

UNIFORM NETWORK CODE – OFFTAKE ARRANGEMENTS DOCUMENT

SECTION K

LDZ SYSTEM ENTRY POINTS

1 Introduction

1.1 General

1.1.1 This Section sets out terms agreed by the Parties to apply in relation to LDZ System Entry Points in consequence of the matters set out in paragraph 1.1.2.

1.1.2 In this Section K, references to LDZ System Entry Points:

- (a) are to such points in existence at the date of this Document; and (subject to any future modification of National Gas Transmission's Transporter's Licence or the Code) nothing in this Section K applies to any new LDZ System Entry Point; and
- (b) do not include any LDZ System Entry Point which is comprised in an Aggregate System Entry Point which also comprises any NTS System Entry Point.

1.1.3 The Parties acknowledge, in relation to LDZ System Entry Points:

- (a) that (notwithstanding that gas flows are into the LDZ at such points), pursuant to the provisions of the Transportation Principal Document and its Transporter's Licence, National Gas Transmission (and not the DNO):
 - (i) has allocated, and will invite applications for and allocate, NTS Entry Capacity of classes and in timescales and quantities which (except as mentioned below) are prescribed by the UNC and its Transporter's Licence;
 - (ii) may require the curtailment of Interruptible NTS Entry Capacity;
 - (iii) may accept the surrender of Available NTS Entry Capacity;
 - (iv) will receive amounts payable by Users by way of NTS Entry Capacity Charges and System Entry Overrun Charges; and
 - (v) will be liable to make payments (in respect of Aggregate Constraint Amounts) to Users pursuant to TPD Section I3.7; and
- (b) that the quantities in and rates at which it is feasible to accept to take delivery of gas at any time and in relation to any Day are controlled by, and known to, the DNO and not National Gas Transmission.

1.1.4 The DNO undertakes that it will not offer or agree to allocate to any person NTS Entry Capacity at any LDZ System Entry Point, or confer on any person any rights (analogous to the holding of System Capacity) in relation to the delivery of gas to the LDZ at any LDZ System Entry Point.

1.2 Entitlement to Charges

1.2.1 It is agreed that National Gas Transmission shall be entitled to retain, and shall be under no obligation to account for or hold for the benefit of the DNO, amounts from time to time received by it as described in paragraph 1.1.3(a)(iv).

1.3 Access to Information

- 1.3.1 Where at any time a DNO has reasonable grounds for considering that it may (in relation to a Day within the following 7 Days) need to give an instruction to National Gas Transmission in relation to an LDZ System Entry Point pursuant to paragraph 3, the DNO may request National Gas Transmission to inform the DNO of the amount in aggregate of NTS Entry Capacity allocated at the LDZ System Entry Point as at such Day, and National Gas Transmission will provide the information requested as soon as reasonably practicable after receiving such request.
- 1.3.2 National Gas Transmission shall have no obligation to inform or keep informed the DNO as to the amount of NTS Entry Capacity from time to time allocated at an LDZ System Entry Point other than pursuant to a request under paragraph 1.3.1.

1.4 Liability of National Gas Transmission

- 1.4.1 Without prejudice to the generality of Section N7, National Gas Transmission shall have no liability to a DNO for any failure to comply with the requirements of this Section K, or other act or omission on the part of National Gas Transmission in the course of implementing this Section K, but without prejudice to paragraph 4.1.

1.5 Incremental Obligated NTS Entry Capacity

- 1.5.1 For the purposes of this Section K "**Obligated**" means Incremental NTS Entry Capacity which National Gas Transmission may be required, pursuant to Special Condition 5F of its Transporter's Licence, to accept an application for or otherwise allocate.
- 1.5.2 If at any time National Gas Transmission is required pursuant to its Transporter's Licence to accept any application for (or otherwise allocate) Incremental Obligated NTS Entry Capacity:
 - (a) National Gas Transmission will so inform the DNO, and together with the DNO shall consult with the Authority as to the position (and possible modifications of the conditions of their respective Transporter's Licences which may be appropriate in the circumstances); but
 - (b) National Gas Transmission shall not be required (by paragraph (a) or any other provision of this Document) not to comply or to delay in complying with the requirement under its Transporter's Licence.

1.6 Licence obligations of National Gas Transmission

- 1.6.1 To the extent to which, pursuant to paragraph 2 or 3, the DNO may authorise or instruct National Gas Transmission to do anything in doing which National Gas Transmission is required to comply with any requirement under the Transportation Principal Document or its Transporter's Licence (including without limitation the System Management Principles:
 - (a) the DNO shall ensure that its authority or instruction is consistent with National Gas Transmission's compliance with such requirement; and
 - (b) National Gas Transmission shall be entitled to disregard the DNO's authority or instruction if (in National Gas Transmission's reasonable opinion) it is not so consistent.

2 Incremental NTS Entry Capacity

2.1 General

- 2.1.1 In this paragraph 2 references to Incremental NTS Entry Capacity do not include Obligated Incremental NTS Entry Capacity.

- 2.1.2 National Gas Transmission will not (and shall not be required to) invite applications for or allocate Incremental NTS Entry Capacity unless authorised to do so by the DNO in accordance with the further provisions of this paragraph 2.1.
- 2.1.3 A DNO may authorise National Gas Transmission to invite applications for and allocate Incremental NTS Entry Capacity in relation to any relevant period by giving notice to National Gas Transmission in accordance with the following provisions:
- (a) such notice shall be given as early as practicable before the start of the relevant period (and in any event no less than 7 days before National Gas Transmission is required to act under the TPD Section B2);
 - (b) such notice shall be unconditional (and any condition shall be of no effect);
 - (c) such notice shall specify:
 - (i) the relevant LDZ System Entry Point;
 - (ii) the period for which applications for Incremental NTS Entry Capacity are to be invited;
 - (iii) the amount of Incremental NTS Entry Capacity for which applications are to be invited;
 - (d) the details specified pursuant to paragraph (c) shall be consistent with the applicable requirements of TPD Section B2.
- 2.1.4 For the avoidance of doubt, the DNO may not withdraw, cancel or amend an authority under paragraph 2.1.3.
- 2.1.5 National Gas Transmission will (subject to and in accordance with applicable provisions of TPD Section B2) invite applications for and allocate Incremental NTS Entry Capacity in accordance with the DNO's authority pursuant to paragraph 2.1.3.

3 Surrender and Curtailment

3.1 General

- 3.1.1 National Gas Transmission will not (and shall not be required to) give any interruptible curtailment notice or accept any surrender of Available NTS Entry Capacity in relation to an LDZ System Entry Point unless instructed to do so by the DNO in accordance with the further provisions of this paragraph 3.
- 3.1.2 National Gas Transmission will not (and may not be required by a DNO to) enter into any Capacity Management Agreement in relation to an LDZ System Entry Point.
- 3.1.3 For the avoidance of doubt, the DNO shall be responsible for determining System Entry Capability at a LDZ System Entry Point.

3.2 Interruptible curtailment notice

- 3.2.1 Where a DNO has determined that (at the relevant time) there is or will be an Entry Capability Shortfall in relation to an LDZ System Entry Point, the DNO may instruct National Gas Transmission to give an interruptible curtailment notice in respect of the LDZ System Entry Point at any time on any Day by giving notice to National Gas Transmission in accordance with the following provisions:
- (a) such notice shall be given as early as practicable (and in any event no less than 2 hours) before the curtailment effective time;

- (b) such notice shall be unconditional (and any condition shall be of no effect);
- (c) such notice shall specify:
 - (i) the relevant LDZ System Entry Point;
 - (ii) the relevant Day, and the curtailment effective time;
 - (iii) the interruptible curtailment factor;
- (d) the details specified pursuant to paragraph (c) shall be consistent with the applicable requirements of TPD Section B2.

3.2.2 For the avoidance of doubt, the DNO may not withdraw, cancel or amend an instruction under paragraph 3.2.1, but without prejudice to its right to instruct National Gas Transmission (subject to and in accordance with paragraph 3.2.1) to give a further interruptible curtailment notice.

3.2.3 National Gas Transmission will give an interruptible curtailment notice (subject to and in accordance with applicable provisions of TPD Section B2) in respect of an LDZ System Entry Point in accordance with the DNO's instruction pursuant to paragraph 3.2.1.

3.3 Daily capacity offers

3.3.1 Where a DNO has determined that (at the relevant time) there is or will be a Firm Capacity Shortfall in relation to an LDZ System Entry Point, the DNO may instruct National Gas Transmission to accept available daily capacity offers in respect of the LDZ System Entry Point at any time on any Day by giving notice to National Gas Transmission in accordance with the following provisions:

- (a) such notice shall be given as early as practicable (and in any event no less than 1 hour) before the capacity selection period;
- (b) such notice shall be unconditional (and any condition shall be of no effect);
- (c) such notice shall specify:
 - (i) the relevant LDZ System Entry Point;
 - (ii) the relevant Day;
 - (iii) the amount of NTS Entry Capacity subject to daily capacity offers to be accepted;
- (d) the details specified pursuant to paragraph (c) shall be consistent with the applicable requirements of TPD Section B2.

3.3.2 For the avoidance of doubt, the DNO may not withdraw, cancel or amend an instruction under paragraph 3.3.1.

3.3.3 National Gas Transmission will accept (in accordance with applicable provisions of TPD Section B2) available daily capacity offers in respect of a LDZ System Entry Point in accordance with the DNO's instruction pursuant to paragraph 3.3.1.

4 Financial aspects

4.1 Payments

4.1.1 Where, in relation to an LDZ System Entry Point, National Gas Transmission:

- (a) accepts any daily capacity offer pursuant to an instruction under paragraph 3; or

- (b) incurs any liability to any User to make a payment in respect of an Aggregate Constraint Amount pursuant to TPD Section I3.7;

the DNO shall pay to National Gas Transmission an amount equal to the amount for which National Gas Transmission was liable in respect of the acceptance of such daily capacity offer(s) or (as the case may be) under TPD Section I3.7.

- 4.1.2 The DNO shall not be liable to pay an amount (or part of any amount) under paragraph 4.1.1 to the extent to which National Gas Transmission would not have been liable for such amount (or part thereof) but for a failure by National Gas Transmission to comply with its obligations under paragraph 3.

4.2 Invoicing

- 4.2.1 Amounts for which the DNO is liable under this paragraph 4:

- (a) shall accrue at the time at which the corresponding payment obligation of National Gas Transmission accrues; and
- (b) shall be invoiced and payable in accordance with Section L.

