrained Storage Facility;
- (b) the rate of flow ("**Constrained Threshold Demand Flow**") at a Constrained Storage Point at which National Grid may make Constrained Storage Renominations in respect of the relevant Constrained Storage Facility;
- (c) the System Entry Capacity Charges in respect of the relevant Storage Connection Point;
- (d) a percentage for each Week in the Winter Period for the purposes of TPD Section R4.4.3.

#### 1.4.2 TPD Section R1.4

In respect of the LNG Facility which is from time to time operated by National Grid and is located at Isle of Grain (the "**National Grid LNG Isle of Grain Storage Facility**"), the Storage Year 2004/5 shall be the period from 1 May 2004 until the earlier of:

- (a) 30 April 2005; or
- (b) the effective date determined in accordance with paragraph 1.4.5 below.

#### 1.4.3 TPD Section R1.7.1

For the duration of Storage Year 2004/5 relating to the National Grid LNG Isle of Grain Storage Facility, the National Grid LNG Isle of Grain Storage Facility shall be a 'National Grid LNG Storage Facility'.

The LNG Facility at Dynevor Arms shall be a 'National Grid LNG Storage Facility' until the date on which National Grid LNG Storage ceases to operate the facility on its own behalf.

#### 1.4.4 TPD Section R4.1.1

For the duration of Storage Year 2004/5 relating to the National Grid LNG Isle of Grain Storage Facility, the National Grid LNG Isle of Grain Storage Facility shall be a 'Constrained Storage Facility'.

#### 1.4.5 TPD Section R

For the purposes of paragraph 1.4.2, the effective date shall be a date not earlier than the date notified by National Grid LNG Storage for these purposes in the Annual Storage Invitation issued by National Grid LNG Storage pursuant to TPD Section Z in respect of Storage Year 2004/5, and shall be 0600 hours on a date falling between 1 January 2005 and 1 June 2005 (the "**First Window Period**") and established by National Grid LNG Storage in accordance with the following procedure:

- (a) National Grid LNG Storage shall give at least 180 days notice, before the commencement of the First Window Period, of a 100 day period falling within the First Window Period (the "**Second Window Period**") during which the effective date shall fall; and
- (b) National Grid LNG Storage shall give at least 90 days notice, before the commencement of the Second Window Period, of a 45 day period falling within the

Second Window Period (the "**Third Window Period**") during which the effective date shall fall; and

- (c) National Grid LNG Storage shall give at least 30 days notice, before the commencement of the Third Window Period, of the day falling within the Third Window Period, which shall be the effective date,

and if National Grid LNG Storage does not so notify any such period or day, the relevant period or day shall be the latest day or period possible in accordance with the foregoing.

- 1.4.6 For the purposes of the Code, there shall be deemed to be no 'Isle of Grain LNG Importation Facility' until the effective date established in accordance with paragraph 1.4.3.

## **1.5 TPD Section S: Invoicing and Payment**

### **1.5.1 TPD Section S2.1**

From the Reconciliation by Difference Date the Invoice Items to be comprised in a Reconciliation Invoice for the purposes of Aggregate NDM Reconciliation may be contained in an Ad-hoc Invoice.

## **1.6 OAD Section H: NTS Long Term Demand Forecasting**

### **1.6.1 OAD Section H paragraph 2.7**

By 15 September 2005 the DNO shall provide to National Grid NTS the forecast rate of volume flow (MCM per day) and Offtake Flexibility Quantity (MCM per day) in relation to a 1 in 20 peak day in respect of each of its NTS/LDZ Offtakes for each of the five Gas Years commencing with the Gas Year ending 30 September 2006 and ending with the Gas Year ending 30 September 2010;

### **1.6.2 OAD Section H paragraph 2.8**

By 15 October 2005 National Grid NTS shall provide to the DNO the forecast of the availability of NTS Offtake (Flat) Capacity, NTS Offtake (Flexibility) Capacity and Assured Offtake Pressures in respect of each of its NTS/LDZ Offtakes for each of the two Gas Years commencing with the Gas Year ending 30 September 2009 and ending with the Gas Year ending 30 September 2010.

## **1.7 TPD Section G: Supply Points**

- 1.7.1 Where, due to the implementation date of Modification Proposal 0081, the Transporter is unable to publish the report by the dates specified in paragraph 1.6.20 then the Transporter shall publish such reports(s) as soon as practicable after such implementation date.

- 1.7.2 The implementation of Modification Proposal 0224 will be phased over a 3 phase period as follows (a Supply Point Nomination for any given phase can only be made after the relevant implementation date of such phase):

- (a) Phase 1 will commence on the date of implementation of Modification 0224 for a 12 month duration, to expire upon the date of commencement of Phase 2 (set out below). During Phase 1, any Supply Meter Point comprised in any Supply Point which has an Annual Quantity which exceeds 5,860,000kWh (200,000 therms) may make a Supply Point Nomination to have User Daily Read Equipment installed in accordance with M4.1.6(b);

- (b) Phase 2 will commence 12 months following the date of implementation of Modification Proposal 0224 or, if later, when determined by the Transporter and expire on the date of commencement of Phase 3 (set out below). During Phase 2, any Supply Meter Point comprised in any Supply Point which has an Annual Quantity which exceeds 2,196,000 kWh (75,000 *therms*) may make a Supply Point Nomination to have User Daily Read Equipment installed in accordance with M4.1.6(b); and
- (c) Phase 3 will commence 18 months following the date of implementation of Modification Proposal 0224 or, if later, when determined by the Transporter and will be enduring. During Phase 3, any Supply Meter Point comprised in any Supply Point which has an Annual Quantity which exceeds 732,000 kWh (25,000 *therms*) may make a Supply Point Nomination to have User Daily Read Equipment installed in accordance with M4.1.6(b)

Subject to the transitional “**Ceiling Limit**” (being a maximum of 25,000 Supply Meter Points installed with User Daily Read Equipment, such limit to include eligible outstanding offers and confirmation) not being exceeded, in which case a Supply Point Nomination shall be rejected in accordance with G2.3.6.

- 1.7.3 In order to ascertain whether the User may install User Daily Read Equipment in any of the phases in paragraph 1.7.2, a validation of Meter Readings shall be undertaken by the Transporter.
- 1.7.4 If, following the installation of User Daily Read Equipment at a DM Supply Meter Point in accordance with paragraph 1.7.2(a) or 1.7.2(b), the Annual Quantity in respect of such DM Supply Meter Point shall fall below the relevant phase threshold, then the User Daily Read Equipment may remain installed or the DM Supply Meter Point may be Renominated as an NDM Supply Meter Point or as a DM Supply Meter Point with Transporter Daily Read Equipment installed. Where the Supply Meter Point is Renominated as an NDM Supply Meter Point or as a DM Supply Meter Point with Transporter Daily Read Equipment installed, the Supply Meter Point may not have User Daily Read Equipment installed until the Annual Quantity exceeds the relevant threshold for the phase indicated in paragraph 1.7.2.<sup>1</sup>

## 1.8 TPD Section Z: National Grid LNG Storage Facilities

### 1.8.1 TPD Section Z2.1.6

For the purposes of TPD Section Z2.1.6, in respect of Storage Year 2009/10 and each subsequent Storage Year until the time at which the LNG Facility at Dynevor Arms ceases to be a National Grid LNG Storage Facility pursuant to paragraph 1.4.3, the Maximum Storage Space, Maximum Storage Deliverability and Maximum Storage Injectability for the National Grid LNG Storage Facility at Dynevor Arms shall each be zero.

## 1.9 TPD Section G: Supply Points

### 1.9.1 TPD Section G5.2

Until 0600 on 1 October 2011 but not thereafter, for the purposes of TPD Section G5.2:

- (a) Notwithstanding TPD Section G5.2.1, in relation to an LDZ DM Supply Point Component, a Registered User may apply at any time, in accordance with this

<sup>1</sup> Implementation of Modification 0353, effective 06:00hrs on a date to be determined, will add new paragraphs 1.7.5, 1.7.6, 1.7.7, and 1.7.8

paragraph 1.9, to reduce the Registered DM Supply Point Capacity held to an amount below the Bottom-Stop Supply Point Capacity (the “**Capacity Reduction Application**”).

- (b) The Registered DM Supply Point Capacity may only be reduced using a Capacity Reduction Application to take effect once within the Capacity Reduction Period for the Gas Year commencing 1 October 2009 and once for the Capacity Reduction Period for the Gas Year commencing 1 October 2010.
- (c) A Capacity Reduction Application shall:
  - (i) be accompanied by a signed letter from the relevant consumer at the LDZ DM Supply Point stating the following information:
    - (1) a best estimate of the highest User SPDQ for any Day in the relevant Gas Year;
    - (2) the reasons for the requested change to reduce the Supply Point Capacity and the corresponding change in the Bottom-Stop Supply Point Capacity to equal the revised Supply Point Capacity; and
    - (3) a statement that Gas will continue to be offtaken at the relevant LDZ DM Supply Point.
  - (ii) and shall specify:
    - (1) the Supply Meter Point Reference Number;
    - (2) the Supply Point Registration Number;
    - (3) the revised DM Supply Point Capacity;
    - (4) the revised Supply Point Offtake Rate.
- (d) The Transporter may reject a Capacity Reduction Application which is not made strictly in accordance with this paragraph 1.9.
- (e) By making a Capacity Reduction Application, the Registered User warrants to the Transporter in writing that the information contained in such Capacity Reduction Application is accurate and reflects a bona fide estimate of the future consumption up to 1 October 2011.
- (f) Where the Transporter does not reject a Capacity Reduction Application and Renomination by the Registered User in accordance with TPD Section G2.3 in respect of the relevant LDZ DM Supply Point Component on the basis of the revised Supply Point Capacity, the Transporter will submit to the Registered User a Supply Point Offer in accordance with TPD Section G2.4 and upon receipt of which, the Registered User may submit a Supply Point Reconfirmation in accordance with TPD Section G2.5.
- (g) With effect from the Supply Point Registration Date in respect of such Supply Point Reconfirmation, the LDZ Capacity Charges shall be determined by reference to the revised DM Supply Point Capacity, or the revised Bottom Stop Supply Point Capacity as appropriate, and notwithstanding TPD Section G paragraph 5.2.3(a), the revised Bottom Stop Supply Point Capacity shall be set to equal to the revised Supply Point Capacity.

- (h) In order to take effect, all Supply Point Confirmations made in accordance with this paragraph 1.9 must have a Supply Point Registration Date within the Capacity Reduction Period for the relevant Gas Year.

1.9.2 Where following revision of the Registered DM Supply Point Capacity for an Interruptible LDZ DM Supply Point Component in accordance with this paragraph 1.9 until the earlier of:

- (a) 06:00 on 1 October 2011; or
- (b) the date that an increase of the Registered DM Supply Point Capacity above the Bottom Stop Supply Point Capacity prevailing prior to revision of the Registered DM Supply Point Capacity takes effect;

the quantity of gas offtaken for any Day exceeds the User's Registered DM Supply Point Capacity then the User shall pay the difference between the LDZ Capacity Charges applicable prior to the first successful Capacity Reduction Application made effective pursuant to paragraph 1.9.1 and the actual charges paid or payable subsequent to such successful Capacity Reduction Application.

## **2. TRANSPORTATION CONSTRAINTS**

- 2.1 The provisions of paragraphs 2.2 to 2.5 (inclusive) shall not apply until such time as by way of Code Modification this paragraph 2.1 no longer applies.
- 2.2 Where after 24:00 hours on the Preceding Day it appears to National Grid NTS that a Transportation Constraint is likely to arise or has arisen at a System Entry Point, National Grid NTS may take (at such time as it judges operationally appropriate), but shall not be required to, Market Balancing Sell Actions at the relevant System Entry Point with a view to gas flow rates at such point being reduced so as to avoid such Transportation Constraint.
- 2.3 Nothing in paragraph 2.2 shall prejudice TPD Section I3.7.
- 2.4 In TPD Section D1.3 references to Operational Balancing shall be construed as including steps taken by National Grid NTS under paragraph 2.2 in respect of a Transportation Constraint or anticipated Transportation Constraint, and references to Operational Balancing Steps and Operational Balancing Requirements shall be construed accordingly.
- 2.5 Where National Grid NTS takes a Market Balancing Sell Action pursuant to this paragraph 2 the relevant User's Available System Entry Capacity (determined as Adjusted pursuant to TPD Sections B2.7.10, 2.8.3 and 2.8.5) at the relevant System Entry Point on the Day in respect of which such Market Balancing Sell Action was taken shall for the purposes of TPD Section B2.10 be reduced by an amount equivalent to the Market Balancing Action Quantity in relation thereto.

## **3. UK LINK SUSPENSION TO ALLOW FOR TECHNICAL UPGRADE**

- 3.1 In order to enable an upgrade of certain technical components of the UK Link System the operation of certain parts of UK Link will be suspended during such period of upgrade. The period of upgrade will commence on 24<sup>th</sup> February 2008 and end on 27<sup>th</sup> February 2008.
- 3.2 The provisions of the Code shall be modified as follows:
  - (a) The 25<sup>th</sup> and 26<sup>th</sup> February 2008 shall be deemed not to be Business Days for the purposes of Section G and Section M and Section S4.

- (b) for each Day (to which a Meter Reading in respect of a Performance Relevant Supply Meter Point relates) which immediately precedes or is within in the Upgrade Period, the references in Section M5.2.1 to the “Day following”, M5.2.2 to the “following Day” and M5.2.3 to the “Day following each such Day” shall be deemed to be references to 28<sup>th</sup> February 2008.
- (c) for each Day during the Upgrade Period information (relating to Daily Read Supply Meters) provided to Users pursuant to Section E1.6.2(b) will be provided on the basis in Section M4.4.2(a) (as though the Day were a failed Daily Read Day).

## 4. TRANSITIONAL INTERRUPTION REGIME

### 4.1 Interruption transitional period

4.1.1 For the purposes of paragraphs 4, 5, 6 and 7 of this Part IIC:

- (a) the **"interruption transition date"** is 1 October 2011;
- (b) the **"interruption transitional period"** is the period commencing on 1 April 2008 and ending on (and including) the Day before the interruption transition date.

4.1.2 During the interruption transitional period:

- (a) except as provided for in paragraph 4.3 of this Part IIC, TPD Section G6 shall not apply;
- (b) TPD Sections G1 to G5 (inclusive) and Section G7 and Annexes G1 and G2 shall apply subject to the provisions of paragraph 6; and
- (c) this paragraph 4 and paragraphs 5, 6 and 7 of this Part IIC shall apply.

4.1.3 For the period commencing on the interruption transition date and ending on (and including) 30 September 2012, paragraph 5 of this Part IIC shall apply in respect of NTS Supply Points only.

### 4.2 Transit rule

4.2.1 With effect from the interruption transition date:

- (a) a Supply Point which on the Day preceding the interruption transition date was Interruptible in accordance with the rules set out in paragraph 5 shall cease to be Interruptible;
- (b) an LDZ Supply Point shall be an Interruptible LDZ Supply Point in respect of an Interruption Period commencing on or after the interruption transition date where the Registered User holds Interruptible Supply Point Capacity at the LDZ Supply Point following an Interruption Invitation under paragraph 4.3.

### 4.3 Initialisation: Interruption

4.3.1 A DN Operator:

- (a) shall, in June of each Gas Year (Y) in the interruption transitional period, issue annual Interruption Invitations, in respect of each of Gas Years Y+4 to Y+8 which does not end before the interruption transitional period;

- (b) may, at any other time and in respect of any other Interruptible Period commencing on or after the interruption transition date, issue an ad hoc Interruption Invitation

for which purposes TPD Section G6.2 shall be deemed to apply.

- 4.3.2 The Registered User of an LDZ Supply Point in a relevant Interruption Zone may submit interruption offers on the invitation dates specified in an Interruption Invitation under paragraph 4.3.1 for which purposes TPD Section G6.3 shall be deemed to apply.
- 4.3.3 A CSEP User at an LDZ CSEP in a relevant Interruption Zone may submit interruption offers on the invitation dates specified in an Interruption Invitation under paragraph 4.3.1 for which purposes paragraphs of TPD Section G6.12 shall be deemed to apply.
- 4.3.4 In relation to an Interruption Invitation the DN Operator shall select or reject interruption offers and publish certain details in respect of such interruption offers, for which purposes TPD Section G6.4 shall be deemed to apply.
- 4.3.5 The Registered User of a Supply Point which (pursuant to the foregoing provisions) is to be designated as Interruptible in respect of the Interruptible Period commencing on the interruption transition date, shall comply with the requirements in TPD Section G6 on the basis that such provisions are deemed to apply in the interruption transitional period.

#### **4.4 Interruptible to Firm – Supply Point Transition**

- 4.4.1 By no earlier than 18 August 2011 and by no later than 7 September 2011, a User of an Interruptible Supply Point by submitting a Supply Point Reconfirmation shall apply to change its status to a Firm Supply Point on 1 October 2011.
- 4.4.2 A User of an Interruptible Supply Point may not apply to change its status to a Firm Supply Point with a Supply Point Registration Date on a date between 8 September and 19 October 2011 (inclusive) other than on 1 October 2011.
- 4.4.3 Where any application by a User of an Interruptible Supply Point to change its status to a Firm Supply Point does not comply with paragraph 4.4.2 it shall be rejected by the Transporter.
- 4.4.4 Where any User of an Interruptible Supply Point does not apply to change its status to a Firm Supply Point in accordance with paragraph 4.4.1, or where its application is rejected in accordance with paragraph 4.4.3, the User shall be deemed have granted the Transporter the authority to do so on 7 September and the Transporter, by creating a Supply Point Offer and submitting a Supply Point Reconfirmation, shall change the status of an Interruptible Supply Point to a Firm Supply Point on 1 October 2011.
- 4.4.5 Where the Transporter creates a Supply Point Offer and submits a Supply Point Reconfirmation pursuant to paragraph 4.4.4 it will include within it all existing details relating to the existing Supply Point to generate the Supply Point Offer and Supply Point Reconfirmation.
- 4.4.6 Where a Proposing User that is not an Existing Registered User submits a Supply Point Confirmation in accordance with TPD Section G2.5.3, with a Proposed Supply Point Registration Date occurring between 8 September and 19 October 2011 (inclusive), in contravention of paragraph 4.4.2, then notwithstanding rejection of such submission in accordance with paragraph 4.4.3, the Proposing User and the Existing Registered User shall each:



- (a) notify the Transporter that it believes that an energy reconciliation and adjustment of Transportation Charges is due between the Proposing User and the Existing Registered User, referencing the Proposed Supply Point Registration Date stated above;
- (b) as soon as reasonably practicable after 19 October 2011, the Proposing User shall submit a Supply Point Confirmation with a new Proposed Supply Point Registration Date.

4.4.7 In the event of a conflict between the provisions of paragraph 5 and this paragraph 4.4, this paragraph 4.4 shall apply.

## **5. TRANSITIONAL INTERRUPTION REGIME: INTERRUPTIBLE SUPPLY POINTS**

### **5.1 General**

- 5.1.1 (a) Subject to the further provisions of this paragraph 5, where at any time a Supply Point is eligible to be an Interruptible Supply Point in accordance with paragraph 5.2, the Registered User may by giving notice to the Transporter not later than the Change Request Deadline designate the Supply Point as being Interruptible with effect from an Eligible Status Change Date.
  - (b) Subject to the further provisions of this paragraph 5, where at any time a Firm Supply Point, other than a Firm Supply Point in which any Shared Supply Meter Point is comprised, is eligible to be an Interruptible Supply Point in accordance with paragraph 5.2, the Registered User of that Firm Supply Point and the Registered User of an Interruptible Supply Point, other than an Interruptible Supply Point in which any Shared Supply Meter Point is comprised, may, by giving written notice to the Transporter and on payment by the Registered User of the Interruptible Supply Point of the Administration Charges (if any) set out in the Transportation Statement, designate the Firm Supply Point and the Interruptible Supply Point to be Partner Supply Points with effect from the notification by the Transporter being no more than 20 Business Days from the date of the notice to the Transporter, the Transporter may, from time to time issue guidelines to Registered Users to ensure that Partner Supply Points create an equivalent effect on the relevant System.
  - (c) A Supply Point which has been designated by the Registered User and confirmed by the Transporter to be a Partner Supply Point will remain so designated until and unless its designation is cancelled by the Registered User by giving at least 10 Business Days' written notice to the Transporter, or in accordance with paragraph (d).
  - (d) Where another User is to become the Registered User of a Partner Supply Point, the Proposing User shall, at least 2 but not more than 7 Business Days prior to the proposed Supply Point Registration Date notify the Transporter of such change. The Partner Supply Point shall transfer to the new Registered User from the Supply Point Registration Date as a Partner Supply Point.
  - (e) Where the Partner Interruptible Supply Point has a Firm Allowance in place in accordance with paragraph 6.4, such Firm Allowance may not be transferred to the Partner's Firm Supply Point, unless in the Transporter's reasonable opinion the Transportation Requirement is satisfied.
- 5.1.2 A Supply Point which has been designated as Interruptible will continue to be so designated until and unless it is redesignated as Firm under paragraph 5.3 or paragraph 5.9.
- 5.1.3 For the purposes of paragraphs 5 and 6:

- (a) a Supply Point is "**Interruptible**" where the offtake of gas from the Total System at the Supply Point is subject to Interruption in accordance with paragraph 5.7, and otherwise is "**Firm**";
- (b) an "**Interruptible Supply Point**" is a Supply Point which is for the time being designated as Interruptible;
- (c) a "**Firm Supply Point**" is a Supply Point which is not for the time being designated as Interruptible (including one which has been redesignated as Firm);
- (d) a "**Partner Supply Point**" is a Partner Interruptible Supply Point or a Partner Firm Supply Point;
- (e) a "**Partner Interruptible Supply Point**" is an Interruptible Supply Point which has, for the time being, in accordance with paragraph 5.1.1(b) nominated a Firm Supply Point to be its Partner Supply Point;
- (f) a "**Partner Firm Supply Point**" is a Firm Supply Point which has, for the time being, in accordance with paragraph 5.1.1(b) been nominated to be a Partner Supply Point to an Interruptible Supply Point;
- (g) a Network Sensitive Load ("**NSL**") is an Interruptible Supply Point where its specific interruption may be required by the Transporter for the purpose of maintaining the offtake of gas at the Firm Supply Points which are located in the local area of, and are connected to the same local pipeline system as such Interruptible Supply Point. As a consequence, such Interruptible Supply Point is therefore likely to have a higher probability of interruption than an Interruptible Supply Point which is not an NSL.

5.1.4 For the purposes of paragraphs 5 and 6:

- (a) a reference to a Supply Meter Point changing status is a reference to the Supply Point in which it is comprised becoming a Firm Supply Point where it was Interruptible or becoming an Interruptible Supply Point where it was Firm; and where a Supply Meter Point has changed status it will (but without prejudice to the provisions of this paragraph 5.1 pursuant to which it may change status) continue to be treated as having done so irrespective of the Registered User of any Supply Point in which it may subsequently be comprised;
- (b) an "**Eligible Status Change Date**" is a date with effect from which a Firm Supply Point may become Interruptible or an Interruptible Supply Point may become Firm;
- (c) in relation to a Supply Point at any time an Eligible Status Change Date is:
  - (i) if no Supply Meter Point comprised in the Supply Point has at any time changed status, any date;
  - (ii) except as provided in paragraph (i) or (iii), the date is not less than 12 months after the most recent date on which any such Supply Meter Point changed status (for the purposes of which the date of a change in status of a Supply Meter Point pursuant to paragraph 5.3.7 shall not be counted); and
  - (iii) if the Interruptible status of a Supply Point is being transferred to one or more Firm Supply Points which create an equivalent effect on the Network, any date;

- (d) in relation to an Eligible Status Change Date the **"Change Request Deadline"** is the Day two months before such Eligible Status Change Date; and
  - (e) where a User submits a Supply Point Confirmation which becomes effective in respect of a Supply Point, the Transporter will if requested by the User provide to the User as soon as reasonably practicable after the Supply Point Registration Date such information as may be necessary to enable the User to ascertain the Eligible Status Change Date or Dates.
- 5.1.5 Where a User submits a Supply Point Confirmation in respect of a Proposed Supply Point which includes any Supply Meter Point comprised in an Existing Supply Point which (at the Proposed Supply Point Registration Date) is Interruptible:
- (a) if each Existing Supply Point is Interruptible, the Proposed Supply Point will (if the Supply Point Confirmation becomes effective) be an Interruptible Supply Point, except that if the Supply Point Confirmation was submitted before the Change Request Deadline and the Proposed Supply Point Registration Date is not later than an Eligible Status Change Date, the Proposing User may (subject to and in accordance with paragraph 5.3) redesignate the Supply Point as Firm with effect from the Eligible Status Change Date; and
  - (b) (in accordance with paragraph 6.6) if there is another Existing Supply Point which (at the Proposed Supply Point Registration Date) is not Interruptible:
    - (i) the Proposed Supply Point Registration Date must be an Eligible Status Change Date; and
    - (ii) the Proposing User may designate (provided the Proposed Supply Point is eligible in accordance with paragraph 5.2.1, and subject to paragraph 5.3) the Proposed Supply Point as Interruptible or Firm.
- 5.1.6 Where a User has submitted a Supply Point Confirmation which will (in accordance with TPD Section G2.8.7 or TPD Section G2.9.1) become effective, no Existing Registered User may submit a notice designating an Existing Supply Point as Interruptible or redesignating it as Firm.
- 5.1.7 A notice designating a Supply Point as Interruptible or redesignating a Supply Point as Firm with effect from an Eligible Status Change Date may be revoked by the Registered User before but not after the Change Request Deadline; and accordingly a User who submits a Supply Point Confirmation after the Change Request Deadline may not alter the designation (as Interruptible or Firm) of the Supply Point until the next following Eligible Status Change Date.
- 5.1.8 Without prejudice to the generality thereof, the indemnity provided for in TPD Section V11.1.1 shall apply in respect of the taking of any steps or the exercise by the Transporter of any entitlement provided for in this paragraph 5.
- 5.1.9 In respect of an Interruptible Supply Point the Registered User (or Sharing Registered Users) shall:
- (a) not be required to pay NTS Exit Capacity Charges;
  - (b) be required (where the Interruptible Supply Point is an LDZ Interruptible Supply Point) to pay LDZ Capacity Charges with such discount applied as may be provided in the Transportation Statement; and

- (c) be entitled to a payment, where in respect of an Interruptible Supply Point the Transporter requires Interruption on more than 15 Days in any Formula Year, calculated in the manner provided in the Transportation Statement.

## **5.2 Conditions for designation as Interruptible**

- 5.2.1 A Supply Point is eligible to be designated an Interruptible Supply Point in any Gas Year for which its Annual Quantity is greater than 5,860,000 kWh (200,000 therms).
- 5.2.2 In accordance with TPD Section G1.7 and paragraphs 6.3 and 6.4, a Supply Point includes a Shared Supply Meter, the Shared Supply Meter Point Notification shall provide (pursuant to TPD Section G1.7.6(a)) for allocation in tranches:
- 5.2.3 By designating a Supply Point as Interruptible with effect from an Eligible Status Change Date, or submitting a Supply Point Confirmation in respect of an Interruptible Supply Point, and by not redesignating an Interruptible Supply Point as Firm with effect from an Eligible Status Change Date, the Registered User represents to the Transporter that, or where the User is not the supplier that the supplier has represented to the User that, the requirement in paragraph 5.2.4 will be complied with.
- 5.2.4 The requirement referred to in paragraph 5.2.3 is that the contract or contracts of supply to the consumer, in force at the Eligible Status Change Date or (as the case may be) the Supply Point Registration Date, oblige the consumer to give effect to Interruption (including in the case where the requirement for Interruption is notified by the Transporter under paragraph 5.8.4).
- 5.2.5 Without prejudice to paragraph 5.2.4, a Supply Point which includes an NDM Supply Point Component may (subject to this paragraph 5.2) be designated as Interruptible.

## **5.3 Redesignation as Firm**

- 5.3.1 Where a Supply Point is for the time being an Interruptible Supply Point:
  - (a) subject to paragraph 5.3.2 and except where the Supply Point is or is to be a TNI Supply Point, the Registered User may redesignate the Supply Point as Firm with effect from an Eligible Status Change Date, by giving notice to the Transporter not later than the Change Request Deadline;
  - (b) where the Supply Point ceases to be eligible in accordance with paragraph 5.2.1 in respect of any Gas Year, the Supply Point shall unless the Transporter otherwise determines be redesignated as Firm with effect from the first Eligible Status Change Date in that Gas Year.
- 5.3.2 Where:
  - (a) pursuant to any provision of this paragraph 5 a Supply Point is to be redesignated or (pursuant to paragraph 5.1.5(b)(ii)) designated as Firm with effect from an Eligible Status Change Date; and
  - (b) the Transporter determines and notifies the User that the Firm Transportation Requirement is not satisfied

the designation or redesignation as Firm will not be effective and (subject to paragraph 5.3.5) the Supply Point will continue to be an Interruptible Supply Point.

- 5.3.3 In the case of a redesignation as Firm pursuant to paragraph 5.3.1(a), any notification by the Transporter under paragraph 5.3.2(b) will be given not later than one month after the relevant Change Request Deadline.
- 5.3.4 For the purposes of the Code the "**Firm Transportation Requirement**" in respect of an Interruptible Supply Point is the requirement that (after taking into account the Transporter's ability to Interrupt at other Interruptible Supply Points) it would be feasible to make gas available for offtake at the Supply Point (if the Supply Point were Firm) at a rate not less than the Supply Point Offtake Rate (and as respects any NDM Supply Point Component, an appropriate estimated rate of offtake) and in quantities (in a 24 hour period) in the amount of the Supply Point Capacity which the User would (pursuant to paragraph 5.3.9) hold upon its redesignation as Firm.
- 5.3.5 Subject to paragraph 5.3.6, the Registered User may after an Eligible Status Change Date redesignate a Siteworks Specified Interruptible Supply Point as Firm in accordance with paragraph 6.9.3.
- 5.3.6 Subject to paragraph 5.3.7, a User may not redesignate a Supply Point as Firm pursuant to paragraph 6.9.3 unless the User had not later than the Change Request Deadline given notice under paragraph 5.3.1(a) of such redesignation which pursuant to paragraph 5.3.2 was not effective.
- 5.3.7 Where at any time:
- (a) a Supply Point is Interruptible; and
  - (b) the Registered User demonstrates to the reasonable satisfaction of the Transporter that, by reason of a substantial change, which has occurred since and was not reasonably foreseeable at the most recent Change Request Deadline, in the physical nature of the consumer's requirements for the supply of gas, the consumer requires the Supply Point to be Firm;
- the User may (subject to paragraph 5.3.2) redesignate the Supply Point as Firm with effect from any later Day.
- 5.3.8 Where in any Gas Year a Supply Point is redesignated as Firm pursuant to paragraph 5.3.7, until the first Eligible Status Change Date which is more than 12 months after the date of such redesignation, no Supply Meter Point comprised in the Supply Point may be comprised in any Interruptible Supply Point (irrespective of the Registered User).
- 5.3.9 Where an Interruptible Supply Point is redesignated as Firm, or for the purposes of calculating charges where there has been a failure to Interrupt, the Registered Supply Point Capacity held by the Registered User at the DM Supply Point Component or the Supply Point respectively shall be whichever is the greater of the Prevailing Supply Point Capacity and the Bottom-Stop Supply Point Capacity (and the Supply Point Offtake Rate shall be unchanged).
- 5.4 SDMC(I) Supply Points**
- 5.4.1 Where the Transporter reasonably determines, in relation to an Interruptible Supply Point with a DM Supply Point Component whose Annual Quantity does not exceed 58,600,000 kWh (2,000,000 therms), that (by reason of the location or other characteristics of the part of the System in which the Supply Point is located, or the nature of the consumer's plant) the operational benefits of the Transporter's ability to Interrupt the Supply Point would be materially diminished unless individual Output Nominations are made in respect of the Supply

Point, the Transporter may designate the Supply Point as requiring individual Output Nominations for the purposes of TPD Section A4.5.3.

5.4.2 Any designation under paragraph 5.4.1 shall be:

- (a) in the case of an existing Supply Point Registration, by notice to the Registered User not later than the 5th Business Day in September in the Gas Year preceding the first Gas Year in which such designation is to be effective; or
- (b) in the case of a Proposed Supply Point Registration, in the Supply Point Offer.

## 5.5 TNI Supply Points

5.5.1 Where the Transporter determines that the relevant number of Days (in accordance with paragraph 5.5.2) would exceed 45 in any Gas Year, the Transporter may with effect from 1 October (or any other Day agreed with the Registered User) designate an Interruptible Supply Point as being a **"TNI Supply Point"** by giving notice of not less than 12 months (or such lesser period as the Registered User may agree) to the Registered User.

5.5.2 For the purposes of paragraph 5.5.1 the relevant number of Days is the number of Days on which, after taking into account the Transporter's ability to Interrupt at other Interruptible Supply Points, the Transporter estimates that, in a year of 1-in-50 Severe Annual Demand, Interruption would be required at the Supply Point.

5.5.3 Where the Transporter designates an Interruptible Supply Point as a TNI Supply Point, the Transporter's notice to the Registered User will specify the number of Days (exceeding 45) on which the Transporter may Interrupt the Supply Point or Tranche (in accordance with paragraph 5.10.1(b)) at the Supply Point in accordance with paragraph 5.7.

5.5.4 The Transporter may from time to time by a further notice (of not less than 12 months) under paragraph 5.5.1 or by agreement with the Registered User alter the Interruption Allowance of a TNI Supply Point.

5.5.5 Subject to paragraph 5.3.6, the Registered User may (whether on or after an Eligible Status Change Date) redesignate a Siteworks Specified TNI Supply Point as Firm in accordance with paragraph 6.9.3 or apply to redesignate the Interruption Allowance in respect of a TNI Supply Point to a Siteworks Specified number of Days.

5.5.6 The Transporter may withdraw the designation of a Supply Point as a TNI Supply Point by giving notice of not less than 12 months (or such lesser period as the Registered User may agree) to the Registered User.

5.5.7 Where a User submits a Supply Point Confirmation which becomes effective in respect of an Interruptible Supply Point:

- (a) if any Existing Supply Point is, or pursuant to a notice given by the Transporter to the Existing Registered User pursuant to paragraph 5.5.1 would have become, a TNI Supply Point, the Proposed Supply Point shall be, or as the case may be shall (with effect from the date when the Existing Supply Point would have become a TNI Supply Point) become, a TNI Supply Point;
- (b) any Existing Supply Point is, but pursuant to a notice given by the Transporter pursuant to paragraph 5.5.6 would have ceased to be, a TNI Supply Point, the Proposed Supply Point shall (with effect from the date when the Existing Supply Point would have ceased to be a TNI Supply Point) cease to be a TNI Supply Point.

5.5.8 The Transporter will, within 10 Business Days after the date of any Supply Point Nomination in respect of an Interruptible Supply Point (or if later as soon as practicable thereafter), notify the Proposing User of whether (and where applicable the date from which) the Proposed Supply Point is or is to become, and/or is to cease to be, a TNI Supply Point pursuant to paragraphs 5.5.7.

## 5.6 Requirements as to Interruptible Supply Points

5.6.1 Where a User is or is to become the Registered User of one or more Interruptible Supply Points the User shall:

- (a) not later than the relevant date (in accordance with paragraph 5.6.4) in respect of the first Interruptible Supply Point of which it becomes Registered User, provide to the Transporter at least one telephone number and at least one facsimile number (but not more than 4 numbers in total) by means of which the Transporter may contact, 24 hours a Day, a representative of the User, and the name(s) or title(s) of not more than 3 representatives of the User who may be contacted at such numbers;
- (b) maintain the details provided under paragraph (a) up to date, and notify the Transporter of any change in such details before such change takes effect; and
- (c) secure that at all times on each Day one of such representatives is available and capable of being so contacted by telephone (with access to facsimile) or by facsimile.

5.6.2 A User shall, in relation to each Interruptible Supply Point of which it is or is to become the Registered User:

- (a) not later than the relevant date (in accordance with paragraph 5.6.4), provide to the Transporter:
  - (i) in accordance with paragraph 5.6.2(e), the names and/or job titles of representatives of the consumer ("**interruption contacts**") (who, for the avoidance of doubt, may be the same contacts as those referred to in TPD Section Q as "emergency contacts"), provided that the total number of interruption contacts provided for under this paragraph (and emergency contacts provided for under TPD Section Q) shall not exceed 5 in relation to any Supply Point;
  - (ii) at least 1 (but not more than 4) telephone numbers for each interruption contact by means of which the Transporter may contact, 24 hours a day, at least one interruption contact; and
  - (iii) one facsimile number, for the purposes of receiving communications pursuant to TPD Sections G and TPD Q, which is able to receive transmissions 24 hours a day;
- (b) take all reasonable steps to secure that the details provided under paragraph (a) are maintained up to date and to notify the Transporter of any change in such details before such change takes effect;
- (c) take all reasonable steps to secure that at all times on each Day one of such representatives is available and capable of being so contacted by telephone (with access to facsimile) and by facsimile;

- (d) secure that the consumer acknowledges the right of the Transporter to contact the consumer in the circumstances in paragraph 5.8.4 and undertakes to comply with any notification by the Transporter thereunder; and
- (e) for the purposes of paragraph 5.6.2(a):
  - (i) in the case of an Interruptible Supply Point in respect of any site which is manned 24 hours a day, provide to the Transporter the name(s) and/or job title(s) of at least 1 but not more than 4 interruption contacts; and
  - (ii) in the case of an Interruptible Supply Point in respect of any site which is not manned 24 hours a day, provide to the Transporter the name(s) and/or job title(s) of at least 1 but not more than 2 interruption contacts.

5.6.3 For the purposes of enabling the Transporter to plan the exercise of its rights as to Interruption of Interruptible Supply Points, in relation to each Gas Year the Registered User of an Interruptible Supply Point or a Partner Supply Point will, if so required by the Transporter, not later than the relevant date (in accordance with paragraph 5.6.4) and thereafter from time to time upon any significant change in such details, obtain from the consumer or supplier and provide to the Transporter the consumer's best estimate of the following details:

- (a) whether or not gas is likely in normal circumstances to be offtaken at or between particular times of Day specified by the Transporter for the purposes of this paragraph 5.6.3;
- (b) the maximum quantity of gas to be offtaken on any Saturday and on any Sunday; and
- (c) holiday periods in each year during which gas will not be offtaken from the Total System at the Supply Point (or the DM Supply Point Component thereof).

5.6.4 For the purposes of this paragraph 5.6 the relevant date in respect of an Interruptible Supply Point or a Partner Supply Point is:

- (a) where the Registered User designates the Supply Point as Interruptible or as a Partner Supply Point from the date set in accordance with paragraph 5.6.1(b); or
- (b) the date on which the User submits a Supply Point Confirmation in respect of the Supply Point.

5.6.5 Where, in relation to any Interruptible Supply Point (but without prejudice to TPD Section C in relation to Renominations), the Registered User or supplier:

- (a) exercises (other than pursuant to an Interruption Notice under paragraph 5.8.1) any entitlement to require the consumer to discontinue consuming gas offtaken from the Total System on a Day; or
- (b) having exercised such an entitlement, authorises the consumer to resume such consumption

the Registered User will as soon as reasonably practicable, and in accordance with paragraph 5.6.7, inform the Transporter of the matters set out in paragraph 5.6.6, provided that the Registered User shall use reasonable endeavours to inform the Transporter not more than one hour after such discontinuance and/or not less than one hour before such resumption.

5.6.6 The matters to be informed by the Registered User to the Transporter pursuant to paragraph 5.6.5 are:



- (a) the identity of the Interruptible Supply Point;
- (b) the time with effect from which the consumer will be required to discontinue, or authorised to resume, consumption; and
- (c) an estimate of the amount by which the quantity of gas offtaken will increase or decrease as a result of such discontinuance or resumption.

5.6.7 For the purposes of paragraph 5.6.5 the User will give the relevant information to the Transporter by means of telephone or facsimile, unless it has given to the Transporter not less than one month's notice of its intention to give such information by Batch Transfer Communication, in which case such User will give information to the Transporter for the purposes of paragraph 5.6.5 only by Batch Transfer Communication, and will promptly inform the Transporter by telephone or facsimile of the transmission of each such Batch Transfer Communication.

5.6.8 Where the Transporter notifies a User that it is unable satisfactorily to access a Batch Transfer Communication transmitted pursuant to paragraph 5.6.7, that User will promptly send to the Transporter by facsimile the information contained in that Batch Transfer Communication.

## **5.7 Interruption**

5.7.1 For the purposes of the Code "**Interruption**" at a Supply Point means interruption on the Transporter's instruction (for one or more Days or parts of a Day) of the offtake of gas from the Total System at each Supply Meter Point comprised in the Supply Point, and references to a Supply Point being Interrupted and to the Transporter's right to Interrupt a Supply Point shall be construed accordingly. Interruption at a Partner Firm Supply Point shall be treated as if the Interruption took place at the Partner Interruptible Supply Point.

5.7.2 Where (in accordance with this paragraph 5) the Transporter requires Interruption at a Supply Point:

- (a) the Registered User shall secure that (subject to paragraph 5.7.7) the requirement in paragraph (b) is complied with;
- (b) subject to paragraph 5.10.4, the requirement is that no gas (beyond the Shutdown Tolerance) shall be offtaken from the Total System at the Supply Point, with effect from the Interruption Start Time (in accordance with paragraph 5.8.1) and until such time as the Transporter shall specify in accordance with paragraph 5.8.5; and
- (c) the Registered User has a Firm Allowance greater than 3,000 kWh/Day (100 therms/Day) granted in accordance with paragraph 6.4 then no Shutdown Tolerance shall be available in accordance with paragraph (b). Where the Firm Allowance is less than 3,000 kWh/Day (100 therms/Day) a residual Shutdown Tolerance of 3,000 kWh/Day (100 therms/Day) less the Firm Allowance shall be available.

5.7.3 Subject to paragraph 5.7.5, the Transporter may require Interruption at an Interruptible Supply Point:

- (a) on any Day on which there is or the Transporter anticipates that there would otherwise be a relevant Transportation Constraint (in accordance with paragraph 5.7.4);
- (b) on not more than 3 Days in any Gas Year, where the Transporter has any reasonable doubt as to whether the requirements in paragraph 5.2.4 are satisfied or the provisions

of this paragraph 5 in relation to Interruption are or are capable of being complied with in respect of the Supply Point, for the purposes of verifying such matters; and

the Transporter may, where it has issued an Interruption Notice pursuant to one of the above sub-paragraphs, issue a replacement Interruption Notice pursuant to a different sub-paragraph. From the time at which such replacement notice takes effect all rights, obligations or restrictions applicable to such replacement notice shall apply accordingly and shall supersede those applicable to the replaced notice.

5.7.4 A relevant Transportation Constraint is a Transportation Constraint which would be relieved (in whole or in part) by the discontinuance or suspension of offtake at the Interruptible Supply Point (provided that the Transporter will not be required to exercise its entitlement to require Interruption in respect of an Interruptible Supply Point which is a Maintenance Affected Point pursuant to TPD Section L4.3).

5.7.5 The number of Days (including parts of a Day) in respect of which the Transporter requires Interruption in respect of an Interruptible Supply Point in any Gas Year shall not exceed the following (the "**Interruption Allowance**"):

- (a) except in the case of a TNI Supply Point, 45 Days;
- (b) in the case of a TNI Supply Point, the number of Days for the time being specified pursuant to paragraph 5.5.3

provided that a Day in respect of which the Transporter gives more than one Interruption Notice shall be counted only as one Day of Interruption at the Supply Point provided further that the Transporter may continue to require Interruption at certain Tranches at a Supply Point (up to the Interruption Allowance of such Tranches) where the Interruption Allowance of such Tranches is greater than that of other Tranches at the same Supply Point whose Interruption Allowances have been fully utilised.

5.7.6 Where a Supply Point Confirmation in respect of an Interruptible Supply Point becomes effective on a Day other than 1 October:

- (a) Days (in the Gas Year in which the Supply Point Registration Date falls) in respect of which the Transporter required Interruption of the Existing Supply Point, up to but not including the Supply Point Registration Date, shall be counted towards the use of the Interruption Allowance; provided that where the Proposed Supply Point is a New Supply Point the number of Days so counted shall be the average, weighted by reference to the Annual Quantity of each Supply Meter Point comprised in the New Supply Point, of the number of Days of Interruption in the relevant Gas Year in respect of each Interruptible Existing Supply Point;
- (b) upon request of the Proposing User made after the Supply Point Registration Date, the Transporter will inform the Registered User of the number of Days counted towards the use of the Interruption Allowance pursuant to paragraph (a); and
- (c) where the Proposed Supply Point comprises only New Supply Meter Points:
  - (i) if the Supply Point Registration Date is before 1 April in the relevant Gas Year, the Interruption Allowance shall be in accordance with paragraph 5.7.5;
  - (ii) if the Supply Point Registration Date is on or after 1 April in the relevant Gas Year, the Interruption Allowance shall be reduced from that determined in

accordance with paragraph 5.7.5 by 1/6th for each completed month in such Gas Year after 1 April and before the Supply Point Registration Date.

- 5.7.7 In the case of an Interruptible Supply Point which is not comprised in a Partner Supply Point or a Shared Supply Meter Point, other than as provided in TPD Section G1.7.5, the Transporter may, at its discretion on application by the Registered User, allow the Registered User to satisfy the requirement for Interruption by a reduction in offtake rather than a total discontinuance in offtake at the Supply Point, in accordance with paragraph 5.10 ("**Partial Interruption**").
- 5.7.8 The exercise by the Transporter of any right (other than pursuant to this paragraph 5) to require or secure the discontinuance or reduction of offtake at any Supply Meter Point shall not count towards the use of the Interruption Allowance or otherwise count as Interruption for the purposes of this paragraph 5.
- 5.7.9 Without prejudice to the requirement under paragraph 5.7.2(b), it is acknowledged that pursuant to TPD Section H a User will be treated as having offtaken gas from the Total System at an Interruptible NDM Supply Point Component on a Day on which the Transporter required Interruption, and that such treatment will not constitute failure to Interrupt for the purposes of paragraph 5.9.
- 5.7.10 The Transporter will notify the Registered User when the Transporter requires an Interruptible Supply Point to be designated as an NSL (for the time being). Such notice will be sent no less than 20 Business Days in advance of the date of the required status change.
- 5.7.11 Where the Transporter has designated an Interruptible Supply Point as an NSL and its interruption has been required in accordance with paragraph 5.1.3(g), then the provisions of paragraph 5.8.2 shall cease to apply to such Interruptible Supply Point for the period it is designated as an NSL.
- 5.7.12 When the Transporter no longer requires the Interruptible Supply Point to be designated as an NSL it shall notify the Registered User accordingly and from the date of such notification such Interruptible Supply Point shall cease to be so designated.
- 5.7.13 Any Interruptible Supply Point which has been designated as an NSL will not be treated as a TNI Supply Point unless such Interruptible Supply Point has been designated as a TNI Supply Point in accordance with paragraph 5.5.

## **5.8 Notification requirements**

- 5.8.1 Where the Transporter requires or has a revised requirement for Interruption in respect of one or more Supply Points, the Transporter will give to the Registered User, not less than 5 hours before the time ("**Interruption Start Time**") with effect from which Interruption is required, notice ("**Interruption Notice**") specifying:
- (a) the Supply Points (and Tranches where applicable) to be Interrupted;
  - (b) the Gas Flow Day;
  - (c) the Interruption Start Time; and
  - (d) the Transporter's estimate (which shall not bind the Transporter) of the time at which the requirement for Interruption will cease to apply.
- 5.8.2 The User may request by telephone or facsimile an alteration to the Supply Points specified in the Interruption Notice; and where not less than 5 hours before the Interruption Start Time the

Transporter and the User have agreed (but so that the Transporter shall not be required to agree) upon such an alteration, the Interruption Notice will be revised accordingly and resubmitted by the Transporter to the User as soon as reasonably practicable.

5.8.3 The User shall, by telephone or facsimile (or otherwise in accordance with this paragraph 5.8):

- (a) not later than 30 minutes after Interruption Notice was given, acknowledge receipt of that notice;
- (b) not later than 5 hours after Interruption Notice was given, confirm to the Transporter that Interruption (in accordance with such notice) has taken place or shall take place;
- (c) as soon as reasonably practicable, notify the Transporter of any facts or circumstances known to the User that might prevent Interruption from taking place or cause Interruption to take place after the Interruption Start Time; and
- (d) in the case of a Partner Interruptible Supply Point confirm to the Transporter, at which Partner Supply Point the Interruption has taken place or will take place.

5.8.4 Where the User has not acknowledged receipt of an Interruption Notice within 30 minutes after such notice was given, the Transporter may not less than 4 hours before the Interruption Start Time notify the requirement for Interruption at each relevant Supply Point directly to the consumer, specifying the Gas Flow Day and Interruption Start Time.

5.8.5 Where the Transporter has given an Interruption Notice in respect of any Supply Point, as soon as reasonably practicable after the Transporter determines that the requirement for Interruption no longer applies or will at a certain time cease to apply (having regard to the circumstances in accordance with paragraph 5.7.3 in which such notice was given), the Transporter will so notify the User specifying the time (where later than the time of such notification) at which the requirement for Interruption will no longer apply.

5.8.6 As soon as reasonably practicable after the Transporter has given one or more Interruption Notices, it will send to all relevant Registered Users an Active Notification Communication stating that, in relation to all Users who have made an election under paragraph 5.8.7, such Batch Transfer Communications have been sent by the Transporter.

5.8.7 A User may elect, by giving not less than one month's notice to the Transporter:

- (a) to receive all Interruption Notices in respect of Supply Points in relation to which it is Registered User; and
- (b) to give all confirmations pursuant to paragraph 5.8.3(b)

by means of Batch Transfer Communication.

5.8.8 Subject to paragraphs 5.8.9 and 5.8.10, where a User makes an election under paragraph 5.8.7, on expiry of the relevant period of notice Code Communications for the purposes of paragraphs 5.8.1 and 5.8.3(b) shall be given by Batch Transfer Communication, and where the User gives any Code Communication to the Transporter under this paragraph 5.8 by Batch Transfer Communication, the User must promptly inform the Transporter, by telephone or facsimile, of the transmission of such Batch Transfer Communication.

5.8.9 Where:

- (a) the Transporter has given to a User an Interruption Notice by Batch Transfer Communication;

- (b) the User is unable, in accordance with TPD Section U4.5, to access such Batch Transfer Communication; and
- (c) the User notifies the Transporter of such inability, by telephone or facsimile, not later than 30 minutes after the Interruption Notice was given

the Transporter will give to the User Interruption Notice by facsimile, and this facsimile shall constitute an Interruption Notice for the purpose of establishing the Interruption Start Time.

5.8.10 Where any User has made an election pursuant to paragraph 5.8.7, that User may elect by notice to the Transporter:

- (a) to receive all Interruption Notices in respect of Supply Points in relation to which it is Registered User; and
- (b) to give all confirmations under paragraph 5.8.3(b)

by facsimile, provided that no election may be made under this paragraph 5.8.10 less than one month after the date of an election by that User under paragraph 5.8.7.

5.8.11 Where a User makes an election under paragraph 5.8.10, on expiry of one month from the date of the relevant notice, or from such other date as the Transporter and the User may agree, Code Communications for the purposes of paragraph 5.8.1 and 5.8.3(b) shall be given by telephone or facsimile.

5.8.12 Where an Interruptible Supply Point comprises Shared Supply Meter Point(s):

- (a) paragraph 5.8.2 shall not apply in respect of such Supply Point;
- (b) where there is more than one Interruptible Supply Point which comprises such Shared Supply Meter Point(s), any requirement for Interruption will apply in respect of all (and not some only) of such Interruptible Supply Points; and
- (c) where a Sharing Registered User Agent is appointed, any Interruption Notice will be submitted (notwithstanding any requirement for submission to any User) to such Agent as well as to the Sharing Registered Users of the Interruptible Supply Points.

## 5.9 Failure to Interrupt

5.9.1 For the purposes of the Code:

- (a) subject to paragraph (b), there is a **"failure to Interrupt"** at an Interruptible Supply Point where, on any occasion on which the Transporter requires Interruption in respect of the Supply Point, the requirement in paragraph 5.7.2(b) is not complied with in respect of each Supply Meter Point at any time on any Day (the **"failure Day"**) during the period referred to in that paragraph;
- (b) a failure to comply with a requirement for Interruption pursuant to paragraph 5.7.3(b):
  - (i) will not be counted as a failure to Interrupt for the purposes of paragraph 5.9.6;
  - (ii) subject to paragraph (i), will be counted as a failure to Interrupt if:

- (1) the User does not demonstrate to the reasonable satisfaction of the Transporter that all appropriate steps are being taken to ensure that such a failure does not recur at the relevant Supply Point; or
  - (2) the failure is the third failure occurring at the relevant Supply Point during the same Gas Year to comply with a requirement for Interruption pursuant to paragraph 5.7.3(b);
- but not otherwise;
- (c) for the purposes of this paragraph 5.9 a Supply Point the subject of a Supply Point Reconfirmation shall be treated as being the same Supply Point as the Existing Supply Point;
  - (d) the **"Period of Interruption"** is the period between the Interruption Start Time and the time specified in accordance with paragraph 5.8.5;
  - (e) **"Shutdown"** means that in the event of interruption all of the gas consuming plant at the Supply Point has been turned off so that it is not consuming gas; and
  - (f) **"Shutdown Tolerance"** means the amount of gas not exceeding 3,000kWh/Day (100 therms/Day) which may be offtaken, in the event of a Shutdown, at an Interruptible Supply Point, or in the case of a Shared Supply Meter Point that comprises more than one Interruptible Supply Point, in total at such Supply Points.

5.9.2 Where there is a failure to Interrupt at a Supply Point:

- (a) irrespective of whether the failure to Interrupt resulted from Force Majeure, where the Transporter determines that the failure to Interrupt results in a significant risk to the security of the relevant System the Transporter may take any steps available to it to isolate or disconnect any or all Supply Meter Points (irrespective of whether any is a Shared Supply Meter Point) comprised in the Supply Point; and
- (b) subject to paragraph 5.10.5, save where the failure to Interrupt resulted from Force Majeure or, in exceptional circumstances, where the Registered User can demonstrate to the Transporter's reasonable satisfaction that it made all reasonable efforts to Shutdown (including but not limited to ensuring that appropriate action is taken at the Supply Point but despite such efforts gas in excess of the Shutdown Tolerance flowed):
  - (i) the Registered User shall on the first Day of the first failure to Interrupt in any Gas Year, pay a charge determined as:
    - (1) in respect of an NTS Supply Point, 2 times the Applicable Annual Rate of the NTS Exit Capacity Charge
    - (2) in respect of a Supply Point which is not an NTS Supply Point, 2 times the difference between the Applicable Annual Rate of the LDZ Capacity Charge that would be payable (in respect of Supply Point Capacity in accordance with paragraph 5.3.9) if the Supply Point was designated as Firm the Applicable Annual Rate of the LDZ Capacity Charge (as discounted) payable in respect of the Interruptible Supply Point pursuant to paragraph 5.1.9(b); and

- (ii) the Registered User shall pay, on all days other than the first Day of the first Period of Interruption in each Gas Year, a charge determined as:

$$X = 2 * Y * Z$$

where:

- X is the amount payable in respect of each Day;
- Y is the quantity of gas offtaken at the Supply Point ( in kWh ) on the Day;
- Z in any Gas Year is the price difference ( in pence/kWh ) taken from the figures published in Table 26 of the DTI Energy Trends ( or superseding publication), for the 1st Quarter of the calendar year in which the current Gas Year commenced, between the all consumer average for Gas Oil (shown in £/tonne and converted to pence/kWh using the estimated average calorific value for Gas Oil set out in Annex B of the Digest of United Kingdom Energy Statistics) and the price of gas, all consumers, Interruptible.

5.9.3 The charges payable under paragraphs 5.9.2(b)(i), 5.9.2(b)(ii), 5.9.4 and 5.10.3 will be invoiced and are payable in accordance with TPD Section S.

5.9.4 Where the Transporter takes any such steps as are referred to in paragraph 5.9.2(a) the Registered User will be liable to reimburse to the Transporter the costs and expenses incurred by the Transporter in taking such steps and in any subsequent reconnection or restoration of the connection of the Supply Point.

5.9.5 The Registered User shall secure that there is made available to the Transporter such access to the Supply Point and all Supply Meter Points comprised in the Supply Point as shall be required for the purposes of paragraph 5.9.2(a).

5.9.6 In addition to the provisions of paragraphs 5.9.2 and 5.9.5, where (disregarding any failure to Interrupt which resulted from Force Majeure):

- (a) in any Gas Year in which there has on any Day been a failure to Interrupt at any Registered Interruptible Supply Point(s) of a User, there is on a later Day a failure to Interrupt (at the same or any other Registered Interruptible Supply Point(s)); and
- (b) the number of occasions (including the failure(s) on such later Day) on which there have been failures to Interrupt at the User's Registered Interruptible Supply Points is equal to or greater than:
- (i) 5; or
- (ii) if more, the number (rounded up to the nearest whole number) equal to 5% of the mean of the numbers of Interruptible Supply Points of which the User is the Registered User at the time of each such failure to Interrupt

in determining which each failure at any Supply Point shall count separately, paragraph 5.9.7 shall apply.

5.9.7 In the circumstances in paragraph 5.9.6, subject to paragraph 5.9.8:

- (a) all of the Interruptible Supply Points of which the User is Registered User, other than those within paragraph (b), shall automatically be redesignated as Firm with effect from the failure Day;

- (b) in relation to each such Supply Point in respect of which the Transporter determines that the Firm Transportation Requirement would not (without adjustment of the Supply Point Capacity or Supply Point Offtake Rate) be satisfied and in relation to such Supply Points as are specified in paragraph 5.9.8:
    - (i) the Supply Point shall be treated as being a Firm Supply Point for the purposes of determining the Supply Point Transportation Charges and any Supply Point Ratchet Charges or NTS Exit Overrun Charges payable by the User, but shall be treated (subject to paragraph (ii)) as being an Interruptible Supply Point for other purposes of the Code;
    - (ii) the Transporter will be at liberty to inform the supplier and consumer of the occurrence and consequences of the circumstances in paragraph 5.9.6;
    - (iii) the Transporter may elect that (in relation to any or all requirements for Interruption) paragraphs 5.8.1, 5.8.2 and 5.8.3 shall not apply and may notify the consumer in accordance with paragraph 5.8.4 but without first communicating with the User;
  - (c) until the expiry of the Gas Year following that in which the failure to Interrupt occurred, the User may not designate any Supply Point (including any which was redesignated as Firm under paragraph (a) or is treated as Firm under paragraph (b)) as Interruptible and may not submit a Supply Point Confirmation in respect of any Proposed Supply Point which is Interruptible.
- 5.9.8 Paragraph 5.9.7 shall not apply where the User demonstrates to the Transporter's reasonable satisfaction that the User had taken all reasonable steps to comply with the requirement to Interrupt and that the failure to Interrupt occurred despite the taking of such steps.
- 5.9.9 Where an Interruptible Supply Point, other than one which was the subject of a failure to Interrupt referred to in paragraph 5.9.2, was redesignated as Firm pursuant to paragraph 5.9.7(a), any User who:
- (a) is the first User to have become the Registered User of a Firm Supply Point which includes a Supply Meter Point which was comprised in the Interruptible Supply Point; and
  - (b) is not the User which was the Registered User of such Interruptible Supply Point
- may designate such Firm Supply Point as Interruptible with effect from the Supply Point Registration Date.
- 5.9.10 No Day on which there is a failure to Interrupt at a Supply Point shall count towards use of the Interruption Allowance in respect of that Supply Point.
- 5.9.11 The following shall not be Force Majeure affecting a User for the purposes of this paragraph 5.9:
- (a) the unavailability of any such representative as is referred to in paragraph 5.6.1 or 5.6.2 of the User or the consumer to be contacted by the Transporter, other than for wholly unforeseeable and unavoidable reasons (which must also satisfy the conditions for being Force Majeure); and
  - (b) the fact that there is no facility for the consumer's plant to operate with a supply of fuel or energy alternative to or in substitution for gas.



## 5.10 Partial Interruption

5.10.1 For the purposes of this paragraph 5.10:

- (a) **"Tranche"** means one of two or more increments by which the User of an Interruptible Supply Point may reduce its offtake (or by which Sharing Registered Users may reduce their offtake in aggregate) from the relevant System during a Period of Interruption;
- (b) **"Tranche Annual Quantity"** means in respect of each Tranche, the Tranche percentage multiplied by the Supply Point Annual Quantity;
- (c) **"Tranche Quantity"** means the quantity of gas, measured in kWh, that shall be allowed to be offtaken from the Total System at each Tranche in any period of 60 minutes in any Day in respect of which an Interruption Notice has been served; and
- (d) **"Tranche Percentage"** means in respect of each Tranche, the Tranche Quantity expressed as a percentage of the sum of all the Tranche Quantities at the Supply Point.

5.10.2 The Transporter may allow Partial Interruption at an Interruptible Supply Point provided that the following rules are satisfied:

- (a) the User (or Sharing Registered Users) shall specify the number of Tranches which it requires at the Supply Point, such number shall not exceed 9;
- (b) each Tranche Annual Quantity shall not be less than 5,860,000kWh (200,000 therms);
- (c) an application may be made by the User (or Sharing Registered Users) to the Transporter for a Partial Interruption status at a Supply Point at any time, for a period not exceeding 12 months, commencing on or after the operational date requested by the User (or Sharing Registered Users) and ending on the next 30 September;
- (d) the Transporter shall accept or reject all applications for Partial Interruption within 10 Business Days of their receipt by the Transporter from a Registered User or the Sharing Registered Users Agent as appropriate; and
- (e) Daily Read Equipment has been installed by the Transporter at the Supply Point prior to the commencement of Partial Interruption status.

5.10.3 Where Partial Interruption is in force at a Supply Point under paragraph 5.10, the Registered User (or Sharing Registered Users) in accordance with paragraph 6.4 shall pay to the Transporter the Administration Charge (if any) set out in the Transportation Statement. The Transporter shall (where applicable) issue an Ad-hoc Invoice in relation to the Administration Charge which will be invoiced and payable in accordance with TPD Section S.

5.10.4 Where the Transporter requires Interruption at the Supply Point:

- (a) in any period of 60 minutes in the Day, and subject always to TPD Section G5.3.1 and to the provisions of any relevant Network Exit Provisions, the Registered User will be allowed to offtake a quantity of gas;
- (b) for the purposes of paragraph 5.9.1(a), the requirement of paragraph 5.7.2(b) shall not be satisfied where the hourly offtake in paragraph (a) has been exceeded; and
- (c) the provisions of paragraphs 5.9.2(a) and 5.10.5 shall apply.

5.10.5 Where there is a failure to Interrupt at a Supply Point with Partial Interruption status:

- (a) where this is the first failure to Interrupt at the Supply Point in the Gas Year, the Registered User (or Sharing Registered Users) shall pay the charge determined under paragraph 5.9.2(b)(i), multiplied by the sum of the Tranche Percentages of the Tranches in respect of which an Interruption Notice was served;
- (b) for the remainder of the Gas Year any Tranche which has paid a failure to Interrupt charge in accordance with paragraph (a) above or paragraph (d) shall be termed a **"failed Tranche"**; and
- (c) where on any subsequent day in the Gas Year there is a failure to Interrupt at the Supply Point and the failure to Interrupt occurs only at failed Tranches, (determined in accordance with paragraph 5.10.5(b));
  - (i) for each period of 60 minutes in the Day, the quantity offtaken in excess of the Tranche Quantity of all Tranches in respect of which the Interruption Notice was not served shall be termed the "excess failure quantity";
  - (ii) the Registered User (or Sharing Registered Users) shall pay the charge calculated in accordance with paragraph 5.9.2(b)(ii), provided that Y shall be the total excess failure quantities in the Day; and
- (d) where on any subsequent day in the Gas Year there is a failure to Interrupt at the Supply Point and the failure to Interrupt occurs at one or more Tranches which are not failed Tranches (determined in accordance with paragraph 5.10.5(b)), the Registered User (or Sharing Registered Users) shall pay the charge determined under paragraph 5.9.2(b)(i), multiplied by the sum of the Tranche Percentages of the Tranches in respect of which an Interruption Notice was served, less the sum of the Tranche Percentages of the failed Tranches (determined in accordance with paragraph 5.10.5(b)) in respect of which the Interruption Notice was served.

5.10.6 The Transporter shall revoke the Partial Interruptible status at a Supply Point if:

- (a) the Supply Point ceases to be an Interruptible Supply Point;
- (b) subject to paragraph 5.10.7, the User ceases to be the Registered User of the Supply Point; or
- (c) in the case of a Supply Point which comprises a Shared Supply Meter Point there is a Shared Supply Meter Point Notification which proposes to change the number or identity of any sharing Registered Users, or a Supply Point Withdrawal unless a re-application in accordance with paragraph 5.10.14 has been accepted.

5.10.7 Except in the case of a Shared Supply Meter Point, where another User is to become the Registered User of relevant Supply Point, the Proposing User shall, at least 2 but not more than 7 Business Days prior to the proposed Supply Point Registration Date, notify the Transporter of such change. The Partial Interruption status of the Supply Point shall transfer to the new Registered User provided that the requirements of paragraph 5.10.2 remain satisfied.

5.10.8 If the Registered User (or Sharing Registered Users) wishes to change the number of Tranches or any of the Tranche Quantities, the Transporter shall, subject to paragraph 5.10.2, allow such change provided that the Interruption Allowance in relation to any Tranches shall not be changed.

- 5.10.9 Subject to paragraph 5.10.2(a), if the Registered User (or Sharing Registered Users) wishes to increase the Supply Point Capacity of the Interruptible Supply Point, the Transporter may grant such additional Supply Point Capacity as an additional Tranche with an Interruption Allowance which may be greater than the Interruption Allowance of any of the existing Tranches at the Supply Point.
- 5.10.10 If the Supply Point ceases to have Partial Interruption status, but continues to be an Interruptible Supply Point, the Interruption Allowance of the Supply Point shall be the greatest Interruption Allowance of any of the Tranches previously at the Supply Point.
- 5.10.11 Where any of the Tranches at the Interruptible Supply Point has an Interruption Allowance greater than 45 days, for the purposes of paragraph 5.5.4, the Interruption Allowance shall be determined by the sum of the products of the Tranche Percentage and the Interruption Allowance of each Tranche at the Interruptible Supply Point.
- 5.10.12 Nothing in this paragraph 5.10 shall prevent the Transporter from requiring Interruption at all Tranches at the Supply Point on the same Day.
- 5.10.13 In the case of a Partial Interruption at a Shared Supply Meter Point:
- (a) the Sharing Registered Users shall ensure that all actions which are required to be undertaken by the Sharing Registered Users in accordance with this paragraph 5.10 (including compliance with paragraph 5.10.2) shall be undertaken on behalf of all the Sharing Registered Users by the Sharing Registered Users Agent and for the purposes of this paragraph 5.10 all Code Communications shall be in accordance with TPD Section G1.7.9(d); and
  - (b) all references to Supply Point in this paragraph 5.10 shall be deemed to include references to the relevant Supply Point for the purposes of TPD Section G1.7 and paragraphs 6.3 and 6.4.
- 5.10.14 The Sharing Registered User Agent may re-apply for Partial Interruption at the relevant Supply Point in accordance with 5.10.2(c) and, pursuant to such re-application the Partial Interruption Status of the Supply Point shall transfer to the Sharing Registered Users identified in the re-application provided the requirements of paragraph 5.10.2 remain satisfied.

## **5.11 Partial Interruption at CSEPs**

5.11.1 For the purposes of this paragraph 5.11:

- (a) **"Tranche"** means one of two or more increments by which the CSEP User of an Interruptible CSEP may reduce its offtake (or by which CSEP Users may reduce their offtake in aggregate) from the relevant System during a Period of Interruption;
- (b) **"Tranche Annual Quantity"** means in respect of each Tranche, the Tranche Percentage multiplied by the Interruptible CSEP Annual Quantity;
- (c) **"Tranche Quantity"** means the quantity of gas, measured in kWh, that shall be allowed to be offtaken from the Total System at each Tranche in any period of 60 minutes in any Day in respect of which a CSEP Interruption Notice has been served;
- (d) **"Tranche Percentage"** means in respect of each Tranche, the Tranche Quantity expressed as a percentage of the sum of all the Tranche Quantities at the Interruptible CSEP; and

- (e) **"CSEP Interruption Notice"** shall have the same meaning as that ascribed thereto by the term Interruption Notice except that it shall apply in respect of a CSEP rather than a Supply Point.

5.11.2 The Transporter may allow Partial Interruption at an Interruptible CSEP provided that the following rules are satisfied:

- (a) the CSEP User (or CSEP Users) shall specify the number of Tranches which it requires at the Interruptible CSEP, such number shall not exceed 9;
- (b) each Tranche Annual Quantity shall not be less than 5,860,000kWh (200,000 therms);
- (c) an application may be made by the CSEP User (or CSEP Users) to the Transporter for a Partial Interruption status at an Interruptible CSEP at any time, for a period not exceeding 12 months, commencing on or after the operational date requested by the CSEP User (or CSEP Users) and ending on the next 30 September;
- (d) the Transporter shall accept or reject all applications for Partial Interruption within 10 Business Days of their receipt by the Transporter from a CSEP User or the CSEP User Agent as appropriate; and
- (e) where requested by the Transporter, equipment (as set out in the relevant CSEP NExA) to provide information to the Transporter in aggregate to allow the Transporter to monitor the requirements in paragraph 5.11.4 shall be installed by the CSEP User (the identity of which has been notified by the CSEP User Agent where there is more than one CSEP User) prior to the commencement of Partial Interruption status.

5.11.3 Where Partial Interruption is in force at an Interruptible CSEP under this paragraph 5.11, the CSEP User (or CSEP Users) shall pay to the Transporter the relevant Administration Charge (if any) set out in the Transportation Statement. The Transporter shall (where applicable) issue an Ad-hoc Invoice in relation to the Administration Charge which will be invoiced and payable in accordance with TPD Section S.

5.11.4 Where the Transporter requires Interruption at an Interruptible CSEP:

- (a) in any period of 60 minutes in the Day, and subject always to TPD Section G5.3.1 and to the provisions of any relevant Network Exit Provisions, the CSEP User will be allowed to offtake a quantity of gas, (and CSEP Users will be allowed to offtake a quantity in aggregate), measured in kWh, not exceeding the sum of the Tranche Quantities of the Tranches at the Interruptible CSEP in respect of which an Interruption Notice has not been served;
- (b) for the purposes of paragraph 5.9.1(a), the requirement of paragraph 5.7.2(b) shall not be satisfied where the hourly offtake in paragraph (a) has been exceeded; and
- (c) the provisions of paragraph 5.9.2(a) and 5.11.5 shall apply.

5.11.5 Where there is a failure to Interrupt at an Interruptible CSEP with Partial Interruption status:

- (a) where this is the first failure to Interrupt at the Interruptible CSEP in the Gas Year, the CSEP User (or CSEP Users) shall pay the charge determined under paragraph 5.9.2(b)(i), multiplied by the sum of the Tranche Percentages of the Tranches in respect of which an Interruption Notice was served;

- (b) for the remainder of the Gas Year any Tranche which has paid a failure to Interrupt charge in accordance with paragraph (a) above or paragraph (d) shall be termed a **"failed Tranche"**;
- (c) where on any subsequent day in the Gas Year there is a failure to Interrupt at the Interruptible CSEP and the failure to Interrupt occurs only at failed Tranches (determined in accordance with paragraph 5.11.5(b));
  - (i) for each period of 60 minutes in the Day, the quantity offtaken in excess of the Tranche Quantity of all Tranches in respect of which the Interruption Notice was not served shall be termed the "excess failure quantity";
  - (ii) the CSEP User (or CSEP Users) shall pay the charge calculated in accordance with paragraph 5.9.2(b)(ii), provided that Y shall be the total excess failure quantities in the Day; and
- (d) where on any subsequent day in the Gas Year there is a failure to Interrupt at the Interruptible CSEP and the failure to Interrupt occurs at one or more Tranches which are not failed Tranches (determined in accordance with paragraph 5.11.5(b)), the CSEP User (or CSEP Users) shall pay the charge determined under paragraph 5.9.2(b)(i), multiplied by the sum of the Tranche Percentages of the Tranches in respect of which an Interruption Notice was served, less the sum of the Tranche Percentages of the failed Tranches (determined in accordance with paragraph 5.11.5(b)) in respect of which the Interruption Notice was served.

5.11.6 The Transporter shall revoke the Partial Interruptible status at an Interruptible CSEP if:

- (a) the CSEP ceases to be an Interruptible CSEP; or
- (b) subject to paragraph 5.11.7, any CSEP User ceases to be a CSEP User for any reason, or where a User becomes a CSEP User.

5.11.7 Where at an Interruptible CSEP there is only one CSEP User and an alternative CSEP User is to become the CSEP User of relevant CSEP, the Proposing CSEP User shall, at least 2 but not more than 7 Business Days prior to the proposed Supply Point Registration Date, notify the Transporter of such change. The Partial Interruption status of the Interruptible CSEP shall transfer to the new CSEP User provided that the requirements of paragraph 5.11.2 remain satisfied.

5.11.8 Where, at an Interruptible CSEP, any CSEP User ceases to be a CSEP User for any reason or where a User becomes a CSEP User, then the CSEP User Agent may re-apply for Partial Interruption in accordance with paragraph 5.11.2 and pursuant to such re-application the Partial Interruption Status of the CSEP shall transfer to the CSEP User (or CSEP Users) identified in the re-application provided the requirements of paragraph 5.11.2 remain satisfied.

5.11.9 If the CSEP User (or CSEP Users) wishes to change the number of Tranches or any of the Tranche Quantities, the Transporter shall, subject to paragraph 5.11.2, allow such change provided that the Interruption Allowance in relation to any Tranches shall not be changed.

5.11.10 Subject to paragraph 5.11.2(a), if the CSEP User (or CSEP Users) wishes to increase the NTS Exit Capacity and LDZ capacity (as applicable) of the Interruptible CSEP, the Transporter may grant such additional NTS Exit Capacity and LDZ Capacity (as applicable) as an additional Tranche with an Interruption Allowance which may be greater than the Interruption Allowance of any of the existing Tranches at the Interruptible CSEP.

- 5.11.11 If the Interruptible CSEP ceases to have Partial Interruption status, but continues to be an Interruptible CSEP, the Interruption Allowance of the Interruptible CSEP shall be the greatest Interruption Allowance of any of the Tranches previously at the Interruptible CSEP.
- 5.11.12 Where any of the Tranches at the Interruptible CSEP has an Interruption Allowance greater than 45 days, for the purposes of paragraph 5.5.4, the Interruption Allowance shall be determined by the sum of the products of the Tranche Percentage and the Interruption Allowance of each Tranche at the Interruptible CSEP.
- 5.11.13 Nothing in this paragraph 5.11 shall prevent the Transporter from requiring Interruption at all Tranches at the Interruptible CSEP on the same Day.
- 5.11.14 In the case of Partial Interruption at an Interruptible CSEP:
- (a) the CSEP Users shall ensure that all actions which are required to be undertaken by the CSEP Users in accordance with this paragraph 5.11 (including compliance with paragraph 5.11.2) shall be undertaken on behalf of all the CSEP Users by the CSEP User Agent; and
  - (b) for the purpose of this paragraph 5.11 all Code Communications:
    - (i) if to be given by the Transporter may be given to the CSEP Users Agent;
    - (ii) if to be given by CSEP Users may only be given by the CSEP User Agent.
- 5.11.15 The CSEP User Agent may re-apply for Partial Interruption in accordance with 5.11.2(c) and, pursuant to such re-application, the Partial Interruption Status of the Interruptible CSEP shall transfer to the CSEP Users identified in the re-application provided the requirements of paragraph 5.11.2 remain satisfied.
- 5.11.16 All references within this paragraph 5.11 to sub-paragraphs of paragraph 5 shall be construed in accordance with the relevant CSEP Ancillary Agreement or the relevant CSEP NExA.

## **6. TRANSITIONAL INTERRUPTION REGIME: OTHER TPD CHANGES**

### **6.1 TPD Section B: System Use and Capacity**

- 6.1.1 Notwithstanding the provisions of TPD Section B1.3.2, the entitlement of a Registered User to offtake gas from the Total System at an Interruptible Supply Point is subject to the provisions (as to Interruption) of paragraph 5.
- 6.1.2 For the purposes of TPD Section B1.10(a)(ii), the Transporter may agree that it will not designate a particular Interruptible Supply Point as being TNI.
- 6.1.3 Insofar as (pursuant to the Transportation Statement) the rate of any Transportation Charge in respect of any Supply Point is a function of Supply Point Capacity, in the case of the DM Supply Point Component of an Interruptible Supply Point such rate shall be determined (in accordance with the Transportation Statement) by reference to the Bottom-Stop Supply Point Capacity and not the Registered Supply Point Capacity.
- 6.1.4 In TPD Section B4.7.1 and 4.7.8(a) the reference to a DM Supply Point Component shall be treated as a reference to a Firm DM Supply Point Component.

### **6.2 TPD Section G1.5: Daily Read Metering**

6.2.1 For the purposes of TPD Section G1.5.2(b), the Daily Read Requirement shall apply in respect of each Supply Meter Point comprised in an Interruptible Supply Point.

6.2.2 TPD Section G1.5.11 shall only apply where the Daily Read Requirement applies by reason of an increase in the Annual Quantity of a Supply Point or a Supply Meter Point at the start of a Gas Year or upon a Supply Point being designated an Interruptible Supply Point.

### **6.3 TPD Section G1.7: Shared Supply Meter Points**

6.3.1 For the purposes of TPD Section G1.7.5, a Shared Meter Supply Point may be comprised in a Firm Supply Point and an Interruptible Supply Point; and a User may elect (by giving a Shared Supply Meter Point Notification subject to and in accordance with TPD Section G1.7) that a Supply Meter Point of which the User is the Registered User shall be comprised in both Supply Point and an Interruptible Supply Point of each of which the User is the Registered User (and accordingly be treated as two Sharing Registered Users).

6.3.2 In the case of a Shared Supply Meter Point which is comprised in relevant Supply Points of which at least one is Firm and one Interruptible (whether the Registered Users are the same or different Users), where an Interruption Notice was given:

- (a) in relation to any Day for which the requirement for Interruption applied for the whole of such Day:
  - (i) the requirement in paragraph 5.7.2(b) shall be treated as not complied with if and only if, in the case of Partial Interruption the requirement referred to in paragraph 5.10.4(b) is not satisfied and in any other case, the aggregate quantity of gas offtaken from the Total System on such Day by all Sharing Registered Users at the Shared Supply Meter Point exceeds the Supply Point Capacity (or aggregate such capacity), held by the Registered User(s) at relevant Firm DM Supply Point Components;
  - (ii) accordingly, the allocation of the gas offtaken at the Shared Supply Meter Point shall not be such that the UDQO (or sum of the UDQOs) in respect of the Firm Supply Point Component(s) exceeds the Supply Point Capacity (or aggregate such capacity), other than capacity which is so excluded, held by the Registered User(s) at such Firm Supply Point Component(s), and any gas which would otherwise be allocated to the Registered User of a relevant Firm Supply Point shall be (and shall be deemed to be) allocated to the Registered User(s) of the relevant Interruptible Supply Point(s);
  - (iii) if there is more than one relevant Interruptible Supply Point and the basis of allocation pursuant to TPD Section G1.7.6 does not result in compliance with paragraphs (i) and (ii) and the allocation of the whole of the Supply Meter Point Daily Quantity:
    - (1) the gas which falls (pursuant to paragraph (ii)) to be allocated to the Registered Users of the relevant Interruptible Supply Points shall be allocated to them in proportion to the Nominated Quantities under such Users' Output Nominations for the relevant DM Supply Point Components for the Day or (if such Nominated Quantity is zero for each such User) in proportion to the Registered Supply Point Capacities at each such DM Supply Point Component;

- (2) the identity of the User(s) who failed to secure compliance with the requirement in paragraph 5.7.2(b) shall be established in accordance with paragraph (1);
    - (iv) any conflicting allocation determined under TPD Section G1.7.7 or notified under paragraph TPD Section G1.7.8 shall be disregarded to the extent of the conflict;
  - (b) in relation to any Day for which the requirement for Interruption applied for a part only of such Day:
    - (i) the requirement in paragraph 5.7.2(b) shall be treated as not complied with if the aggregate rate of offtake at any time (while such requirement applied) exceeds the aggregate of the Supply Point Offtake Rates in respect of relevant Firm DM Supply Point Components; and
    - (ii) where there is more than one relevant Interruptible Supply Point, each of the Sharing Registered Users of the Interruptible Supply Points shall be treated as having failed to secure compliance with such requirement;
  - (c) in relation to any Day for which the requirement for Interruption applied (whether for the whole or any part of such Day) and the requirement in paragraph 5.7.2(b) was not complied with, each of the Sharing Registered Users of the Interruptible Supply Points shall be responsible for payment of the aggregate of the charges, in respect of all the Interruptible Supply Points in which such Shared Supply Meter Point is comprised (irrespective of the Supply Point at which the failure occurred), arising as a result of such failure, in the same proportion as its allocation pursuant to TPD Section G1.7.9(c).
- 6.3.3 TPD Section G1.7.14 shall not apply and where the rate of any Supply Point Transportation Charge is a function of Supply Point Capacity, the rate of such charge payable by a Sharing Registered User shall be determined on the basis of:
- (a) the aggregate of the Supply Point Capacities held by each Sharing Registered User at the relevant Firm DM Supply Point Components; and
  - (b) the aggregate of the Supply Point Capacities held by each Sharing Registered User at the relevant Interruptible DM Supply Point Components or the aggregate of the Bottom-Stop Supply Point Capacities held by each Sharing Registered User at the relevant Interruptible DM Supply Point Components, whichever is the lesser.

#### **6.4 TPD Section G1.15: Interruptible Supply Point Firm Allowance (IFA)**

- 6.4.1 The Registered User of an Interruptible Supply Point (the “**relevant Supply Point**”) which term shall include the Supply Point Component comprised in it) that is not comprised in a Shared Supply Meter Point which also includes Firm Supply Points, may apply (subject to paragraph 6.4.2) in accordance with paragraphs 6.4.3 and 6.4.4 for a firm allowance up to (or subject to paragraph 6.4.3, above) 14,650 kWh/Day (500 therms/Day) (“**the Firm Allowance**”).
- 6.4.2 Where a Firm Allowance is in force under paragraph 6.4.3:
- (a) the Firm Allowance shall be treated as an exception to paragraph 5.7.2(b) such that the requirement that no gas shall be offtaken be read as no gas, other than the Firm



Allowance shall be offtaken, and at an hourly rate not exceeding 12.5% of the Firm Allowance unless otherwise agreed with the Transporter in advance;

- (b) the Registered User shall pay to the Transporter the Administration Charges (if any) set out in the Transporter's Transportation Statement;
- (c) the rate of any Supply Point Transportation Charge shall be determined by reference to the Supply Point Capacity held by the Registered User at the relevant Supply Point at the time that the offer of Firm Allowance has been offered by the Transporter in accordance with paragraphs 6.4.3 and 6.4.4;
- (d) the Registered User shall pay a charge ("**the IFA Charge**") to:
  - (i) National Grid NTS, calculated as the NTS Exit Capacity Charge set out in National Grid NTS'S Transportation Statement;
  - (ii) the relevant DN Operator, calculated as the difference between the LDZ Capacity Charge set out in the relevant DN Operator's Transportation Statement and the discounted LDZ Capacity Charge payable pursuant to Clause 9.1.9(b) determined in respect of an amount of Supply Point Capacity equal to the amount of the Firm Allowance;
- (e) for the purposes of determining the IFA Charges payable by the Registered User in respect of the provision of a Firm Allowance at an NTS Supply Point, the Firm Allowance shall be regarded as the Supply Point Capacity of a Firm Supply Point;
- (f) all amounts payable under this paragraph 6.4 shall be payable in a single payment, may be invoiced by way of an Ad-hoc Invoice, at any time after the Registered User's election and shall be paid in accordance with TPD Section S. The charges shall be fixed in accordance with paragraph 6.4.2(h) having regard to the date on which the period of the Firm Allowance commences in accordance with paragraph 6.4.3(c) or 6.4.4 and are not refundable;
- (g) where the Transporter requires Interruption at the relevant Supply Point the provisions of paragraph 5.7 shall apply;
- (h) the IFA Charge shall be determined for the period of the Firm Allowance commencing on 1 October in accordance with paragraph 6.4.3(c) or 6.4.4, or (if later in the Gas Year) on a pro rata basis for the period commencing on the date of receipt by the Transporter of the confirmation in accordance with paragraph 6.4.3(c) and ending on 30 September; and
- (i) where a change to the IFA Charge takes place at anytime during a Gas Year no adjustments will be made to the IFA Charge paid before such change.

6.4.3 Applications under paragraph 6.4.1 in respect of a relevant Supply Point in which there is no current Firm Allowance in force, or in respect of which an increase is required to a current Firm Allowance, the increase:

- (a) shall be for a period commencing 1 October or (if later in the Gas Year) the date of receipt by the Transporter of the confirmation in accordance with paragraph (c) and ending on 30 September;
- (b) shall be offered, or rejected by the Transporter within 10 Business Days;

- (c) if offered by the Transporter, are open for confirmation by the Registered User for 5 Business Days from the date of offer;
  - (d) for a Firm Allowance of 14,650 kWh (500 therms/Day) or less shall be considered in the order in which they were received by the Transporter;
  - (e) for a Firm Allowance in excess of 14,650 kWh/Day (500 therms/Day), received by the Transporter prior to 1 October in respect of the next Gas Year shall, unless otherwise indicated on the application, be treated initially as an application for a Firm Allowance of 14,650 kWh/Day (500 therms/Day) the balance being processed on or after 1 October, in the order in which they were received by the Transporter;
  - (f) for a Firm Allowance in excess of 14,650 kWh/Day (500 therms/Day), received by the Transporter on or after 1 October in respect of the year commencing 1 October, shall be treated in the order in which they were received by the Transporter;
  - (g) for a Firm Allowance greater than 30% of the Supply Point Capacity which exceeds 14,650 kWh/Day (500 therms/Day) shall be treated as if it were an application for 30 % of the Supply Point Capacity in accordance with paragraph (e) or (f); and
  - (h) may be refused by the Transporter where the hourly rate of offtake is greater than 12.5% of the Firm Allowance or where in the Transporter's opinion the Firm Transportation Requirement is not satisfied in respect of such Supply Point.
- 6.4.4 Applications under paragraph 6.4.1 in respect of a relevant Supply Point for which a Firm Allowance is currently in force ("**a current Firm Allowance**"):
- (a) may be made by the Registered User in accordance with the following process;
    - (i) on or before 1 September, the Transporter shall issue to the Registered User of a relevant Supply Point with a current Firm Allowance a renewal notice, offering the Firm Allowance for the following year commencing 1 October;
    - (ii) the Registered User may accept all or part of such renewal offer at any time before 15 September; and
  - (b) shall be for a period of 12 months commencing on 1 October.
- 6.4.5 Where another User is to become the Registered User of a relevant Supply Point, the Proposing User shall, at least 2 but not more than 7 Business Days prior to the proposed Supply Point Registration Date, notify the Transporter of such change. The Firm Allowance shall transfer to the new Registered User from the Supply Point Registration Date provided that the DM Supply Point Component of the Proposing User is the same as the DM Supply Point Component of the Registered User.
- 6.4.6 Where a Registered User changes the configuration of a relevant Supply Point, the Registered User shall, at least 2 but not more than 7 Business Days prior to the proposed Supply Point Registration Date, notify the Transporter of such change. The Firm Allowance shall transfer to the new Supply Point from the Supply Point Registration Date provided that there is an equivalent effect on the System and that the Registered User has paid to the Transporter the Administration Charge (if any) set out in the Transportation Statement.
- 6.4.7 All Code Communications under this paragraph 6.5 shall be made by the Transporter and the Registered User by Conventional Notice.

- 6.4.8 An application under paragraph 6.4.1 shall not re-designate an Interruptible Supply Point as Firm for the purposes of the Network Code, and no Firm Allowance may be or remain in force in respect of a Shared Supply Meter Point which is comprised in a Firm Supply Point.

#### **6.5 TPD Section G2.4: Supply Point Offers**

- 6.5.1 For the purposes of TPD Section G2.4.2(e)(ii) where the Supply Point Offer specifies the Proposed Supply Point is Interruptible the Supply Point Offer will also specify whether the Proposed Supply Point is TNI.
- 6.5.2 For the purposes of TPD G2.4.10 the matters referred to in TPD Section G2.4.9 shall be treated as including whether at the date of the Supply Point Offer and Existing Supply Point (if Interruptible) is TNI, and (if so) the number of days of the Interruption Allowance.

#### **6.6 TPD Section G2.7: Supply Point Confirmations**

Where a Proposed Supply Point is a New Supply Point and the Existing Supply Points include both a Firm Supply Point and an Interruptible Supply Point a Supply Point Confirmation may only be submitted before a Change Request Deadline and for a Proposed Supply Point Registration Date which is the Eligible Status Change Date.

#### **6.7 TPD Section G5: DM Supply Point Capacity and Offtake Rate**

- 6.7.1 TPD Section G5.2.3(a)(ii) and (d) shall only apply in the case of a Firm DM Supply Point Component.
- 6.7.2 In TPD Section G5.2.10(a) and (b), 5.3.7, 5.4.4, 5.5.5 and 5.5.6 the reference to a DM Supply Point Component shall be treated as a reference to a Firm DM Supply Point Component.

#### **6.8 TPD Section G7.1: General**

For the purposes of TPD Section G7 the definition of "**Siteworks**" includes those works undertaken for the purposes of a securing a reduction in the Interruption Allowance in respect of a TNI Supply Point.

#### **6.9 TPD Section G7.4: Siteworks Specified Capacity, etc**

- 6.9.1 For the purposes of TPD Section G7 the Siteworks Terms and Procedures shall allow for the Siteworks Contract to specify (at the request of the Siteworks Applicant) in relation to a Supply Point or Supply Point Component a request that the Firm Transportation Requirement be satisfied or (in the case of a TNI Supply Point) the Interruption Allowance be reduced following such Siteworks.
- 6.9.2 For the purposes of TPD Section G a reduced Interruption Allowance is Siteworks Specified where specified in a Siteworks Contract under paragraph 6.9.1 and TPD Section G7.
- 6.9.3 Where a User requests (in accordance with paragraph 5.3) by not later than the time referred to in TPD Section G7.4.6 that a Siteworks Specified Interruptible Supply Point be redesignated Firm in accordance with the Siteworks Specified Firm Transportation Requirement, or in respect of a TNI Supply Point a reduced Interruption Allowance, the Transporter will accept such request.

#### **6.10 TPD Section J: Exit Requirements**

For the purposes of paragraph 3.5.3(a), 'C' shall be the amount of Supply Point Capacity held by the User at the Supply Point Component on the relevant Day, or in relation to an Interruptible Supply Point Component only, if less, the Bottom-stop Supply Point Capacity.

## **7. TRANSITIONAL INTERRUPTION REGIME: OAD CHANGES**

### **7.1 Introduction**

7.1.1 In this paragraph 7 "**Interruption Instruction**" means an instruction given by National Grid NTS in relation to Interruption in accordance with paragraph 7.2.

7.1.2 The Parties acknowledge that under paragraph 5:

- (a) the ability to require Interruption at an LDZ Interruptible Supply Point by giving an Interruption Notice is held by the DNO; but
- (b) Interruption may be required at an LDZ Interruptible Supply Point where (inter alia):
  - (i) there is or it is anticipated that there would otherwise be a Transportation Constraint on or affecting the NTS; or
  - (ii) forecast demand in relation to the NTS or the Total System on any Day exceeds certain levels (as determined in accordance with paragraph 5)

and accordingly the Parties agree that National Grid NTS shall be entitled to require Interruption of LDZ Interruptible Supply Points in accordance with this paragraph 7.

7.1.3 Each DNO shall keep National Grid NTS informed of the DNO's Interruption rights from time to time in respect of each Exit Zone in each Gas Year as follows:

- (a) the DNO shall, in September of the preceding Gas Year, provide to National Grid NTS a statement containing the following information (as at the start of the Gas Year):
  - (i) the aggregate amount of the Supply Point Capacity held by Users at Interruptible LDZ Supply Points in that Exit Zone;
  - (ii) the aggregate amount (in GWh) of Interruption available to the DNO in that Exit Zone (that is, the sum, for all Interruptible LDZ Supply Points, of the Supply Point Capacity multiplied by the number Days of the Interruption Allowance in accordance with paragraph 5.7.5); and
  - (iii) the number of Interruptible LDZ Supply Points in that Exit Zone;
- (b) the DNO shall, as soon as practicable after any material change in the information referred to in paragraph (a), and in any event upon the reasonable request of National Grid NTS, provide to National Grid NTS an updated statement of such information;
- (c) the DNO shall, at such intervals as National Grid NTS may reasonably require, and in any event as soon as practicable after any material change in such information, provide to National Grid NTS a statement of the cumulative aggregate amount (in GWh) of Interruption used in that Exit Zone to date in the Gas Year (that is, the sum, for all Interruptible LDZ Supply Points, of the Supply Point Capacity multiplied by the number of Days for which an Interruption Notice has been given, whether or not pursuant to Interruption Instructions of National Grid NTS); and

- (d) the DNO shall inform National Grid NTS at any time if (in the Gas Year to date) the DNO has Interrupted some Interruptible Supply Points in an Exit Zone on a materially greater number of Days than other Interruptible Supply Points.

7.1.4 Each DNO shall, in respect of each Day, provide to National Grid NTS, by 18:00 hours on the Preceding Day, a statement of its best estimate of the aggregate daily gas flows at Interruptible LDZ Supply Points in each of its LDZs that will be available for Interruption on that Day.

7.1.5 In this paragraph 7, a reference to Interruption in respect of an Exit Zone is to Interruption of LDZ Interruptible Supply Points which will reduce the flow of gas at Offtakes in that Exit Zone.

## **7.2 Requirement for Interruption**

7.2.1 Where (as described in paragraph 7.1.2) National Grid NTS requires Interruption of LDZ Interruptible Supply Points, National Grid NTS will so instruct the DNO by giving an Interruption Instruction to the DNO, specifying:

- (a) the Exit Zone in respect of which such Interruption is required;
- (b) the aggregate amount (expressed in MW or MWh per hour), of the Interruption required; and
- (c) the time (consistent with the requirements of paragraph 5.8.1, on the assumption that the DNO acts on the Interruption Instruction within 30 minutes after receiving it) with effect from which such Interruption is required.

7.2.2 Upon receipt of an Interruption Instruction under paragraph 7.2.1, the DNO shall:

- (a) as soon as practicable (and in any event within 30 minutes) after receipt of the instruction:
  - (i) select (in relation to the Exit Zone specified, and so as to secure the amount of Interruption specified, in the Interruption Instruction, but otherwise in its discretion) the LDZ Interruptible Supply Points which are to be Interrupted;
  - (ii) give Interruption Notices (for the Interruption Start Time specified in the Interruption Instruction) in relation to the selected LDZ Interruptible Supply Points; and
  - (iii) confirm to National Grid NTS that such Interruption Notices have been given; and
- (b) revise its Offtake Profile Notices for the relevant Offtake(s) so as to reflect the Interruption (on the assumption that the Interruption continues for the remainder of the Day).

7.2.3 When National Grid NTS' requirement for LDZ Interruption ceases or will cease, or the amount of Interruption required is or will be reduced, National Grid NTS will so instruct the DNO by giving an Interruption Instruction to the DNO, specifying:

- (a) the Exit Zone in respect of which the cessation or reduction of such Interruption is required;
- (b) whether the Interruption is to cease entirely or the amount thereof to be reduced;

- (c) in the case of a reduction, the aggregate amount (expressed in MW or MWh per hour) of the reduction in the required Interruption; and
- (d) the time (where later than the time at which the Interruption Instruction is given) with effect from which the cessation or reduction is required.

7.2.4 Upon receipt of an Interruption Instruction under paragraph 7.2.3, the DNO shall:

- (a) as soon as practicable (and in any event within 60 minutes) after receipt of the instruction:
  - (i) (in the case of a reduction in Interruption) select (in relation to the Exit Zone specified, and so as to secure the reduction of Interruption specified, in the Interruption Instruction, but otherwise in its discretion) the LDZ Interruptible Supply Points at which Interruption is to cease;
  - (ii) give notification (in accordance with paragraph 5.8.5) of the cessation of Interruption (with effect from the time, if any, specified in the Interruption Instruction) in relation to the selected LDZ Interruptible Supply Points; and
  - (iii) confirm to National Grid NTS that such notification has been given; and
- (b) revise its Offtake Profile Notices for the relevant Offtake(s) so as to reflect the reduction or cessation of Interruption.

7.2.5 Interruption Instructions and DNO's confirmations of receipt of Interruption Instructions shall be given by the means and in the format specified in or pursuant to TPD Section M.

### 7.3 Financial aspects

7.3.1 The Parties acknowledge that:

- (a) pursuant to paragraph 5.1.9(b), if any LDZ Interruptible Supply Point is Interrupted on more than 15 Days in a Formula Year, the Registered User(s) is entitled to a payment calculated in the manner provided for in the DNO's Transportation Statement; and
- (b) such compensation is effected by way of Invoice Credit in respect of Transportation Charges payable by Users to National Grid NTS, and accordingly is borne by National Grid NTS;

and accordingly each DNO agrees to repay to National Grid NTS a part or all of the amount of such compensation borne by National Grid NTS, in accordance with this paragraph 7.3.

7.3.2 Following each Formula Year, in respect of each LDZ Interruptible Supply Point in an LDZ which was Interrupted on more than 15 Days in the Formula Year, the DNO shall pay to National Grid NTS an amount calculated as:

$$C * (AI - NI) / AI$$

where:

C is the amount of compensation payable by National Grid NTS in respect of the Interruptible Supply Point as referred to in paragraph 7.3.1;

AI is the aggregate number of Days on which the Interruptible Supply Point was Interrupted in the Formula Year;

NI is the number of Days on which the Interruptible Supply Point was Interrupted in the Formula Year pursuant to an Interruption Instruction given by National Grid NTS.

7.3.3 The DNO shall:

- (a) keep accurate records (in accordance with OAD Section M2.3) of the Days on which each LDZ Interruptible Supply Point is Interrupted, and on which of those Days such Interruption was pursuant to an Interruption Instruction; and
- (b) as soon as practicable after (and upon National Grid NTS's request, from time to time during) the Formula Year, provide to National Grid the information recorded pursuant to paragraph (a).

7.3.4 The amount (if any) payable by the DNO under paragraph 7.3.2 shall be calculated by National Grid NTS as soon as practicable after receipt from the DNO of the information required under paragraph 7.3.3(b), and shall be invoiced and payable in accordance with OAD Section L.

## **8 NTS EXIT CAPACITY REGIME: INITIALISATION**

### **8.1 Transitional period**

8.1.1 For the purposes of paragraphs 8, 9, 10, 11 and 12 the:

- (a) **"exit capacity transition date"** is the date on which the Modification giving effect to this paragraph 8 is effective; and
- (b) **"exit capacity transitional period"** is the period commencing on the date on which such Modification is made and ending on and including the Day before the exit capacity transition date.

8.1.2 For the purposes of giving effect to TPD Section B3 with effect from the exit capacity transition date:

- (a) Users will be registered as holding Enduring Annual NTS Exit (Flat) Capacity in accordance with paragraph 8.2; and
- (b) National Grid NTS will invite Users to make capacity bids, capacity offers and capacity applications for NTS Exit (Flat) Capacity in accordance with paragraph 8.3.

8.1.3 For the purposes of paragraphs 8, 9, 10, 11 and 12 a reference to a paragraph is, unless the context otherwise requires, a reference to a paragraph of this Part IIC.

### **8.2 Initialisation: Enduring Annual NTS Exit (Flat) Capacity**

8.2.1 Subject to paragraphs 8.2.8 and 8.2.11, with effect from 1 October 2012 a User will be registered as holding Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point in an amount equal to:

- (a) in the case of an NTS Supply Point Component or NTS Connected System Exit Point, the maximum amount of NTS Exit Capacity which the User may utilise in offtaking gas at the NTS Supply Point Component or NTS Connected System Exit Point on any Day in the Gas Year 2007/2008;

- (b) in the case of an NTS/LDZ Offtake, the amount of NTS Offtake (Flat) Capacity which the User is registered as holding at the NTS/LDZ Offtake for the Gas Year 2011/2012 as specified in the Offtake Capacity Statement issued in September 2008

(the "**enduring amount**").

8.2.2 Where in relation to an NTS Exit Point the aggregate amount of NTS Exit Capacity held by Users at an NTS Supply Point Component or NTS Connected System Exit Point on any Day in the Gas Year 2007/2008 exceeds the Baseline NTS Exit (Flat) Capacity for the NTS Exit Point for the Gas Year 2012/2013 (such excess the "**excess amount**") each relevant User will be registered as holding an amount of NTS Exit (Flat) Capacity equal to the enduring amount, less an amount equal to:

- (a) where the excess amount is less than the amount of interruptible NTS Exit Capacity held at the NTS Exit Point, the User's pro rata share of the excess amount determined by reference to amounts of interruptible capacity held by Users at the NTS Exit Point;
- (b) where the excess amount is greater than the amount of interruptible NTS Exit Capacity held at the NTS Exit Point, the sum of the User's interruptible capacity and the User's pro rata share of the remaining excess amount determined by reference to the amounts of Firm NTS Exit Capacity held by Users at the NTS Exit Point.

8.2.3 Where pursuant to the terms of an advanced capacity reservation agreement entered into with a User, or person other than a User, as contemplated by the exit capacity release methodology statement prepared and published by National Grid NTS in accordance with Special Condition C18 of National Grid NTS's Transporter's Licence, NTS Exit Capacity has been reserved at an NTS Exit Point where on the last day of the exit capacity transitional period a User is registered as holding such NTS Exit Capacity, then the User will be registered as holding (in addition to any enduring amount (if any) and without prejudice to paragraph 8.2.2) such NTS Exit Capacity as Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point with effect from 1 October 2012.

8.2.4 In respect of each NTS Exit Point National Grid NTS shall notify the Registered User of:

- (a) the prevailing Maximum Supply Point Offtake Rate or (as the case may be) the Maximum CSEP Offtake Rate referred to in the relevant CSEP Network Provisions by not later than 1 May 2009; and with effect from the exit capacity transition date the Maximum NTS Exit Point Offtake Rate shall be equal to the Maximum Supply Point Offtake Rate or (as the case may be) the Maximum CSEP Offtake Rate prevailing at the NTS Exit Point on the last day of the exit capacity transitional period;
- (b) the amount of its Registered Enduring Annual NTS Exit (Flat) Capacity in accordance with paragraphs 8.2.1 and 8.2.2 by not later than 1 May 2009;
- (c) the amount of any additional Registered Enduring Annual NTS Exit (Flat) Capacity which the User is deemed to hold in accordance with paragraph 8.2.3 within ten (10) Business Days of the registration of the Reserved Capacity in the name of the User;
- (d) the amount of any additional Registered Enduring Annual NTS Exit (Flat) Capacity which the User is deemed to hold in accordance with paragraph 8.2.7 by the later of 1 May 2009 or the day falling ten (10) Business Day after first registration of the Enduring Annual NTS Exit (Flat) Capacity in the name of the User.

8.2.5 Users may apply for further Enduring Annual NTS Exit (Flat) Capacity:

- (a) during:



- (i) the Annual Application Window in 2009 for Gas Years 2012/2013 to 2014/2015 (inclusive);
- (ii) the Annual Application Window in 2010 for Gas Years 2013/2014 to 2015/2016 (inclusive);
- (iii) the Annual Application Window in 2011 for Gas Years 2014/2015 to 2016/2017 (inclusive); and
- (iv) the Annual Application Window in 2012 for Gas Years 2015/2016 to 2017/2018 (inclusive);

in each case to be registered as held with effect from the start of any Gas Year in respect of which an application may be made;

- (b) at any time between 1 October and 30 June in a Gas Year (other than the Gas Year commencing 1 October 2008) where the application satisfies the criteria referred to in TPD Section B3.2.3(b)(i) or (ii) for Enduring Annual NTS Exit (Flat) Capacity to be registered as held with effect from a date no earlier than the exit capacity transition date;

for which purposes TPD Sections B3.2.3 to 3.2.13 (inclusive), B3.3.4 to 3.3.9 (inclusive) and the applicable provisions of TPD Section B Annex B-1 shall apply (and the references in TPD Section B3.2.4(a) and 3.2.8 to Gas Year Y+4, Y+5 and Y+6 shall be treated, in respect of an application under paragraph (a), as being a reference to the Gas Years for which an application may be made in accordance with paragraph (a)).

- 8.2.6 TPD Section B3.2.14 to 3.2.24 (inclusive) shall apply with effect from 1 July 2009 to enable a User to reduce the amount of Enduring Annual NTS Exit (Flat) Capacity which it holds at an NTS Exit Point pursuant to the application of this paragraph 8.2; provided that in relation to a notice of reduction submitted in July 2012 National Grid NTS may reject the notice in the event it is unable to re-allocate the amount of NTS Exit (Flat) Capacity in respect of which the notice is made to another User pursuant to an application under paragraph 8.2.5 or through the application of paragraph 8.2.7.
- 8.2.7 In relation to a new NTS Firm Supply Point Component or NTS Firm Connected System Exit Point in respect of which NTS Exit Capacity is first made available to Users from a date falling after 1 October 2008 and before 1 October 2012, the Registered User will be registered as holding Enduring NTS Exit (Flat) Capacity with effect from 1 October 2012 in an amount equal to the amount of NTS Exit Capacity held by the Registered User on 30 September 2012.
- 8.2.8 Where a User's Value at Risk exceeds 100% of the User's Code Credit Limit on the last Day of the exit capacity transitional period the User will cease to be registered as holding Enduring Annual NTS Exit (Flat) Capacity which it was previously registered as holding in accordance with paragraph 8.2.1 and 8.2.2.
- 8.2.9 For the purposes of paragraph 8.2.10:
- (a) TPD Section B3.13.8 shall have effect such that a relevant User may be appointed an Overrun User in relation to which paragraph (b) may apply;
  - (b) an Overrun User or User Agent may be appointed as **"Exit Capacity Booking Agent"** in relation to an NTS Supply Point in which is comprised a Shared Supply Meter Point or an NTS Connected System Exit Point (**"relevant exit point"**) if:

- (i) all relevant Users (being any User who is a Registered User at such point on 31 March 2009) jointly have given notice of such appointment to National Grid NTS by not later than the fifth (5th) Business Day in April 2009;
- (ii) the notice of appointment states the agreement of the Overrun User or User Agent to be appointed.

8.2.10 Where an Exit Capacity Booking Agent is appointed in relation to a relevant exit point National Grid NTS shall notify the Exit Capacity Booking Agent of the aggregate quantity of Enduring NTS Exit (Flat) Capacity that Users at the relevant exit point will be registered as holding with effect from 1 October 2012 consistent with the application of paragraphs 8.2.1 and 8.2.2 by not later than the tenth (10th) Business Day of April 2009 ("**relevant aggregate quantity**").

8.2.11 Where the Exit Capacity Booking Agent submits to National Grid NTS, by not later than the fifteenth (15th) Business Day of April 2009, a statement specifying:

- (a) the identity of the relevant exit point;
- (b) the identity of each relevant User; and
- (c) for each relevant User, an allocation of Enduring Annual NTS Exit (Flat) Capacity (which may be zero), which in total is equal to the relevant aggregate quantity

each relevant User will be registered as holding, with effect from 1 October 2012, Enduring Annual NTS Exit (Flat) Capacity at the relevant exit point in an amount equal to the amount specified in the statement submitted by the Exit Capacity Booking Agent pursuant to this paragraph 8.2.11 (failing which the amount shall be determined in accordance with paragraphs 8.2.1 and 8.2.2).

### **8.3 Annual and Daily NTS Exit Capacity and Pressures**

8.3.1 Users may apply for Annual NTS Exit (Flat) Capacity in:

- (a) July 2010 for Gas Year 2012/2013;
- (b) July 2011 for Gas Years 2012/2013 and 2013/2014; and
- (c) July 2012 for Gas Years 2012/2013 to 2014/2015 (inclusive)

for which purposes TPD Section B3.4 and the applicable provisions of TPD Section B Annex B-1 shall apply.

8.3.2 TPD Sections 3.5, 3.6 and 3.11 and TPD Section B Annex B-1 shall apply for the purposes of Users making capacity bids and capacity offers for Daily NTS Exit (Flat) Capacity and Off-peak Daily NTS Exit (Flat) Capacity in respect of a Day following the end of the exit capacity transitional period.

8.3.3 TPD Section B Annex B-2 shall apply for the purposes of Users making offtake reduction offers in respect of a Day following the end of the exit capacity transitional period.

8.3.4 The provisions of TPD Sections B5 and B6 shall apply as follows:

- (a) Section B6 shall apply with effect from 1 June 2011 for the purposes of allowing a User to make System Capacity Assignments; and

- (b) Section B5 shall apply with effect from 1 August 2011 for the purposes of allowing a User to make System Capacity Transfers,

in each case in respect of NTS Exit (Flat) Capacity for periods following the end of the exit capacity transitional period.

8.3.5 The Assured Offtake Pressures at an NTS/LDZ Offtake for each of Gas Years 2012/2013, 2013/2014 and 2014/2015 in the Offtake Pressure Statement prevailing at the exit capacity transition date, shall be the same as the Assured Offtake Pressures for 2011/2012 in the Offtake Capacity Statement issued in September 2008.

8.3.6 National Grid NTS shall issue to DNO Users an Offtake Pressure Statement in:

- (a) September 2009, in respect of Gas Years 2012/2013 to 2014/2015 (inclusive);
- (b) September 2010, in respect of Gas Years 2012/2013 to 2015/2016 (inclusive);
- (c) September 2011, in respect of Gas Years 2012/2013 to 2016/2017 (inclusive); and
- (d) September 2012, in respect of Gas Years 2012/2013 to 2017/2018 (inclusive).

8.3.7 National Grid NTS may apply for a permanent decrease in the Assured Offtake Pressures at an NTS/LDZ Offtake in:

- (a) April 2009 in respect of Gas Years 2012/2013 to 2014/2015 (inclusive);
- (b) April 2010 in respect of Gas Years 2012/2013 to 2015/2016 (inclusive);
- (c) April 2011 in respect of Gas Years 2012/2013 to 2016/2017 (inclusive); and
- (d) April 2012 in respect of Gas Years 2012/2013 to 2017/2018 (inclusive)

for which purposes the relevant provisions of TPD Section J2.5 shall be deemed to apply.

8.3.8 A DNO User may apply for a permanent increase in the Assured Offtake Pressures at an NTS/LDZ Offtake from:

- (a) 1 July to 31 July 2009 in respect of Gas Years 2012/2013 to 2014/2015 (inclusive);
- (b) 1 July to 31 July 2010 in respect of Gas Years 2012/2013 to 2015/2016 (inclusive);
- (c) 1 July to 31 July 2011 in respect of Gas Years 2012/2013 to 2016/2017 (inclusive); and
- (d) 1 July to 31 July 2012 in respect of Gas Years 2012/2013 to 2017/2018 (inclusive)

for which purposes the relevant provisions of TPD Section J2.5 shall be deemed to apply.

8.3.9 National Grid NTS shall issue to DNO Users an Offtake Capacity Statement for NTS Exit (Flexibility) Capacity in:

- (a) September 2009, in respect of Gas Years 2012/2013 and 2013/2014;
- (b) September 2010, in respect of Gas Years 2012/2013 to 2014/2015 (inclusive);
- (c) September 2011, in respect of Gas Years 2012/2013 to 2015/2016 (inclusive); and

- (d) September 2012, in respect of Gas Years 2012/2013 to 2016/2017 (inclusive).

#### **8.4 Early Application of TPD Section B3**

- 8.4.1 TPD Section B3.3.1 to 3.3.3 (inclusive) shall apply provided that a Reservation Party shall not be entitled (pursuant to the terms of any NTS Exit ARCA entered into during the exit capacity transitional period) to nominate a User to be registered as holding an amount of Enduring Annual NTS Exit (Flat) Capacity at an NTS Exit Point from a date any earlier than the exit capacity transition date.
- 8.4.2 TPD Sections B3.5 and 3.6 shall apply such as to have first effect in relation to 1 October 2012.
- 8.4.3 TPD Section B3.13.11, 3.13.12 and 3.13.13 shall apply during the exit capacity transitional period, for which purposes the first Day in respect of which National Grid NTS is required to publish the information under:
- (a) TPD Section B3.13.11, shall be the later of the second day of the exit capacity transitional period and 2 October 2009;
  - (b) TPD Section B3.13.12, shall be the later of the second day of the exit capacity transitional period and 2 October 2010; and
  - (c) TPD Section B3.13.13, shall be such day on which more accurate information first becomes available.

#### **8.5 DNO User**

In paragraphs 8.1, 8.2, 8.3 and 8.4 references to Users include a DNO User.

### **9 TRANSITIONAL NTS EXIT CAPACITY REGIME: GENERAL**

#### **9.1 Introduction**

- 9.1.1 During the exit capacity transitional period:
- (a) except as provided for in paragraph 8, TPD Section B3 and Annexes B-1 and B-2 shall not apply;
  - (b) TPD Sections B4 and G5 shall apply in respect of NTS Supply Points.
- 9.1.2 During the exit capacity transitional period paragraph 8, this paragraph 9, and paragraphs 10, 11 and 12 shall apply.
- 9.1.3 In paragraphs 9, 10, 11 and 12 a reference to a paragraph in the TPD and OAD shall be treated as a reference to that paragraph subject to any specific provision made in respect of the paragraph in accordance with this Part IIC.
- 9.1.4 For the purposes of paragraphs 9, 10, 11 and 12:
- (a) the classes of System Capacity shall include NTS Offtake Capacity;
  - (b) subject to paragraph (f), "**NTS Exit Capacity**" at an NTS Exit Point is capacity in the NTS which in the case of a NTS Supply Point Component or NTS Connected System Exit Point, a Shipper User is treated as utilising in offtaking gas from the NTS (and the Total System) at that NTS System Exit Point;

- (c) **"NTS Offtake Capacity"** at an NTS/LDZ Offtake is capacity in the NTS which a DNO User is treated as utilising in causing or permitting the flow of gas from the NTS to an LDZ at a relevant NTS/LDZ Offtake;
- (d) NTS Offtake Capacity comprises:
  - (i) **"NTS Offtake (Flat) Capacity"**, which is capacity which a DNO User is treated as utilising in causing or permitting gas to flow from the NTS at a rate which (for a given Daily Quantity) is even over the course of a Day; and
  - (ii) **"NTS Offtake (Flexibility) Capacity"**, which is capacity which a DNO User is treated as utilising or releasing from utilisation, in causing or permitting gas to flow from the NTS to the extent that (for a given Daily Quantity) the rate of offtake or flow is not even over the course of a Day;
- (e) a DNO User may hold NTS Offtake Capacity only at an NTS/LDZ Offtake, and a Shipper User may not hold NTS Offtake Capacity at an NTS/LDZ Offtake;
- (f) in relation to NTS/LDZ Offtakes:
  - (i) Shipper Users are not entitled or required to hold capacity in the NTS, and NTS Exit Capacity does not represent capacity in the NTS;
  - (ii) capacity in the NTS is held as NTS Offtake Capacity by DNO Users;
  - (iii) NTS Exit Capacity is allocated to Shipper Users for the purposes of determining the amounts payable by them (in accordance with paragraph 9.5) by way of NTS Exit Capacity Charges (which amounts remunerate National Grid NTS for allocating NTS Offtake Capacity without charge to DNO Users).

9.1.5 Subject to the provisions of the Code, a Shipper User may:

- (a) by offtaking gas from the Total System at an NTS Supply Point Component, require a gas flow out of the NTS at that NTS Supply Point Component; or
- (b) offtake gas from the Total System at a NTS Connected System Exit Point.

9.1.6 No provision of the Code in relation to gas flows at NTS Exit Points confers on any Shipper User any rights or obligations in respect of the offtake of gas from the Total System other than at System Exit Points.

9.1.7 In any case where there is more than one NTS Exit Point (including NTS/LDZ Offtakes) in respect of one Exit Zone, any reference in this paragraph 9 to an NTS Exit Point is a reference to all such NTS Exit Points.

9.1.8 References in this paragraph 9.2 to 9.8 (inclusive) to Users are to Shipper Users (and not to DNO Users).

## **9.2 Registration: NTS CSEPS**

9.2.1 A User may at any time apply for NTS Exit Capacity (**"DM NTS Exit Capacity"**) (subject to paragraph 9.4) at any NTS Connected System Exit Point, subject to and in accordance with this paragraph 9.2.

9.2.2 An application for DM CSEP Exit Capacity at an NTS Connected System Exit Point:

- (a) shall specify:
    - (i) the identity of the User;
    - (ii) the Exit Zone;
    - (iii) the amount of DM NTS Exit Capacity applied for; and
    - (iv) the proposed date of registration (in accordance with paragraph 9.2.3);
  - (b) shall be submitted not earlier than 6 months nor later (other than in accordance with paragraph 9.2.12) than 4 Days before the proposed date of registration.
- 9.2.3 Subject to TPD Section B5.4.2(b), a User may only be registered as holding DM NTS Exit Capacity in respect of an NTS Connected System Exit Point with effect from an Eligible Capacity Registration Date.
- 9.2.4 National Grid NTS may reject an application for DM NTS Exit Capacity in respect of an NTS Connected System Exit Point:
- (a) where the requirements of paragraph 9.2.2 are not complied with;
  - (b) in accordance with TPD Section V3; or
  - (c) in accordance with paragraph 11.10.2.
- 9.2.5 A User may withdraw an application for NTS Exit Capacity at an NTS Connected System Exit Point by so notifying National Grid NTS by no later than 17.00 hours on the Day preceding the proposed date of registration (provided that where the User proposes a System Capacity Transfer for which the Transferred System Capacity comprises all or part of the NTS Exit Capacity in any application the User shall not be permitted to withdraw such application after notifying National Grid NTS of such proposed System Capacity Transfer).
- 9.2.6 The application will be approved unless withdrawn under paragraph 9.2.5 or rejected in accordance with paragraph 9.2.4 within 3 Days after the application was made.
- 9.2.7 The User (if its application is approved) will be registered as holding DM NTS Exit Capacity at the relevant NTS Connected System Exit Point with effect from the date of registration for the period (the "**capacity period**") established in accordance with paragraph 9.2.9.
- 9.2.8 A User may apply at any time (in accordance with paragraph 9.2.1) to increase its Registered DM NTS Exit Capacity at a NTS Connected System Exit Point in which case (if its application is approved) paragraph 9.2.7 shall apply in respect of the increased or new DM NTS Exit Capacity.
- 9.2.9 The capacity period, in respect of an NTS Connected System Exit Point, shall be:
- (a) 12 months after the date of the registration; or
  - (b) where the User has increased its Registered DM NTS Exit Capacity at the NTS Connected System Exit Point (in accordance with paragraph 9.2.8) 12 months after the date of the latest such registration.
- 9.2.10 During the capacity period a User's Registered DM NTS Exit Capacity at an NTS Connected System Exit Point shall not be reduced, and (subject to TPD Section V4.3) the registration shall not be terminated.

- 9.2.11 On expiry of the capacity period the User shall cease to be registered as holding DM NTS Exit Capacity at the relevant NTS Connected System Exit Point, but without prejudice to any new registration pursuant to a further application under paragraph 9.2.1.
- 9.2.12 Until the expiry of a period of 3 months from the Day on which gas was first offtaken (by any User) from the System at an NTS Supply Meter Point, the Registered User may submit, by facsimile but otherwise in accordance with paragraph 9.2.2(a), an application for NTS Exit Capacity at a Firm NTS Supply Point Component which includes such Supply Meter Point by no later than 17:00 hours on the Day preceding the proposed date of registration; provided that the User may not withdraw (pursuant to paragraph 9.2.5) such an application.

### **9.3 Registration: NDM Supply Points**

- 9.3.1 A User will be registered as holding NTS Exit Capacity ("**NDM NTS Exit Capacity**") in accordance with paragraph 9.3.3 at the relevant NTS/LDZ Offtake in respect of each Registered Firm NDM Supply Point Component in an Exit Zone with effect from the Supply Point Registration Date.
- 9.3.2 The User shall be deemed to have applied for NDM NTS Exit Capacity when submitting a Supply Point Confirmation for a Proposed Supply Point which includes a Firm NDM Supply Point Component, and shall not make a separate application for such capacity.
- 9.3.3 The NDM NTS Exit Capacity which the User is from time to time registered as holding in respect of each Firm NDM Supply Point Component will be determined in accordance with TPD Section H4.1.
- 9.3.4 The User will cease to be registered as holding NDM NTS Exit Capacity at the NTS/LDZ Offtake in respect of a Firm NDM Supply Point Component in the relevant Exit Zone where the User submits a Supply Point Withdrawal which becomes effective in respect of the relevant Supply Point in accordance with TPD Section G3.2.

### **9.4 Registration: CSEPs**

The CSEP Network Exit Provisions in relation to an NTS Connected System Exit Point may set out the rules for the allocation of NTS Exit Capacity subject to and in accordance with paragraph 11.10 and TPD Section J6.7 and where the CSEP Network Exit Provisions do not so provide, the provisions of paragraph 9.2 shall apply.

### **9.5 NTS Exit Charges**

- 9.5.1 A User shall pay:
- (a) Capacity Charges ("**NTS Exit Capacity Charges**") in respect of its Registered NTS Exit Capacity at NTS Exit Points; and
  - (b) Commodity Charges ("**NTS Exit Commodity Charges**") in respect of its use of the NTS on any Day, or a charge payable by reference to the arrangements in Special Condition C8B and C8C of National Grid NTS's Transporter's Licence.
- 9.5.2 The NTS Exit Capacity Charge payable by a User in respect of each Day will be determined for each NTS Exit Point as the amount of its Registered NTS Exit Capacity multiplied by the Applicable Daily Rate.
- 9.5.3 The NTS Exit Commodity Charge payable (for any Day) by a User will be determined (for each NTS Exit Point) as:

- (a) in the case of an NTS/LDZ Offtake, the amount of its User Daily NTS Offtake Quantity at the relevant NTS Exit Point multiplied by the Applicable Commodity Rate(s); and
- (b) in the case of an NTS Supply Point or an NTS Connected System Exit Point:
  - (i) the amount of its UDQO at the relevant NTS Exit Point multiplied by the Applicable Commodity Rate(s); and
  - (ii) where a Storage Facility is connected to the Total System at the NTS Connected System Exit Point and in relation to which such facility the User is storage use gas provider, an amount equal to:

$$(SUG / n) * CR$$

where:

SUG is the quantity of storage use gas attributed to the User and is notified to National Grid NTS pursuant to the terms of the Storage Connection Agreement in respect of the NTS Storage Facility;

n is the number of days in the calendar month in which such Day falls; and

CR is the Applicable Commodity Rate(s) that would apply in relation to an NTS Connected System Exit Point in the event the gas flowing out of the Total System at such System Point was not being delivered into a Storage Facility.

9.5.4 NTS Exit Capacity Charges and NTS Exit Commodity Charges will be invoiced and are payable in accordance with TPD Section S.

9.5.5 Pursuant to the prevailing National Grid NTS Transportation Statement, a User may elect that, for the purposes of paragraph 9.5.3, the Applicable Commodity Rate of NTS Exit Commodity Charge in respect of a Specified Exit Point shall be the NTS Optional Commodity Rate, determined in accordance with the following provisions:

- (a) for the purposes of Code:
  - (i) an **"Eligible Entry Point"** is an Aggregate System Entry Point which is not a Storage Connection Point;
  - (ii) a **"Specified Entry Point"** is, in the case of a Supply Point, the Eligible Entry Point identified in the User's Nomination in accordance with TPD Section G2.3.2 or, in the case of a CSEP, the Eligible Entry Point identified in the Conventional Notice in accordance with paragraph (f);
  - (iii) a **"Specified Exit Point"** is, in the case of a Supply Point, the System Exit Point notified to National Grid NTS as the Proposed Supply Point in the User's Nomination in accordance with TPD Section G2.3.2 or, in the case of a CSEP, the System Exit Point identified as the CSEP in the Conventional Notice in accordance with paragraph (f);
- (b) the NTS Exit Commodity Charge payable (for an Day) by a Registered User or CSEP User will be determined (for each Specified Exit Point) as:



- (i) the UDQO multiplied by the NTS Optional Commodity Rate applicable for the capacity (calculated in accordance with paragraph (c)) and the distance (calculated in accordance with paragraph (d)); and
  - (ii) where the UDQI is less than the UDQO, the UDQO minus the UDQI multiplied by the difference between such NTS Commodity Rate as would apply if this paragraph 9.5.5 were not applied and the NTS Optional Commodity Rate;
  - (iii) provided that, where a User has nominated or identified more than one Specified Exit Point at Specified Entry Point, the UDQI shall be prorated in relation to the UDQOs at the relevant Specified Exit Points (unless the User has notified National Grid NTS and National Grid NTS has confirmed an alternative allocation of the UDQI between the relevant Specified Exit Points)
- and shall be invoiced in accordance with TPD Section S;
- (c) for the purposes of this paragraph 9.5.5, the capacity of the Specified Exit Point shall be the Exit Point Capacity, determined in accordance with TPD Section G5.4.1 except:
    - (i) for an LDZ Firm Supply Point the capacity shall be the sum of the DM Supply Point Capacity and the NDM Supply Point Capacity that the User is registered as holding from time to time in accordance with TPD Sections B4.2 and 4.3 respectively;
    - (ii) for an LDZ Interruptible Supply Point the capacity shall be the Supply Point Capacity determined in accordance with paragraph 6.1.3;
    - (iii) for a Shared Supply Point the capacity shall be determined in accordance with TPD Section G1.7.14;
    - (iv) for an NTS CSEP the capacity shall be the maximum aggregate amount of gas which it is feasible for National Grid NTS to make available for offtake at the Connected System Exit Point in a period of 24 hours; or
    - (v) for an LDZ CSEP the capacity shall be determined in accordance with TPD Section B4.5.2;
  - (d) the distance (to the nearest 0.1km) from the Specified Entry Point to the curtilage of the Specified Exit Point or the offtake from the Total System at the Specified Exit Point (whichever is the lesser) shall be calculated on a straight line basis using six figure grid references. National Grid NTS shall determine a six figure grid reference for each Specified Entry Point and each Specified Exit Point (which may be revised in accordance with paragraph (f) or TPD Section G2.4.12);
  - (e) an application for the NTS Optional Commodity Rate for a Supply Point shall be made in accordance with the provisions of TPD Section G2.3.2 or G2.3.9 (as the case may be) and, for a CSEP, shall be made in accordance with the provisions of paragraph (f);
  - (f) a CSEP User, or a proposing CSEP User, may apply for the NTS Optional Commodity Rate in the following manner:
    - (i) by Conventional Notice to National Grid NTS stating the CSEP User, the Specified Exit Point and the Specified Entry Point; and

- (ii) National Grid NTS shall offer the NTS Optional Commodity Rate and shall provide the distance between the Specified Exit Point and the Specified Entry Point, the capacity of the CSEP determined in accordance with paragraph (c) and the six figure grid references used; and
  - (iii) where the CSEP User disputes the distance specified by National Grid NTS under paragraph (ii), the CSEP User may resubmit an application in accordance with paragraph (i) stating an alternative six figure grid reference for the Specified Exit Point with supporting evidence of calculation; and
  - (iv) the CSEP User shall confirm acceptance of the offer made in accordance with paragraph (ii) not earlier than 15 days after the submission of the confirmation (or such lesser period as National Grid NTS may specify) and not later than six months from the date of the offer;
- (g) the provisions of this paragraph 9.5.5 shall be without prejudice to the operation of paragraph 5.5.4.<sup>2</sup>

## 9.6 Overrun Charges

9.6.1 Subject to paragraphs 9.6.6 and 9.6.7, if for any reason in any calendar month (an **"overrun month"**) the quantity of gas offtaken by a User from the Total System at a Firm NTS Supply Point Component or an NTS Connected System Exit Point, on any Day or Days (each an **"overrun day"**) exceeds the User's Available DM NTS Exit Capacity at the relevant NTS Exit Point, the User shall pay a charge (**"NTS Exit Overrun Charge"**) in respect of NTS Exit Capacity at that NTS Exit Point in that month.

9.6.2 For the purposes of this paragraph 9.6, in respect of a User at a NTS Exit Point:

- (a) the **"overrun quantity"** in respect of an overrun day is the amount by which in the case of a Firm NTS Supply Point or relevant NTS Connected System Exit Point, the User's UDQO in respect of that point exceeds the User's Available DM NTS Exit Capacity at that NTS Exit Point on that Day;
- (b) the **"chargeable overrun quantity"** in respect of an overrun month is the largest overrun quantity on any overrun day in that month.

9.6.3 The NTS Exit Overrun Charge shall be calculated by multiplying the chargeable overrun quantity by the relevant multiplier (determined as set out in the table below (subject to paragraph 9.6.4) by reference to the month in which the overrun occurred) of the Applicable Annual Rate of the NTS Exit Capacity Charge in respect of the relevant NTS Exit Point.

Month	Relevant multiplier
December to March	2.0
October, November, April, May	0.5
June to September	0.2

9.6.4 Where a month from December to March (inclusive) is an overrun month (**"second overrun month"**) and the preceding month was an overrun month (**"first overrun month"**) in relation

<sup>2</sup> Implementation of modification 0348 effective 06:00hrs on 01/02/2012 will amend paragraph 9.5.5.

to the amount of the chargeable overrun quantity in the second overrun month which is less than or equal to the chargeable overrun quantity in the first overrun month for which the multiplier was determined in accordance with paragraph 9.6.3 the multiplier shall instead be 0.5.

9.6.5 The NTS Exit Overrun Charge shall be invoiced and payable in accordance with TPD Section S.

9.6.6 Where an NTS Supply Point Component comprises Shared Supply Meter Points:

- (a) paragraph 9.6.1 shall apply only if and to the extent that the aggregate quantity offtaken from the Total System by all Sharing Registered Users at Firm DM Supply Point Components which include such Shared Supply Meter Point(s) exceeds the aggregate of such Users' Available NTS Exit Capacity at the relevant NTS Exit Point (the amount of such excess, the **"aggregate overrun excess"**);
- (b) for each such Sharing Registered User:
  - (i) the overrun quantity shall be determined as the amount (the **"individual overrun excess"**) by which that User's UDQO exceeds its Available NTS Exit Capacity, divided by the sum of the individual overrun excesses for all such Sharing Registered Users, multiplied by the aggregate overrun excess;
  - (ii) the chargeable overrun quantity shall be determined by reference to the largest aggregate overrun excess of any overrun day in an overrun month (or if there is more than one such overrun day, the first such overrun day).

9.6.7 Where a User has made an application to increase the NTS Exit Capacity at a Firm NTS Supply Point Component which is subsequently accepted by National Grid NTS or a Proposing User has made a Supply Point Confirmation for an increase in NTS Exit Capacity, on any Day or Days where the gas offtaken by the User from the Total System at the Firm NTS Supply Point Component exceeds the User's Available DM NTS Exit Capacity at such Supply Point, but does not exceed the User's Available DM Exit Capacity following the effective date of such application or confirmation, then no NTS Overrun Charge shall be payable in respect of such Day or Days.

## 9.7 Registration: DM Supply Points and non NTS CSEPs

9.7.1 A User will at any time be deemed to apply for DM NTS Exit Capacity (**"DM NTS Exit Capacity"**) for each Exit Zone in its capacity as:

- (a) the Registered User of any Firm DM LDZ Supply Point Components;
- (b) the CSEP User of any LDZ Connected System Exit Points; or
- (c) the Registered User of a Firm NTS Supply Point Component;

subject to and in accordance with this paragraph 9.7.

9.7.2 The DM NTS Exit Capacity for each Exit Zone shall be calculated as:

- (a) the sum of the Supply Point Capacities for all Supply Points in paragraph 9.7.1(a) determined in accordance with TPD Section G2.3.2(e); and

- (b) the sum of the Firm DM LDZ Capacities for all CSEPs in paragraph 9.7.1(b), determined in accordance with TPD Section H2.2 and the relevant CSEP Network Exit Provisions; or
- (c) the Supply Point Capacity of the Supply Point Component in paragraph 9.7.1(c), determined in accordance with TPD Section G5.

9.7.3 A User shall only be registered as holding DM NTS Exit Capacity, in accordance with this paragraph 9.7 in respect of such capacity held by the User as at the 10th of the calendar month, with effect from the 15th of each calendar month and for the period of one calendar month from such date (the "**capacity period**").

9.7.4 During the capacity period, a User's Registered DM NTS Exit Capacity shall not be reduced, and (subject to TPD Section V4.3) the registration shall not be terminated.

## **9.8 Surrender of NTS Exit Capacity**

9.8.1 National Grid NTS may, in its discretion, agree to accept the surrender by a User of an amount (the "**surrendered amount**") of NTS Exit Capacity at an NTS Exit Point (other than an NTS/LDZ Offtake) for a period ("**surrender period**") of one or more Days.

9.8.2 Where National Grid NTS accepts the surrender of NTS Exit Capacity:

- (a) the amount of the User's Registered NTS Exit Capacity at the NTS Exit Point on any Day during the surrender period shall be determined as:
  - (i) the amount of such capacity on such Day determined pursuant to applicable provisions of the Code (including where applicable paragraph 9.7.2 and accordingly provisions of TPD Section G5.2, or provisions of any CSEP Network Exit Provisions); less
  - (ii) the surrendered amount;
- (b) the amount of the User's Available NTS Exit Capacity at the NTS System Exit Point on any Day during the surrender period shall be determined accordingly.

9.8.3 The amount payable (during a surrender period) by the User in respect of NTS Exit Capacity pursuant to paragraph 9.5 shall be determined in accordance with paragraph 9.8.2(a).

9.8.4 National Grid NTS will prepare (in consultation with Users) and publish (or include in the statement prepared pursuant to Special Condition C5(5) of National Grid NTS's Transporter's Licence) a statement setting out the principles on which (where it decides to do so) it will invite offers from Users to surrender NTS Exit Capacity.

9.8.5 Where National Grid NTS decides to invite offers from Users to surrender NTS Exit Capacity, it will do so in accordance with the principles in the prevailing statement published pursuant to paragraph 9.8.4, but nothing in the Code or such statement shall have the effect of requiring National Grid NTS to accept any offer to surrender NTS Exit Capacity.

## **9.9 Firm Capacity Application**

9.9.1 In this paragraph 9.9, "**Firm Capacity Application**" means an application by a User:

- (a) for an amount (or increased amount) of its NTS Offtake Capacity at an NTS/LDZ Offtake pursuant to paragraph 10.3;

- (b) for an amount (or increased amount) of NTS Exit Capacity at an NTS Connected System Exit Point pursuant to paragraph 9.2;
  - (c) for an amount or for an increase in the amount of its NTS Supply Point Capacity at an NTS DM Supply Point Component pursuant to TPD Section G5;
  - (d) to redesignate an Interruptible NTS Supply Point as Firm pursuant to paragraph 5.
- 9.9.2 In determining in connection with a Firm Capacity Application whether it is feasible to make gas available for offtake at such NTS Exit Point at an increased rate or in an increased amount in any period, National Grid NTS will take into account the effects of any surrender of NTS Exit Capacity pursuant to paragraph 9.8.
- 9.9.3 Where in connection with a Firm Capacity Application National Grid NTS determines that it is not feasible to make gas available for offtake in the absence of a surrender of NTS Exit Capacity:
- (a) National Grid NTS will so inform the User;
  - (b) the User shall give notice to National Grid NTS specifying:
    - (i) the date from which its application is made (not being less than 2 months after such notice is given); and
    - (ii) the period (commencing on the date specified under paragraph (i) and ending not later than 30 September 2012) for which it applies for the relevant amount or increased amount of System Capacity or (as the case may be) redesignation of the Interruptible Supply Point as Firm;
  - (c) notwithstanding any other provision of the Code or any CSEP Network Exit Provisions, National Grid NTS shall not be required to respond to the User's request until the expiry of a period of 2 months after the User's notice under paragraph (b);
  - (d) National Grid NTS will (in accordance with paragraph 9.8) seek offers for the surrender of NTS Exit Capacity, but for the avoidance of doubt it shall be for National Grid NTS to determine in its discretion whether to accept any such offer (and accordingly whether to accept the Firm Capacity Application on the basis of the notice given under paragraph (b)).
- 9.9.4 Where (following a surrender of NTS Exit Capacity) National Grid NTS accepts a Firm Capacity Application then, notwithstanding any other provision of TPD Section B or the Code or any CSEP Network Exit Provisions:
- (a) for the period specified under paragraph 9.9.3(b)(ii):
    - (i) in the case of an application for (or for an increase in) System Capacity, the absolute amount of the User's NTS Exit Capacity, NTS Offtake Capacity or (as the case may be) NTS Supply Point Capacity shall not be reduced (other than pursuant to an acceptance by National Grid NTS of a subsequent offer to surrender NTS Exit Capacity pursuant to paragraph 9.8) below the level held by the User pursuant to acceptance of its Firm Capacity Application;
    - (ii) in the case of an application to redesignate an Interruptible Supply Point as Firm, the Supply Point shall not be redesignated as Interruptible;

- (b) following the expiry of such period (subject to the result of any other Firm Capacity Application by the User):
  - (i) in the case of an application for (or for an increase in) System Capacity, the amount of the User's NTS Exit Capacity, NTS Offtake Capacity or (as the case may be) NTS Supply Point Capacity shall be reduced to the level prevailing prior to the User's Firm Capacity Application under paragraph 9.9.2;
  - (ii) in the case of an application to redesignate an Interruptible Supply Point as Firm, the Supply Point shall be redesignated as Interruptible.

## 9.10 Publication of NTS Exit Capacity Information

9.10.1 On the first Business Day following the 15<sup>th</sup> Day of each month in the exit capacity transitional period (the first such month being the publication month and the last such month being September 2012) National Grid NTS will publish in kWh, the:

- (a) prevailing:
  - (i) Baseline NTS Exit Capacity and NTS Offtake (Flat) Capacity at each NTS Exit Point;
  - (ii) Remaining Available NTS Exit Capacity and NTS Offtake (Flat) Capacity at each NTS Exit Point;
  - (iii) Registered NTS Exit Capacity held at each NTS Firm Supply Point;
  - (iv) Registered NTS Exit Capacity held at each NTS Firm CSEP;
  - (v) Registered NTS Offtake (Flat) Capacity held at each NTS/LDZ Offtake;
  - (vi) Maximum Supply Point Offtake Rate at each NTS DM Supply Point Component;
- (b) aggregate amount of gas in respect of which Interruption has occurred (for the month preceding the date of publication) pursuant to the Interruption Notice(s) and/or the CSEP Interruption Notice(s) issued by National Grid NTS for all NTS Exit Points within an NTS Exit Zone.

9.10.2 For the purposes of this paragraph 9.10:

- (a) the “**publication month**” is the month following the month in which the Modification giving rise to this paragraph 9.10 is effective;
- (b) the “**Baseline NTS Exit Capacity and NTS Offtake (Flat) Capacity**” is the amount of NTS Exit Capacity and NTS Offtake (Flat) Capacity as set out in National Grid NTS's Exit Capacity Baseline Statement;
- (c) at any time the “**Remaining Available NTS Exit Capacity and NTS Offtake (Flat) Capacity**” in relation to that Gas Year or (as the case may be) a Day in that Gas Year is the amount (if any) by which the Baseline NTS Exit Capacity and NTS Offtake (Flat) Capacity for that Gas Year exceeds the aggregate amount of NTS Exit Capacity and NTS Offtake (Flat) Capacity registered, at that time, as held by Users in relation to that Gas Year or Day.

## 10 TRANSITIONAL NTS EXIT CAPACITY REGIME: NTS OFFTAKE CAPACITY

## 10.1 Introduction

10.1.1 Subject to and in accordance with the Code, a User may cause or permit the flow of gas from the NTS to an LDZ at a NTS/LDZ Offtake.

10.1.2 References in this paragraph 10 to Users are to DNO Users (and not Shipper Users).

## 10.2 Offtake Capacity Statement

10.2.1 National Grid NTS will issue to each DNO User, not later than 30 September in each Gas Year, a statement ("**Offtake Capacity Statement**") specifying, for each DNO User, for each of the Gas Years (each a "**relevant**" Gas Year) up to and including the Gas Year ending 30 September 2012, in relation to each NTS/LDZ Offtake:

- (a) an amount of NTS Offtake (Flat) Capacity;
- (b) an amount of NTS Offtake (Flexibility) Capacity;
- (c) Assured Offtake Pressures in accordance with paragraph 11.6.

10.2.2 The Offtake Capacity Statement prevailing at the UNC Implementation Date has been issued to DNO Users.

10.2.3 The Offtake Capacity Statement may be revised (as to any relevant Gas Year) in accordance with paragraph 10.3.

10.2.4 The Offtake Capacity Statement issued in any Gas Year will, as respects each relevant Gas Year, contain the same details as were specified in the preceding year's statement for that Gas Year, subject to any revision pursuant to paragraph 10.3 or, in the case of Assured Offtake Pressures, paragraph 11.6.

## 10.3 Registration

10.3.1 Subject to the further provisions of this paragraph 10.3, for each relevant Gas Year (or part thereof) a DNO User shall be registered as holding in respect of each relevant NTS/LDZ Offtake the amount of:

- (a) NTS Offtake (Flat) Capacity;
- (b) NTS Offtake (Flexibility) Capacity

specified in respect of such Gas Year (or part thereof) in the prevailing Offtake Capacity Statement.

10.3.2 A DNO User may apply:

- (a) to increase the amount of its NTS Offtake Capacity at a NTS/LDZ Offtake:
  - (i) in relation to any relevant Gas Year (year Y) or any relevant Gas Year after Year Y by submitting an application to National Grid NTS during the period 1 June to 24 July in Gas Year Y-1 (the "**Application Window**");
  - (ii) in relation to any relevant Gas Year(s) or the remaining part thereof, out with the Application Window, as a result of a request for new or additional capacity at a Supply Point, where the DNO User might otherwise be unable to comply with the relevant conditions of its Transporter's Licence, by submitting an application to National Grid NTS;

- (b) for an amount of NTS Offtake Capacity at an NTS/LDZ Offtake in relation to any relevant Gas Year (year Y) by submitting an application to National Grid NTS during the Application Window 1 June to 24 July in Gas Year Y-4

subject to and in accordance with this paragraph 10.

10.3.3 An application for an amount of NTS Offtake Capacity or for an increase in NTS Offtake Capacity at an NTS/LDZ Offtake shall specify:

- (a) the identity of the User;
- (b) the relevant NTS/LDZ Offtake;
- (c) the relevant Gas Year or Gas Years (or parts thereof) in respect of which the application is made;
- (d) the amount or increased amount of NTS Offtake (Flat) Capacity and/or the increased amount of NTS Offtake (Flexibility) Capacity applied for.

10.3.4 National Grid NTS may reject, or accept in part only, an application for an amount of or an increase in the NTS Offtake Capacity in respect of an NTS/LDZ Offtake where, or (as the case may be) to the extent that, National Grid NTS determines that it would not be feasible to make gas available for offtake at the NTS/LDZ Offtake on the basis of such amount or increased amount of NTS Offtake Capacity throughout the period for which the application is made.

10.3.5 In making any determination under paragraph 10.3.4 in relation to applications made within an Application Window, National Grid NTS will take into account all applications received by National Grid NTS within the Application Window from DNO Users for an amount of or an increase in NTS Offtake Capacity and from any Shipper User for an amount of or an increase in NTS Exit Capacity at an NTS Exit Point other than an NTS/LDZ Offtake (and where relevant the provisions of paragraph 9.9).

10.3.6 National Grid NTS will in the case of an application under paragraph 10.3.2:

- (a) as soon as reasonably practicable thereafter notify DNO Users where they believe they are unlikely to be able to meet the application in full, providing details of;
  - (i) the circumstances surrounding any restrictions; and
  - (ii) the maximum available capacity;
- (b) in the case of an application made under paragraph 10.3.2(a)(i), or 10.3.2(b), within 15 Business Days following the last Day of July in which the application is made provide an indicative statement notifying the DNO User whether its application is accepted in whole or in part, or rejected, specifying the indicative amount of NTS Offtake (Flat) Capacity and/or NTS Offtake (Flexibility) Capacity and Assured Offtake Pressure for each NTS/LDZ Offtake and each Gas Year and maximum available NTS Offtake (Flat) Capacity and/or NTS Offtake (Flexibility) Capacity and associated Assured Offtake Pressures;
- (c) a DNO User will then have an opportunity to seek clarification, reconsider and resubmit its application within ten (10) Business Days following notification from National Grid NTS under paragraph 10.3.6(b) above;
- (d) National Grid NTS will use reasonable endeavours to consider and where necessary discuss an application made under paragraph 10.3.6(c) with a DNO User with a view



to agreeing an Offtake Capacity Statement in relation to an application made under paragraph 10.3.2(a)(i) or (b) by 30 September in accordance with paragraph 10.3.1. Such statement will confirm whether the User's application is accepted in whole or in part, or rejected; and

- (e) in the case of an application made under paragraph 10.3.2(a)(ii) National Grid NTS must within 15 Business Days of such application provide a statement to the DNO User in accordance with paragraph 10.2 (except with regard to the date of 30 September). Such statement will for the purpose of paragraph 10.2.3 be deemed to be an Offtake Capacity Statement revision. It is understood that in determining whether capacity is available, National Grid NTS will take into account whether it would be likely to trigger the declaration of a Potential Network Gas Supply Emergency or actual Network Gas Supply Emergency. If this is likely to be the case it is understood that capacity would not be deemed available.

10.3.7 A DNO User may decrease the amount of its NTS Offtake Capacity at a NTS/LDZ Offtake in relation to any relevant Gas Year (year Y) or any relevant Gas Year after Year Y by notifying such decrease to National Grid NTS during the Application Window in Gas Year Y-1, specifying:

- (a) the identity of the User;
- (b) the relevant NTS/LDZ Offtake;
- (c) the relevant Gas Year or Gas Years (or parts thereof) in respect of which notification is made;
- (d) the decreased amount of NTS Offtake (Flat) Capacity and/or the decreased amount of NTS Offtake (Flexibility) Capacity.

10.3.8 Where National Grid NTS accepts an application (in whole or part) for an amount of, or an increase in, NTS Offtake Capacity, or where a DNO User decreases the amount of its NTS Offtake Capacity, National Grid NTS will issue a revised Offtake Capacity Statement reflecting such amount, or such increase or decrease.

10.3.9 The NTS Offtake (Flexibility) Capacity held by a DNO User at an NTS/LDZ Offtake on a Day may also be increased as provided in TPD Section J7.3 (for which purposes the reference to NTS Exit (Flexibility) Capacity shall be treated as a reference to NTS Offtake (Flexibility) Capacity), but the Offtake Capacity Statement will not be revised to reflect such increase.

10.3.10 The Ten Year Statement to be prepared and published by National Grid NTS in accordance with TPD Section O4 may include details of the amount of NTS Offtake Capacity held by Users at NTS/LDZ Offtakes.

10.3.11 The provisions set out in paragraph 10.2 and this 10.3 should not be confused with the provisions set out in the OAD Section H relating to NTS Long Term Demand Forecasting. Information provided by DNO Users under OAD Section H2 should not be construed as an application for the purposes of this paragraph 10.3. Similarly information provided by National Grid NTS under OAD Section H to DNO Users should not be construed as an allocation for the purposes of paragraph 10.2 and this paragraph 10.3.

## **10.4 Charges**

10.4.1 No charges are payable by Users in respect of NTS Offtake Capacity.

## **10.5 Overruns**

- 10.5.1 If for any reason the quantity of gas offtaken by a User at an NTS/LDZ Offtake on any Day exceeds the User's NTS Offtake (Flat) Capacity, there is an overrun ("**NTS Offtake (Flat) Overrun**").
- 10.5.2 The amount of the NTS Offtake (Flat) Overrun at an NTS/LDZ Offtake on any Day is the amount (if any) by which the quantity of gas offtaken by a User at an NTS/LDZ Offtake on any Day exceeds the User's NTS Offtake (Flat) Capacity.
- 10.5.3 If for any reason a User's Offtake Flexibility Quantity at an NTS/LDZ Offtake on any Day exceeds the User's NTS Offtake (Flexibility) Capacity, there is an overrun ("**NTS Offtake (Flexibility) Overrun**").
- 10.5.4 The amount of the NTS Offtake (Flexibility) Overrun ('NOFO') at an NTS/LDZ Offtake on any Day is the quantity determined as follows:

$$\text{NOFO} = \max \{(\text{OFQ} - \text{NOFC}), 0\}$$

where:

OFQ is the User's Offtake Flexibility Quantity determined in accordance with paragraph 10.5.5;

NOFC is the User's NTS Offtake (Flexibility) Capacity (which may be positive or negative).

- 10.5.5 A User's Offtake Flexibility Quantity ('OFQ') for a Day at an NTS/LDZ Offtake is the quantity determined as follows:

$$\text{OFQ} = (Q_{2200} * (1 - \text{FT})) - (Q_D * 16/24)$$

where:

$Q_{2200}$  is the quantity of gas offtaken by the User at the NTS/LDZ Offtake between 06:00 hours and 22:00 hours on the Day;

FT is 0.015(a 1.5% flexibility tolerance);

$Q_D$  is the quantity of gas offtaken by the User at the NTS/LDZ Offtake in the whole of the Day.

- 10.5.6 No charge is payable by a User in respect of a NTS Offtake (Flat) Overrun or a NTS Offtake (Flexibility) Overrun.

## **11 TRANSITIONAL NTS EXIT CAPACITY REGIME: TPD MISCELLANEOUS**

### **11.1 Introduction**

- 11.1.1 During the exit capacity transitional period the provisions of this paragraph 11 shall apply.

### **11.2 TPD Section A: System Classification**

- 11.2.1 An NTS Supply Point may be an Interruptible Supply Point or a Firm Supply Point.

### **11.3 TPD Section B: System Use and Capacity**

- 11.3.1 Supply Point Capacity is capacity which the User is treated as utilising in offtaking gas from the Total System at any Supply Point Component.

- 11.3.2 Where a System Point is both an NTS Exit Point and a Supply Point Component, the provisions of both paragraph 9 as to the holding of NTS Exit Capacity and TPD Section B4 as to the holding of Supply Point Capacity are applicable (and a gas flow at such point shall be treated both as a gas flow out of the NTS and an offtake from the Total System).
- 11.3.3 In TPD Section B1.8.5(d) and B1.8.6 the references to paragraph 3.12.5 and 3.12.8 shall be treated as a references to paragraph 9.5.3 and 9.5.5(a) respectively.
- 11.3.4 For the purposes of TPD Section B1.9.3 the relevant DN Operator will hold NTS Offtake Capacity at the Scottish Independent Network NTS Exit Point.
- 11.3.5 In TPD Section B1.9.3(d) the reference to paragraph 3.13 shall be treated as a reference to paragraph 10.5.
- 11.3.6 In the circumstances in TPD Section B1.11(a) the Transporter will in addition redetermine the Supply Point Ratchet Charge for a NTS Supply Point.
- 11.3.7 References to Users in TPD Section B4 exclude DNO Users.
- 11.3.8 Subject to the provisions of the Code a Shipper User may offtake gas from the Total System at a Registered NTS Supply Point Component.
- 11.3.9 A User shall pay Customer Charges in respect of its Registered NTS Supply Points.
- 11.3.10 In TPD Sections B4.7.4 and 4.7.6 the references to LDZ Capacity Charges apply only in the case of LDZ Supply Point Components.
- 11.3.11 TPD Section B4.7.5 is only relevant in the context of an LDZ Supply Point Component.
- 11.3.12 In the context of a System Capacity Transfer (except as provided for under paragraph 8.3.4):
- (a) for the purposes of paragraph 9 and TPD Section B5 a User may only transfer all or part of its Available NTS Exit Capacity in respect of an NTS CSEP booked in accordance with the relevant CSEP Ancillary Agreement or in accordance with paragraph 9.2 to another User in accordance with TPD Section B5 (and accordingly a NTS CSEP may be a Transfer System Point);
  - (b) TPD Sections B5.1.4(b), 5.2.5, 5.4.1(a)(ii), 5.4.2(d), 5.5.1(b)(ii) and B6 shall not apply.
- 11.3.13 In TPD Section B5.5.2(b) the reference to paragraph 3.13.1(a) shall be treated as a reference to paragraph 9.6.2(a).
- 11.3.14 If:
- (a) National Grid NTS purports to reject a System Capacity Transfer other than in accordance with TPD Section B5.2.3(a), (b) and (c); and
  - (b) reasonably promptly thereafter the Transferor User and the Transferee User so notify National Grid NTS, stating that they wish the transfer to be implemented
- the Transferee User shall not be liable for any Overrun Charge which it would not have incurred had the System Capacity Transfer been approved (and where any such Overrun Charge has been invoiced and/or paid, appropriate invoice adjustments will be made in accordance with TPD Section S).

11.3.15 TPD Section B5.6.2(c) shall be deemed to include a reference to paragraph 11.3.13.

#### **11.4 TPD Section G: Supply Points**

- 11.4.1 In TPD Section G1.7.7(a), 1.7.14, 2.3.1(a), 2.3.1(c)(i)(1), 2.3.1(c)(ii)(1), 2.3.2(e), 2.4.2(e), 2.4.3, 2.4.5, 2.4.10(b), 2.5.4, 2.7.3, 2.7.4, 7.4.3 and 7.4.4 a reference to an LDZ Supply Point shall be treated as including a reference to an NTS Supply Point.
- 11.4.2 In TPD Section G2.2.6 the reference to TPD Section B3.5.5 shall be treated as a reference to paragraph 9.5.5.
- 11.4.3 For the purposes of TPD Section G2.4.2(d)(ii) where the Proposed Supply Point is an NTS Supply Point the Supply Point Offer will specify the NTS Exit Capacity.
- 11.4.4 For the purposes of TPD Section G2.5.3(b)(ii) where the Proposed Supply Point is an NTS Supply Point the User also agrees to be registered as holding NTS Exit Capacity determined in accordance with TPD Section H4.
- 11.4.5 For the purposes of TPD Section G3.2.2 where the Supply Point Withdrawal relates to an NTS Supply Point the Supply Point Transportation Charges payable shall in addition be determined by reference to the NTS Exit Capacity held by the User immediately before submission of the Supply Point Withdrawal.
- 11.4.6 TPD Section G5 (other than TPD Section G5.6) shall apply in respect of an NTS Supply Point Component.
- 11.4.7 In TPD Section G7.3.6(a)(ii) and 7.4.1(b)(i) a reference to a DM Supply Point Component shall be treated as including a DM Supply Point Component comprised in an NTS Supply Point.

#### **11.5 TPD Section H: Demand Estimation and Demand Forecasting**

- 11.5.1 For the purposes of TPD Section H1.1.1 demand will also be estimated to determine NTS Exit Capacity under paragraph 9.
- 11.5.2 The NTS Exit Capacity which a User is registered as holding at or (as the case may be) in respect of an NDM Supply Point Component on any Day in a Gas Year will be equal to the Supply Point Capacity determined in accordance with TPD Section H4.1.

#### **11.6 TPD Section J: Assured Offtake Pressure**

- 11.6.1 The reference to the Offtake Pressure Statement in TPD Section J2.5.1(b) shall be treated for each Gas Year up to and including the Gas Year ending 30 September 2012 as a reference to the Offtake Capacity Statement issued in accordance with paragraph 10.2.1.
- 11.6.2 TPD Sections J2.5.2 to 2.5.13 (inclusive) shall not apply.
- 11.6.3 In accordance with paragraph 10.2.4, the 0600 and 2200 pressures specified (in relation to any NTS/LDZ Offtake) for any Gas Year in the Offtake Capacity Statement issued in any Gas Year will be the same as those specified in the preceding year's statement for such Gas Year, subject to any revision pursuant to paragraph 11.6.6.
- 11.6.4 For the purposes of paragraph 10.3, in connection with an application for an amount or an increase in NTS Offtake Capacity, National Grid NTS will not determine that it is feasible to make gas available for offtake on the basis of such increase to the extent that the 0600 and 2200 pressures at which it expects that, under normal NTS operating conditions, gas would (if

such application were accepted) be available for offtake at the NTS/LDZ Offtake on any Day during any relevant Gas Year would be reduced below the prevailing Assured Offtake Pressures.

11.6.5 A DNO User may, at the times at which it may apply (in accordance with paragraph 10.3.2) for:

- (a) an increase in NTS Offtake Capacity, apply to increase the Assured Offtake Pressures in relation to an NTS/LDZ Offtake for a relevant Gas Year;
- (b) an amount of NTS Offtake Capacity, apply for the Assured Offtake Pressures in relation to an NTS/LDZ Offtake for a relevant Gas Year.

11.6.6 Subject to paragraph 11.6.8, National Grid NTS may reject, or accept in part only, any application for, or an increase in, Assured Offtake Pressures in respect of an NTS/LDZ Offtake in a Gas Year where, or (as the case may be) to the extent that, National Grid NTS determines (having regard, inter alia, to the amounts of NTS Offtake Capacity and NTS Exit Capacity held by Users) it would not be possible (under all credible NTS operating conditions) to make gas available for offtake at the NTS/LDZ Offtake on any Day during that Gas Year at the increased Assured Offtake Pressures applied for.

11.6.7 For the purposes of paragraph 11.6.6, the reference to all credible NTS operating conditions is to all conditions other than a condition the existence of which would amount to Force Majeure affecting National Grid NTS.

11.6.8 For the purposes of paragraph 11.6.6, where a DNO User has applied for Assured Offtake Pressures at an NTS/LDZ Offtake for a relevant Gas Year in accordance with paragraph 11.6.5(b), then where the Assured Offtake Pressures specified in the Offtake Capacity Statement for the preceding year are:

- (a) greater than or equal to the Assured Offtake Pressures applied for, such application will be accepted; or
- (b) less than the Assured Offtake Pressures applied for, the Assured Offtake Pressures accepted will be not less than the values specified in the Offtake Capacity Statement for such preceding year.

## **11.7 TPD Section J: Gas not made available for offtake**

11.7.1 TPD Section J3.5.1(a) shall apply in respect of both an LDZ System Exit Point and an NTS System Exit Point.

11.7.2 TPD Section J3.5.3 shall apply to a Supply Point Component in both an NTS Supply Point and an LDZ Supply Point.

11.7.3 In TPD Section J3.5.3(a) the value 'P' is the sum of the Applicable Daily Rates of:

- (a) the Capacity Variable Component of the Customer Charge;
- (b) in the case of an LDZ Supply Point, the LDZ Capacity Charge; and
- (c) the applicable NTS Exit Capacity Charge.

11.7.4 TPD Section J3.5.5 shall apply in respect of both an LDZ Connected System Exit Point and an NTS Connected System Exit Point.

11.7.5 For the purposes of TPD Section J3.5.6 in respect of an NTS Connected System Exit Point a CSEP User's **"Relevant Exit Capacity"** shall be its Available NTS Capacity at the Connected System Exit Point.

11.7.6 TPD Section J3.5.7 shall not apply.

11.7.7 TPD Section J3.5.11 shall not apply to a dispute in relation to an NTS Exit Point.

#### **11.8 TPD Section J: User offtake obligations: DM Supply Point Components**

11.8.1 TPD Section J3.8 shall apply in respect of a DM Supply Point Component comprised in an NTS Supply Point and in an LDZ Supply Point.

#### **11.9 TPD Section J: User offtake obligations: CSEPs, NTS Exit Points and Inter-System Offtakes**

11.9.1 TPD Section J3.9 shall apply in respect of an NTS Connected System Exit Point and an LDZ Connected System Exit Point.

11.9.2 The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System at an NTS Connected System Exit Point by a CSEP User, on any Day, in a quantity which exceeds the User's Available NTS Exit Capacity.

11.9.3 TPD Sections J3.10.1(a) and 3.10.2(b) shall not apply and in TPD Section J3.10.2(a) the reference to NTS Exit (Flat) Capacity and to NTS Exit (Flexibility) Capacity shall be treated as a reference to NTS Offtake (Flat) Capacity and to NTS Offtake (Flexibility) Capacity.

11.9.4 TPD Sections J3.10.5 and 3.10.6 shall not apply and the upstream Transporter will not be obliged under any provision of the Code to make gas available for offtake from the upstream System by a User:

(a) at an NTS/LDZ Offtake:

- (i) at any time, at a rate which exceeds the maximum permitted rate (in accordance with TPD Section J3.10.2(a);
- (ii) on any Day, in a quantity which exceeds the User's NTS Offtake (Flat) Capacity; or
- (iii) in the period between 06:00 hours and 22:00 hours on any Day, in a quantity which exceeds  $(NOFC + 16/24 * QD)$  (as those terms are defined in paragraph 10.5);

(b) at an LDZ/LDZ Offtake:

- (i) at any time, at a rate which exceeds the maximum permitted rate (in accordance with TPD Section J3.10.3);
- (ii) on any Day, in a quantity which exceeds the maximum permitted quantity in accordance with the Network Exit Provisions.

#### **11.10 TPD Section J: NTS Exit Capacity at relevant NTS Connected System Exit Points**

11.10.1 TPD Section J6.7.1 is subject to paragraph 11.10.5.

11.10.2 Without prejudice to any provisions for allocation of NTS Exit Capacity contained in the CSEP Network Exit Agreement or any CSEP Ancillary Agreement, or the further provisions

of this paragraph 11.10 and TPD Section J6.7, National Grid NTS shall be entitled to reject any application for (or for an increase in) NTS Exit Capacity at a relevant NTS Connected System Exit Point where the requirement in TPD Section J6.7.1 would be infringed if it accepted such application.

11.10.3 National Grid NTS may agree, pursuant to the CSEP Network Exit Agreement or CSEP Ancillary Agreement, and subject to any conditions contained in such Agreement, that, with effect from the expiry of the capacity period (as defined in such Agreement) in respect of any prevailing registration in the name of any User of NTS Exit Capacity at an NTS Connected System Exit Point, the User shall be entitled to apply for and may be registered (in priority to any other User) as holding NTS Exit Capacity in an amount subject to such prevailing registration.

11.10.4 Unless National Grid NTS shall otherwise agree, any application by a User for NTS Exit Capacity at a relevant NTS Connected System Exit Point shall be made by way of Conventional Notice; and any registration of NTS Exit Capacity at a relevant NTS Connected System Exit Point in respect of which this paragraph 11.10.4 is not complied with shall be invalid and ineffective notwithstanding such registration may be recorded in UK Link and notwithstanding National Grid NTS may have invoiced NTS Exit Capacity Charges pursuant to such registration.

11.10.5 National Grid NTS may agree pursuant to a CSEP Network Exit Agreement or a CSEP Ancillary Agreement, upon such terms and subject to such conditions as may be provided in such Agreement, that:

- (a) a relevant NTS Connected System Exit Point may be treated, pursuant to TPD Section A3.5.5, as comprising two separate Connected System Exit Points (respectively a "**Firm CSEP**" and an "**Interruptible CSEP**") for the purposes described in this paragraph 11.10.5 and such other purposes as may be specified in such Agreement;
- (b) a CSEP User may apply for and hold NTS Exit Capacity at the Interruptible CSEP the basis that National Grid NTS shall be entitled to require the User to reduce or discontinue the offtake of gas from the Total System at the Connected System Exit Point:
  - (i) where it would not otherwise be feasible for National Grid NTS to make available gas for offtake from the Total System by CSEP Users at the Firm CSEP pursuant to the exercise of their entitlements so to offtake gas;
  - (ii) in any such other circumstances as may be provided in such Agreement; and
- (c) a CSEP User will not be liable to pay NTS Exit Capacity Charges, or will be liable to pay such charges only at a reduced rate, in respect of NTS Exit Capacity held (in accordance with paragraph (b)) at the Interruptible CSEP

and in such a case the Firm CSEP, but not the Interruptible CSEP, shall be a relevant Connected System Exit Point for the purposes of TPD Section J6.7.1.

## **11.11 TPD Section J: Inter-System Offtakes: Special Provisions**

11.11.1 In addition to the requirements in TPD Section J4.5, an Offtake Profile Notice submitted in relation to an NTS/LDZ Offtake must satisfy the requirement in paragraph 11.11.2.

11.11.2 The requirement is that the offtake of gas (at the NTS/LDZ Offtake) from the NTS at the rates of offtake specified in the Offtake Profile Notice would not result in an NTS Offtake (Flat) Overrun or an NTS Offtake (Flexibility) Overrun.

11.11.3 In TPD Section J7.3 and 7.4 references to NTS Exit (Flat) Capacity and NTS Exit (Flexibility) Capacity shall be treated as a reference to NTS Offtake (Flat) Capacity and NTS Offtake (Flexibility) Capacity and in TPD Section J7.3.1(c) the reference to TPD Section B3.13.4 shall have no effect.

11.11.4 TPD Section J7.4 shall only apply in respect of a DNO Operator in relation to an NTS/LDZ Offtake (after taking account of any request under TPD Section J7.3.1) and for which purposes the DNO Operator shall be liable to National Grid NTS for all amounts National Grid NTS was liable to any Shipper User or other DNO User as a consequence of the upstream Transporter's failure to make gas available for offtake.

11.11.5 In TPD Section J7.4 references to a Chargeable NTS Exit (Flat) Overrun shall be treated as a reference to an NTS Offtake (Flat) Overrun and references to an NTS Exit (Flex) Overrun shall be treated as a reference to an NTS Offtake (Flex) Overrun.

11.11.6 TPD Section J7.4.3 shall have no effect.

#### **11.12 TPD Section J: NTS CSEPs**

11.12.1 TPD Section J8 shall not apply.

#### **11.13 TPD Section Q: Emergencies**

11.13.1 TPD Section Q4.1(a)(iii) shall not apply.

#### **11.14 TPD Section R: NTS Exit Capacity**

11.14.1 If, upon the application of a User, National Grid NTS has informed the User that a Storage Connection Point is 'eligible for firm transportation' for the purposes of this paragraph 11.14, the User may elect to hold (and pay NTS Exit Capacity Charges in respect of) NTS Exit Capacity at the Storage Connection Point.

11.14.2 For the purposes of paragraphs 11.14 to 11.18 (inclusive), in relation to a Storage Connection Point:

- (a) a **"Firm User"** is a User who holds Available NTS Exit Capacity at that point (pursuant to an election by that or another User under paragraph 11.14.1);
- (b) the **"Aggregate Firm Offtake Rate"** is the rate of offtake determined as 1/24 of the aggregate amount (if any) of the NTS Exit Capacity for the time being held by Firm Users at that point;
- (c) a User's **"Interruptible UDQO"** for a Day in relation to that point is:
  - (i) subject to paragraph (ii), that User's UDQO;
  - (ii) in the case of a Firm User, the amount (if any) by which its UDQO exceeds the amount of its Available NTS Exit Capacity at the point.

#### **11.15 TPD Section R: Interruption**

11.15.1 The Transporter shall be entitled to require interruption (including a reduction in the rate) of the offtake (in aggregate by all Users) of gas from the Total System at a Storage Connection Point, by giving notice (**"SCP Interruption Notice"**) to the Storage Operator and each Storage CSEP User, specifying:



- (a) the time ("**interruption time**"), not being less than 5 hours after such notice was given, with effect from which such offtake of gas is to be interrupted; and
- (b) the reduced aggregate rate (or discontinuance) of offtake required by such interruption; provided that such rate shall not be less than the Aggregate Firm Offtake Rate.

11.15.2 Paragraphs 5.6.3 (other than 5.6.3(b)) and 5.7.4 shall apply in respect of interruption under paragraph 11.15.1 at a Storage Connection Point.

11.15.3 Storage CSEP Users shall secure compliance with any SCP Interruption Notice and shall be responsible for submitting Output Renominations accordingly.

11.15.4 The Transporter may (but shall not be required to) agree pursuant to the Storage Connection Agreement that the Storage Operator will take such steps as are necessary to interrupt or reduce the rate of offtake of gas at the Storage Connection Point so as to comply with an SCP Interruption Notice.

11.15.5 Where the Transporter has given an SCP Interruption Notice, as soon as reasonably possible after the Transporter determines that the requirement for interruption no longer applies or will at a certain time cease to apply, the Transporter will so notify the Storage Operator and Storage CSEP Users specifying the time at which the requirement for such interruption will no longer apply.

#### **11.16 TPD Section R: Days of Interruption**

11.16.1 The number of Days on which the Transporter requires interruption at a Storage Connection Point shall be determined in accordance with paragraph 5.7.5.

11.16.2 For the purposes of paragraphs 11.14 to 11.18 (inclusive), paragraph 5.5 (other than paragraphs 5.5.6 and 5.5.8) shall apply.

11.16.3 The Transporter will not require interruption at a Storage Connection Point on more than 15 Days outside the Winter Period in any Gas Year.

#### **11.17 TPD Section R: Failure to Interrupt**

11.17.1 Paragraph 5.5 (other than paragraph 5.5.6) shall apply for the purposes of this paragraph 11.17, subject as follows.

11.17.2 For the purposes of paragraph 5.9.2(b)(i), in the context of interruption required at a Storage Connection Point, the amount payable by Storage CSEP Users in aggregate shall be calculated:

- (a) by reference to the basis of the Applicable Annual Rate of NTS Exit Capacity Charge for the Exit Zone in which the Storage Connection Point is located; and
- (b) on the basis of a notional Supply Point Capacity calculated as the difference between the rate (in MW) of offtake of gas at the Storage Connection Point immediately before the interruption time, and the reduced rate (including zero, subject to the proviso to paragraph 11.15.1(b)) of offtake (in MW) required by such interruption, multiplied by the period (in hours, divided by 24) from the interruption time until the end of the Gas Flow Day.

11.17.3 For the purposes of paragraph 5.9.2(b)(ii), in the context of interruption required at a Storage Connection Point, the term 'Y' shall be the aggregate quantity of gas offtaken, at times when the SCP Interruption Notice was in force, at a rate in excess of the reduced rate (including

zero, subject to the proviso to paragraph 11.15.1(b)) of offtake (in MW) required by such interruption.

11.17.4 Paragraph 5.9.8 shall not apply, but the Storage Connection Point shall be counted as a Registered Interruptible Supply Point for the purposes of the further application of paragraph 5.9.7.

11.17.5 Subject to paragraph 11.17.6, in relation to a Storage Connection Point, Storage CSEP Users (including the Storage Operator) shall be liable for the aggregate amounts payable pursuant to paragraph 11.17.1 in respect of a Day in the proportions of their respective Interruptible UDQOs in respect of the Storage Connection Point.

11.17.6 Where Storage CSEP Users have appointed a User Agent for the purposes of determining the allocation of such amounts:

- (a) the Transporter will notify to such agent the aggregate amounts payable pursuant to paragraph 11.17.1 not later than 6 Days after the Gas Flow Day;
- (b) where the agent notifies the Transporter, not later than the Exit Close-out Date, an allocation of such amounts (in aggregate equal to the aggregate amount notified by the Transporter under paragraph (a)) between particular Storage CSEP Users specified by the agent, paragraph 11.17.5 shall not apply, and Storage CSEP Users will be liable for such amounts in accordance with the agent's notification to the Transporter.

## 11.18 TPD Section R: Interpretation

11.18.1 In paragraphs 11.14 to 11.18 (inclusive) "**Storage CSEP User**" means a CSEP User in respect of a Storage Connection Point.

11.18.2 Where any provision of paragraph 5 is to apply for the purposes of paragraphs 11.14 to 11.18 (inclusive), such references in paragraph 5 to the terms in the first column in the table below shall be construed as references to the terms (as used in relation to a particular Storage Connection Point in paragraphs 11.14 to 11.18 (inclusive)) in the second such column:

TD Part IIC, paragraph 5	Paragraphs 11.14 to 11.18 (inclusive)
Interruption	Interruption under paragraph 11.15
Interruption Notice	SCP Interruption Notice
Supply Point or Interruptible Supply Point	Storage Connection Point
Supply Meter Point	Any Individual System Exit Point comprised in the Storage Connection Point
User or Registered User	All of the Storage CSEP Users, or where the context admits, a particular Storage CSEP User
The requirement in paragraph 5.7.2(b)	The requirement for interruption under paragraph 11.15

TNI Supply Point	A Storage Connection Point subject to a designation by the Transporter pursuant to paragraph 5.5.1
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### **11.19 TPD Section S: Invoicing and Payment**

11.19.1 The Invoice Items appearing on an NTS Exit Capacity Invoice shall include (and be limited to) NTS Exit Capacity Charges – DM NTS Exit Capacity, NTS Exit Capacity Charges – NDM NTS Exit Capacity and NTS Exit Overrun Charges.

### **11.20 TPD Section U: UK Link**

11.20.1 In TPD Section U references to Users shall exclude DNO Users other than a DNO User in the capacity of an LDZ Shrinkage Provider.

### **11.21 TPD Section V: General**

11.21.1 In TPD Section V3 and V4 references to Users exclude DNO Users.

11.21.2 TPD Sections V3.3.2(c)(ii) and 3.3.4 shall not apply.

### **11.22 National Grid NTS Interruption of Injection**

11.22.1 In respect of a National Grid LNG Storage Facility, where National Grid NTS notified National Grid LNG Storage that it requires the interruption of the offtake of gas at a Storage Connection Point pursuant to Section R3.2, National Grid LNG Storage may in respect of the Day in relation to which National Grid NTS so notified National Grid LNG Storage cancel injection or reduce the quantities injected by Users to such facility for the purposes of avoiding or limiting a Transportation Constraint which National Grid NTS anticipates would otherwise arise.

11.22.2 Where National Grid LNG Storage cancels injection or reduces injection quantities under paragraph 5.8.1, National Grid LNG Storage will revise on behalf of Users their Storage Injection Nominations and notify such revised Storage Nomination Quantities as soon as reasonably practicable after the requirement for interruption was known.

11.22.3 Where in respect of a National Grid LNG Storage Facility, National Grid LNG Storage is in receipt of a notice from National Grid NTS pursuant to Section R3.2 in respect of the interruption of the offtake of gas at the Storage Connection Point, National Grid LNG Storage will indemnify the User and hold it harmless against any charges payable by the User to National Grid NTS pursuant to Section G6 in respect of the failure by the User to interrupt the offtake of gas at the relevant Storage Connection Point.

## **12 INTERIM NTS EXIT CAPACITY REGIME: OAD MISCELLANEOUS**

### **12.1 OAD Section I: Revisions requested by National Grid NTS**

12.1.1 In OAD Section I2.4.4:

- (a) the reference to paragraph 2 and TPD Section J4.5.2 shall include a reference to paragraph 11.11.1 and 11.11.2;
- (b) where compliance with National Grid NTS' request would infringe the requirement in paragraph 11.11.2 National Grid NTS shall be deemed to have accepted the request

pursuant to TPD Section J7.3.1 (for which purposes the User's NTS Offtake (Flexibility) Capacity shall be increased in the same manner as is therein provided in respect of NTS Exit (Flexibility) Capacity) or waived such other requirements in accordance with OAD I2.4.4.

## **12.2 OAD Section I: Revisions requested by DNO**

12.2.1 OAD Section I2.5 shall not apply.

## **12.3 OAD Section I: Variation of restrictions**

12.3.1 OAD Section I2.7.1 shall not apply.

12.3.2 The requirements and restrictions in OAD Section I2, TPD Sections J7.3 and paragraph 11.11 in relation to Offtake Profile Notices (and revisions thereof) shall not apply to the extent that (subject to and in accordance with TPD Section J4.5.5 where applicable) National Grid NTS waives or agrees to vary any such requirement or restriction in a particular case, and in particular shall not apply to the extent inconsistent with any Interruption Instruction given by National Grid NTS under paragraphs 7.1 and 7.2.

12.3.3 A DNO may request a waiver or variation (as referred to in paragraph 12.3.2) by submitting a proposed Offtake Profile Notice which does not comply with any such requirement or restriction, and such proposed Offtake Profile Notice shall take effect as an Offtake Profile Notice if and (if so) with effect from the time at which National Grid NTS agrees such waiver or variation.

## **Transition Document TPD Section E10**

1. It is acknowledged that the steps (including appointment of AUG Expert, establishing AUG Methodology and establishing AUG Table) first required under TPD Sections E10.2 and E10.4 will not be completed by 1 April 2011.
2. Therefore, for each twelve month period commencing on 01 April 2011 up to but not including 1 April next following the first occasion on which the Committee establishes and adopts an AUG Table as provided in TPD Section E10.4.3(g), TPD Section E10.4.4(a) shall not apply and there shall be deemed to be an AUG Table for the purposes of TPD Section E10.5 in which:
  - (a) there is only one Unidentified Gas Source;
  - (b) for that Unidentified Gas Source, the Unidentified Gas Quantity is:
    - (i) for Larger DM SPCs, zero;
    - (ii) for Larger NDM SPCs, defined (in relation to a Reconciliation Billing Period) as follows:
 
$$UGC_{SPC} = £2,750,000 / (TDSAP_m * 12);$$
    - (iii) for Smaller SPCs, defined as the negative of the amount in (b)(ii) above;

and TPD Section E10.5 shall be given effect accordingly.
3. For the purposes of TPD Section 10:

- (a) In addition and separate to the establishment and adoption of a deemed AUG Table as set out in paragraph 2 above, for the avoidance of doubt, the first AUG Table to be adopted and published by the Committee as provided in TPD Section E10.4.3(h) shall apply (notwithstanding TPD Section E10.5.4) for the purposes of TPD Section E10.5 in relation to:
  - (i) the AUG Year commencing 01 April next following the adoption of such AUG Table, and
  - (ii) each prior AUG Year commencing with the first AUG Year;
- (b) as soon as reasonably practicable following the adoption of such AUG Table, the net aggregate amount of the User Unidentified Gas Amounts for each User and for all Reconciliation Billing Periods in each prior AUG Year (as referred to in paragraph (a)(ii) above) shall be paid (by or to the User, as provided in TPD Section E10.5.3), and shall be invoiced and payable in accordance with TPD Section S, as a single net aggregate payment, in satisfaction of TPD Section E10.5.3, (in addition to any payment made pursuant to any such deemed AUG Table as provided for in paragraph 2 above) without interest in respect of the period prior to the due date of the relevant invoice.