

Draft Modification Report
Clarificatory revisions to UNC Section Q - Emergencies
Modification Reference Number 0082
Version 1.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 9.6.

1. The Modification Proposal

The Proposal was as follows:

"Where capitalised words and phrases are used within this Modification Proposal, those words and phrases shall usually have the meaning given within the Uniform Network Code (unless they are otherwise defined in this Modification Report). Key UNC defined terms used in this Modification Proposal are highlighted by an asterisk () when first used. This Modification Proposal, as with all Modification Proposals, should be read in conjunction with the prevailing UNC.*

During the discussions relating to Uniform Network Code (UNC)* Modification Proposals 0035 "Revisions to Section Q to facilitate the revised NEC Safety Case" and 0044 "Revised Emergency Cash-out & Curtailment Arrangements" in the UNC Transmission Workstream, it became apparent that there was some potential for ambiguity between Section Q and other statutory obligations contained within the Network Emergency Coordinator (NEC) Safety Case, Gas Safety (Management) Regulations (GS(M)R) and the National Grid NTS Emergency Procedure E1*. As a consequence, National Grid NTS gave an undertaking that it would, in conjunction with the UNC Transmission (and Distribution) Workstream, undertake a review of Section Q with the objective of clarifying any potential ambiguity.

Scope of UNC Section Q Review/Proposal:

The primary objective of the review, and therefore of this Proposal was agreed with the UNC Transmission Workstream as;

- Ensure that the Section Q definitions, requirements and obligations are clear and consistent with other, associated statutory obligations; Network Emergency Co-ordinator * (NEC) Safety Case, Gas Safety (Management) Regulations (GS(M)R) and Emergency Procedure E1.
- Ensure that the structure of Section Q is logical and the processes described follow the steps taken by the NEC and Emergency Procedure E1.
- Provide improved clarity as to the roles and responsibilities of all parties in the event of a Network Gas Supply Emergency* (NGSE).
- Incorporate certain elements of UNC0035 and address the possible 'relevant price' potential ambiguity arising from the legal text provided for UNC 0044.

Proposal:

a. Simplification of definitions and processes

- Revise certain definitions within Section Q making them more concise.
- Remove the term ‘Potential’* that applied to Stage 1*; this term (considered by attendees of the UNC Transmission Workstream to be potentially confusing) applied if an NGSE remained at Stage 1 but did not progress to any further Stage(s) (2-4). The proposed changes to the legal text considers whether (or not) an NGSE remains at Stage 1 or progresses further and has been redrafted accordingly.
- Reordering of sub-sections within Section Q into logical sequence, aligned with Emergency Procedure E1 and, clarification of the relationship between Emergency Procedures*, Emergency Stages* and Emergency Steps*.
- Gas Deficit Emergency* (Q.3.2) and Critical Transportation Constraint Emergency* (Q3.2.3) to include all Stages (1 to 5) of an NGSE.
- Other minor revisions where they are considered to support the objectives of the review.

b. Incorporating elements of UNC0035 - Revisions to Section Q to facilitate revised NEC Safety Case

The Authority directed National Grid NTS not to implement UNC0035 but in its decision letter of 16th November 2005, it did indicate its support for several of the proposed changes.

These changes are now being put forward as part of this Proposal;

- The NEC might declare individual Stages, sequentially or, several Stages together;
- Clarification of the relationship and roles of Transporters* and Distribution Networks* in the event of a requirement for demand-side reduction and;
- Trade Nominations* completed prior to the suspension of the OCM (Stage 2) will be included within the Users* imbalance.

c. Remove potential ambiguity of UNC0044 - “Revised Emergency Cash-out & Curtailment Arrangements”

The Authority directed the implementation of this Proposal with effect from 1st October 2005.

After a review of the legal text, it has been revealed that there is some potential for ambiguity in Section Q.6.3.4 in relation to the “relevant price” when a User has a successful Emergency Curtailment Quantity* (ECQ) claim but the On-the-day Commodity Market* (OCM) remains open.

National Grid NTS is proposing to remove this potential ambiguity, by inserting revised text (Q.6.3.5) that reflects “relevant sell price” and “relevant buy price” rather than “relevant price”.

Consequence of non-implementation

National Grid NTS believes that non-implementation of this Proposal would continue to perpetuate the present potential for ambiguity between Section Q and other statutory obligations contained within the NEC Safety Case and Emergency Procedure E1, specifically in relation to the processes, roles, responsibilities between participants should an emergency arise. "

The Proposer provided the following high level summary,
"

**Proposed revisions to UNC Section Q
High level summary**

April 2006

I. Revised Definitions

- a. Network Gas Supply Emergency (*no change*)
- b. ~~Network Gas Supply Emergency~~ Gas Deficit Emergency
- c. ~~Network Gas Supply Emergency~~ Critical Transportation Constraint
Emergency

(Remove the strikeouts from the full definitions but they will remain linked to Section Q.1a. in the UNC)

- d. ~~Potential~~ Network Gas Supply Emergency/Stage 1.

Remove 'Potential' from Section Q. The use of this term has previously caused some confusion amongst Users, especially in relation to a Network Gas Supply Emergency and/or Stage 1. For the purposes of the UNC, a Network Gas Supply Emergency and/or a Stage 1 could only be considered as 'potential' prior to a further Stage (2-4) being declared.

Whilst the Emergency Procedure E1 will continue to include 'potential' within its definitions, National Grid NTS considers that the term 'potential' might lead to unnecessary complexity and misinterpretation within UNC Section Q.

II. Re-ordering of sub-sections

Re-ordering of these sub-sections will ensure that Section Q is aligned to the Emergency Procedure E1.

- a. Emergency Procedures now Q.1.3
- Emergency Stages now Q.1.4
- Emergency Steps now Q.1.5
- b. Gas Deficit Emergency now Q.3.2 (includes Stages 1 – 5)
- c. Critical Transportation Constraint Emergency now Q.3.3 (includes Stages 1 – 5)

III. Clarification

- a. Sub-section Q.1.3.1; clarification of the linkage between Emergency Procedures, Emergency Stages and Emergency Steps.
- b. Sub-section Q.1.3.2; clarification that the Emergency Procedures are available upon request by Users from National Grid NTS.
- c. Sub-section Q.1.4.1; clarification that the NEC might declare an individual or a number of Emergency Stages together.
- d. Sub-section Q.1.4.3; clarification of linkage between a Network Gas Supply Emergency and Emergency Steps.
- e. Sub-section Q.1.5.6; clarification of linkage between Emergency Steps and Emergency Stages (of a Network Gas Supply Emergency)
- f. Sub-section Q.3.2.5; inclusion of Stage 5.
- g. Sub-sections Q.3.3.1 to Q3.3.5; clarification/inclusion of Stages 1 to 5.

Section Q - proposed 'material' changes;

IV. UNC 0035 *"Revisions to Section Q to facilitate the revised NEC Safety Case"*

- a. Sub-section Q.1.4.1; clarification that the NEC might declare individual, sequential Emergency Stages, or, a number of Emergency Stages together.
- b. Sub-sections Q.3.1.8, Q.3.2.4 and Q3.3.4; inserted/clarification of the relationship between Transporters/DNs in the event of demand-side reduction.
- c. Sub-section Q.4.2.3 (a); clarification that Trade Nominations completed on the OCM prior to its suspension, will be included within the Users allocated imbalance position.

V. UNC 0044 *"Revised Emergency cash-out and curtailment arrangements"*

An area of potential for ambiguity has been discovered within the current UNC legal text that was introduced as part of this Proposal. This could occur when a successful ECQ claim is made and an adjustment is required based on a lower ECQ when only a Stage 1 Emergency has been declared and the OCM therefore remains open. In this event, the calculation of the "relevant price" (Q.6.3.4 and Q.4.2.4) used to calculate the payment that should be made to adjust a User's cash-out exposure might be considered to be ambiguous. Therefore, to address this potential for ambiguity, National Grid NTS considers that the term "relevant price" should be referred to as either the "relevant buy price" or the "relevant sell price".

National Grid NTS has therefore proposed to insert a new sub-section Q.6.3.5 to provide additional clarity.

VI. Other associated UNC changes

TD Part IID, paragraph 5.10.1: replace "Section Q3.2.2" with "Section Q3.2.2(c)";

TD Part IID, paragraph 5.10.1(a): replace "Section Q3.3 and 3.4" with "Section Q3.2, 3.4 and 3.5"

TPD K2.1.1(c): replace "Section Q3.4" with "Section Q3.4 and 3.5"

TPD Z5.9.1: replace "Section Q3.3.3" with "Section Q3.2.2(b) and 3.3.2(a)"

TPD Z6.7.1: delete "(including a Potential Network Gas Supply Emergency)", and replace with "Section Q3.3.3" with "Section Q3.2.2(b) and 3.3.2(a)"
"

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

The Proposer suggested the following:

"Implementation of this Modification Proposal would better facilitate the achievement of the Relevant Objective specified in Standard Special Condition A11.1.a *"the efficient and economic operation of the pipe-line system..."* by better aligning Section Q of the UNC with the NEC Safety Case and National Grid NTS Emergency Procedure E1; by adding clarity to the processes, roles and responsibilities of all participants.

It is anticipated that this Proposal, if implemented would also further relevant objective Standard Special Condition A11.1.c *"... the efficient discharge of the Licensee's obligations under this Licence"* and Standard Special Condition A17.1 *"The Licensee shall act in a reasonable and prudent manner in the operation of the pipe-line system to which this licence relates in so far as such operation may affect the operation of the pipe-line system of any other relevant gas transporter".*

3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

The Proposer believed "that the proposed changes will be beneficial to the operation of the Total System in that it would provide clarity in the event that an NGSE is declared."

4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including

a) implications for operation of the System:

The Proposer stated, "The proposed changes will clarify the processes, roles and responsibilities for all participants should an NGSE be declared by the NEC and, as such, this Proposal will be beneficial to the operation of the Total System."

b) development and capital cost and operating cost implications:

The Proposer anticipated "that this Proposal will not result in any increased costs."

c) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

The Proposer anticipated "that this Proposal will not result in any increased costs."

d) analysis of the consequences (if any) this proposal would have on price regulation:

The Proposer anticipated "no such consequences."

5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

The Proposer believed "that the implementation of this Proposal would improve the level of contractual risk between each Transporter as it clarifies their contractual roles and responsibilities in the event of an NGSE."

6. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

No such implications have been identified.

7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

The Proposer believed "that this Proposal would remove the potential for ambiguity from Section Q and thus provide greater contractual clarity to all participants as to their roles and responsibilities and, provide additional clarification of the associated processes should the NEC declare an NGSE."

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party

No direct implications have been identified.

9. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

No consequences have been identified.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

The Proposer identified the following advantages,"

- It will provide greater clarity as to the roles and responsibilities of all parties in the event of an NGSE.
- The definitions, requirements and obligations contained within Section Q will be clear and consistent with the NEC Safety Case and Emergency Procedure E1.
- The structure of Section Q will be logical and follow those steps and processes (in the event of an emergency being declared) that might be carried out by the NEC and National Grid NTS under the Emergency Procedure E1."

The Proposer did not consider there were any disadvantages.

11. Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Written representations are now invited.

12. The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation

As stated above, the Proposer aimed to address any potential ambiguity between the Section Q of the UNC "and other statutory obligations contained within the Network Emergency Coordinator (NEC) Safety Case, Gas Safety (Management) Regulations (GS(M)R) and the National Grid NTS Emergency Procedure E1".

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

No such implications have been identified.

14. Programme for works required as a consequence of implementing the Modification Proposal

No programme for works is required for implementation of this Proposal.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

The Proposer stated "Whilst the changes contained within this Proposal are predominantly clarifactory, for efficiency and practical purposes, National Grid NTS would suggest that this Proposal is implemented as soon as practically possible, prior to any future potential Modification Proposals being raised that might affect Section Q.

In any event, National Grid NTS believes that this Proposal should be implemented prior to Winter 2006." and went on to suggest an implementation date of 1st August 2006.

16. Implications of implementing this Modification Proposal upon existing Code Standards of Service

No such implications have been identified.

17. Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

19. Text

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION Q – EMERGENCIES

1 GENERAL

1.1 Introduction

1.1.1 In this Section Q:

- (a) "**Regulations**" means the Gas Safety (Management) Regulations 1996, and references to particular Regulations shall be construed accordingly;
- (b) "**supply emergency**" has the meaning ascribed thereto in the Regulations;
- (c) "**NEC**" means the person from time to time who is the network emergency coordinator in accordance with the Regulations;
- (d) references to National Grid NTS do not include National Grid NTS in its capacity as NEC where it has been so appointed;
- (e) "**NEC Safety Case**" means the safety case (in accordance with Regulation 2(5)) of the NEC.

1.1.2 Users and the Transporter acknowledge that the conveyance of gas by pipelines involves risk of supply emergency, in the context of which (and of the duties of the Transporter in relation to supply emergencies pursuant to the Regulations and any other Legal Requirement) the provisions of this Section Q are appropriate and reasonable.

1.1.3 This Section Q provides for the following matters:

- (a) requirements to be complied with by Users in respect of Gas Supply Emergencies to enable the Transporter to discharge its duties (pursuant to the Regulations and any other Legal Requirement) in respect of Gas Supply Emergencies;
- (b) the consequences for the Transporter and Users of a Gas Supply Emergency in respect of the application of the Code.

1.1.4 Without prejudice to the duty of cooperation under Regulation 6(1) (*Co-operation*), a User shall not be required in a Gas Supply Emergency to comply with any requirement under this Section Q where it would be manifestly unreasonable to expect the User to do so; but where a User is of the opinion that it is (by reason of this paragraph 1.1.4) excused from complying with any requirement under this Section Q it shall forthwith notify the Transporter of that fact and if so requested cooperate with the Transporter to the maximum extent reasonable in the circumstances to establish what alternative requirement (whether or not contemplated by this Section Q) it would be able to comply

with; provided that paragraph 4.2 shall (insofar as capable of applying) apply in respect of compliance with any such alternative requirement.

- 1.1.5 A User shall not be excused by virtue of paragraph 1.1.4 from any payment obligation under paragraph 4.

1.2 Gas Supply Emergency

- 1.2.1 For the purposes of the Code, a "**Gas Supply Emergency**" is a gas supply emergency (as referred to in the NEC Safety Case), namely the occurrence of an event or existence of circumstances which have resulted in, or which give rise to a significant risk of, a loss of pressure in the Total System or a part of the Total System which itself has resulted in or might result in a supply emergency; and any reference in any other Section of the Code to an "**Emergency**" is a reference to a Gas Supply Emergency.

- 1.2.2 In particular, but without limitation, a Gas Supply Emergency may exist where the Transporter's ability to maintain safe pressures within a System is affected or threatened by any actual or potential interruption or disruption to or insufficiency of deliveries of gas to the System, or by any actual or potential failure of or damage to any part of the System.

- 1.2.3 For the purposes of the Code:

- (a) a "**Network Gas Supply Emergency**" is a network gas supply emergency (as referred to in the NEC Safety Case), namely a Gas Supply Emergency which involves or may involve a loss of pressure in the NTS, and a reference to a Network gas Supply Emergency includes a Gas Deficit Emergency and a Critical Transportation Constraint Emergency unless the context expressly requires otherwise;
- (b) a "**Gas Deficit Emergency**" is a Network Gas Supply Emergency which arises as a result of:
 - (i) deliveries of gas to the Total System being insufficient for the purpose of meeting demand for gas on the Total System;
 - (ii) or a Transportation Constraint affecting the deliveries of gas to the Total System;
 - (iii) or a Transportation Constraint on a System which does not prejudice the ability of Users to offtake gas from the Total System;
 - (iv) or a potential or actual breach of a Safety Monitor.
- (c) a "**Critical Transportation Constraint Emergency**" is a Network Gas Supply Emergency which is not a Gas Deficit Emergency ; and
- (d) any other Gas Supply Emergency is a "**Local Gas Supply Emergency**" (that is, local gas supply emergency as referred to in the NEC Safety Case).

- 1.2.4 In accordance with the NEC Safety Case, the existence, duration and cessation of a Network Gas Supply Emergency is to be determined by the NEC.

- 1.2.5 The Transporter confirms that in its opinion any Gas Supply Emergency will constitute a pipeline system emergency (as referred to in Standard Licence Condition 5(1)(b) of the Shipper's Licence).
- 1.2.6 The existence of a Local Gas Supply Emergency in relation to a relevant System(s) shall be determined by the Transporter in its sole judgement and irrespective of the cause of and of whether the Transporter or any other person may have caused or contributed to the Local Gas Supply Emergency.
- 1.2.7 A Local Gas Supply Emergency will continue until such time as the Transporter determines that the circumstances which resulted in or might result in a supply emergency no longer apply, that no further Emergency Steps are required, and that normal operation of the relevant part of the Total System and implementation of the Code may be resumed.

1.3 Emergency Procedures

- 1.3.1 "**Emergency Procedures**" means in relation to a Network Gas Supply Emergency, the document issued by National Grid NTS entitled 'Network Gas Supply Emergency Procedure', and in relation to a Local Gas Supply Emergency the document issued by the Transporters entitled 'Local Gas Supply Emergency Procedure', containing details (inter alia) of the Stages of a Network Gas Supply Emergency and planned Emergency Steps contained therein, as from time to time revised by National Grid NTS or the Transporters in consultation with the Health and Safety Executive, Users and others.
- 1.3.2 National Grid NTS or (as the case may be) the Transporters will provide without charge to each User a reasonable number of copies of the relevant Emergency Procedures not later than the User Accession Date, or upon request, and thereafter, of any revision thereto upon making such revision.

1.4 Emergency Stages

- 1.4.1 "**Stage**" means a stage (from 1 to 5) of the Network Gas Supply Emergency Procedure as described in the NEC Safety Case, and a Network Gas Supply Emergency is of a particular Stage where the NEC has determined that the relevant stage of such procedures applies in relation to such Gas Supply Emergency. For the avoidance of doubt, nothing shall prevent the NEC declaring Stages sequentially or, declaring a number of Stages together.
- 1.4.2 Reference to a Network Gas Supply Emergency of any type includes all Stages of such a Network Gas Supply Emergency unless the context expressly requires otherwise.
- 1.4.3 For the purposes of this Section Q, a Stage of a Network Gas Supply Emergency might contain one or more Emergency Steps therein.

1.5 Emergency Steps

- 1.5.1 For the purposes of the Code, "**Emergency Steps**" are steps to be taken by the Transporter or a User:

- (a) to avert and/or to reduce the probability of or the probable scale of a Gas Supply Emergency, and/or to prepare for the occurrence of a Gas Supply Emergency; or
- (b) to overcome or contain a Gas Supply Emergency and/or to avert or reduce the hazard presented by it, and/or restore gas supply and normal operation of the relevant part of the Total System and facilitate appropriate reinstatement of the provisions of the Code following the taking of any such steps.

Emergency Steps may require (in the case of a Network Gas Supply Emergency) increases and/or reductions in deliveries of gas to the Total System, and (in the case of any Gas Supply Emergency) reductions in the offtake of gas from the Total System.

- 1.5.2 Users and the Transporter acknowledge that in a Gas Supply Emergency their business interests will be subordinate to the need to take Emergency Steps in accordance with this Section Q.
- 1.5.3 Nothing in this Section Q or the Emergency Procedures shall limit the ability of the Transporter to take any action or step necessitated in its judgement in the interests of safety by a Gas Supply Emergency.
- 1.5.4 No Emergency Step taken or other thing done or not done, by the Transporter, any other Transporter or any User, pursuant to (and in compliance with any requirements under) this Section Q or Condition 5(2) of the Shipper's Licence shall be a breach of any provision of the Code; and in particular the Transporter will not be in breach of its obligation to accept gas tendered for delivery to the Total System at a System Entry Point or to make gas available for offtake from the Total System at a System Exit Point to the extent that (as a result of any such step taken or thing done or not done) gas tendered for delivery is not accepted or gas is not made available for offtake and in accordance with the Applicable Offtake Requirements.
- 1.5.5 It is acknowledged that, in a Gas Supply Emergency, if so authorised by the NEC pursuant to Regulation 8(2) (*Content and other characteristics of gas*), the Transporter may permit gas which does not comply with the applicable Gas Entry Conditions to be delivered to the Total System at a System Entry Point.
- 1.5.6 For the purposes of this Section Q, Emergency Steps are contained within one or more Stages of a Network Gas Supply Emergency.

1.6 Large Firm Supply Points

- 1.6.1 For the purposes of this Section Q, a "**Large Firm Supply Point**" is a Firm Supply Point whose Annual Quantity is greater than 732,000 kWh (*25,000 therms*).
- 1.6.2 Where the Emergency Steps to be taken in any Gas Supply Emergency include a reduction in demand at Firm Supply Points, consumers at Large Firm Supply Points will (in accordance with the Emergency Procedures) be required to reduce demand before other categories of consumer.

1.7 Priority Consumers

For the purposes of this Section Q:

- (a) a "**Priority Consumer**" is a consumer whose name appears on the list established (and from time to time amended) by the Transporter in accordance with Standard Condition 6(17) of the Transporter's Licence; and the relevant Supply Point is a "**Priority Supply Point**";
- (b) "**Priority Criteria**" means the criteria designated by the Secretary of State pursuant to that condition and, if the Secretary of State has not designated criteria, or to the extent that such designated criteria are not expressed to be exhaustive, any other criteria which the Transporter may from time to time notify to Users for the purposes of assisting the Transporter to determine which consumers should be given priority in accordance with that condition.

1.8 Connected Systems

The Transporter may agree pursuant to a Network Entry Agreement or Network Exit Provisions (or other agreement with the relevant person) upon procedures or steps to be taken in a Gas Supply Emergency by the Transporter or another Transporter or a Delivery Facility Operator or Connected System Operator and may give effect to such procedures or steps in addition to or in lieu of any Emergency Steps pursuant to this Section Q.

1.9 Scope of this Section

1.9.1 This Section Q does not apply in respect of:

- (a) the Transporter's duties under Regulation 7 (*Gas escapes and investigations*) nor the arrangements referred to in paragraphs (1), (8) of Standard Special Condition A8 of the Gas Transporter's Licence, it being understood that such arrangements (and any co-operation required of Users pursuant to Regulation 6(1) (*Co-operation*) in relation to such duties and any arrangements which the Transporter and any User may make in connection with Standard Condition 5(1)(b) of the Shipper's Licence) are matters outside the scope of the Code;
- (b) any other duties of the Transporter pursuant to the Regulations relating to matters other than Gas Supply Emergencies, it being understood that any cooperation required of Users pursuant to Regulation 6(1) in relation to any such matter is a matter outside the scope of the Code;
- (c) any circumstances constituting a pipeline system emergency where such circumstances do not also constitute a Gas Supply Emergency, it being understood that any request given by the Transporter for the purposes of Standard Condition 5(1)(b) of the Shipper's Licence in such circumstances is a matter outside the scope of the Code.

1.9.2 In accordance with paragraph 1.9.1(a) an escape of gas is not of itself a Gas Supply Emergency (but subject thereto an escape of gas may be a circumstance

which gives rise to a Gas Supply Emergency); and Gas Supply Emergency and Emergency Steps shall be construed accordingly.

1.10 Shipper's Licence

1.10.1 Any request or instruction given by the Transporter to a User in a Gas Supply Emergency shall be treated as being:

- (a) a request for the purposes of Standard Licence Condition 5(2) of the Shipper's Licence;
- (b) a request for cooperation pursuant to Regulation 6(1); and
- (c) to the intent that paragraph 4 shall (where relevant) apply in relation thereto, a request or instruction made pursuant to this Section Q

unless in any case such request or instruction is not capable of being construed as such.

1.10.2 Without prejudice to paragraph 1.10.1(b), nothing in this Section Q shall preclude the Transporter from making any request to a User for the purposes of Standard Licence Condition 5(2) of the Shipper's Licence or for cooperation pursuant to Regulation 6(1).

1.10.3 Nothing in this Section Q shall be construed as precluding the Transporter from giving any direction to any person pursuant to Regulation 6(4) (*Co-operation*).

1.11 Code Communications

The provisions of the UK Link Manual as to the giving of Code Communications are without prejudice to the provisions of the Emergency Procedures and such other requirements as the Transporter may specify for communicating in a Gas Supply Emergency.

1.12 DNO Users

In this Section Q references to Users exclude DNO Users, other than (in paragraph 4 only) a DNO User in its capacity as an LDZ Shrinkage Provider.

2 EMERGENCY PREPAREDNESS

2.1 Introduction

2.1.1 Users are required to comply with the requirements in this paragraph 2 with a view to ensuring an adequate level of preparedness for the occurrence of a Gas Supply Emergency.

2.1.2 Each User shall ensure that suppliers supplying gas at Supply Points of which the User is the Registered User are aware of the terms of this Section Q in so far as they may be affected thereby.

2.2 User emergency contacts

2.2.1 Each User shall provide to the Transporter:

- (a) a single telephone number and a single facsimile number by means of each of which the Transporter may contact, 24 hours a Day, a

representative of the User in a Gas Supply Emergency for any purpose pursuant to this Section Q;

- (b) the name(s) or title(s) of the User's representatives who may be contacted at such numbers.

2.2.2 Each such representative shall be a person having appropriate authority and responsibilities within the User's organisation to act as the primary contact for the Transporter in the event of a Gas Supply Emergency.

2.2.3 The details required under paragraph 2.2.1 shall be provided by an Applicant User before becoming a User and shall at all times be maintained up to date; and for these purposes the User shall notify to the Transporter any change in such details promptly and where possible in advance.

2.3 Large Firm Supply Points

2.3.1 A User shall in respect of each Large Firm Supply Point of which it is the Registered User provide to the Transporter:

- (a) in accordance with paragraph 2.3.2, the names and/or job titles of representatives of the consumer ("**emergency contacts**") each of which has the power and authority to comply with any direction given pursuant to Regulation 6(4);
- (b) at least one (but not more than four) telephone numbers for each emergency contact by means of which the Transporter may contact, 24 hours a day, at least one emergency contact; and
- (c) in the case of a Large Firm Supply Point the Annual Quantity of which is greater than 1,464,000 kWh (*50,000 therms*), one facsimile number, for the purposes of receiving communications pursuant to this Section Q, which is able to receive transmissions 24 hours a day.

2.3.2 For the purposes of paragraph 2.3.1(b):

- (a) in the case of a Large Firm Supply Point in respect of any site which is manned 24 hours a day, the Registered User will provide to the Transporter the name(s) and/or job title(s) of at least one but not more than 5 emergency contacts; and
- (b) in the case of a Large Firm Supply Point in respect of any site which is not manned 24 hours a day, the Registered User will provide to the Transporter the names and/or job titles of at least 3 but not more than 5 emergency contacts.

2.3.3 A User shall comply with the requirements of paragraph 2.3.1:

- (a) where the User becomes the Registered User in respect of a Large Firm Supply Point, when submitting the Supply Point Confirmation;
- (b) where for any Gas Year a Supply Point of which a User is the Registered User becomes (by virtue of a change in its Annual Quantity or being

designated as Firm) a Large Firm Supply Point, as soon as reasonably practicable, and in any event not later than 30 September in that Gas Year.

- 2.3.4 The details required under paragraph 2.3.1 shall at all times be maintained up to date; and for these purposes the User shall notify to the Transporter any change in such details as soon as reasonably practicable and where possible in advance of such change.

2.4 Interruptible Supply Points

- 2.4.1 A User shall in respect of each Interruptible Supply Point of which it is the Registered User provide to the Transporter:

- (a) the name and (in the case of a corporation) registered office of the consumer;
- (b) in accordance with paragraph 2.4.2, the names and/or job titles of representatives of the consumer ("**emergency contacts**") each of which has the power and authority to comply with any direction given pursuant to Regulation 6(4);
- (c) at least one (but not more than 4) telephone numbers for each emergency contact by means of which the Transporter may contact, 24 hours a day, at least one emergency contact; and
- (d) one facsimile number, for the purposes of receiving communications pursuant to Section G and Section Q, which is able to receive transmissions 24 hours a day

and for the avoidance of doubt, the emergency contacts provided for under this paragraph may be the same contacts as those referred to in Section G 6.6.2 as 'interruption contacts'. The total number of emergency contacts provided for under this paragraph (and interruption contacts provided for under Section G 6.6.2) shall not exceed 5 in relation to any Interruptible Supply Point.

- 2.4.2 For the purposes of paragraph 2.4.1(b):

- (a) in the case of any Interruptible Supply Point in respect of any site which is manned 24 hours a day, the Registered User will provide to the Transporter the name(s) and/or job title(s) of at least one but not more than 4 emergency contacts; and
- (b) in the case of any Interruptible Supply Point in respect of any site which is not manned 24 hours a day, the Registered User will provide to the Transporter the names and/or job titles of at least 3 but not more than 4 emergency contacts.

- 2.4.3 A User shall comply with the requirements of paragraph 2.4.1 where the User becomes the Registered User in respect of an Interruptible Supply Point, when submitting the Supply Point Confirmation.

- 2.4.4 The details required under paragraph 2.4.1 shall at all times be maintained up to date; and for these purposes the User shall notify to the Transporter any change

in such details as soon as reasonably practicable and where possible in advance of such change.

2.5 Priority Supply Points

2.5.1 Each User shall:

- (a) take all reasonable steps to ascertain, in relation to any Supply Point in respect of which the User submits a Supply Point Nomination, or of which it is the Registered User, whether the consumer satisfies or (as the case may be) has come to satisfy the Priority Criteria;
- (b) where it believes that the consumer does satisfy the Priority Criteria (where it is the Registered User, promptly upon forming that belief) so notify the Transporter, stating the identity of the consumer and the basis for its belief; and
- (c) where:
 - (i) a User becomes the Registered User at a Supply Point in relation to which the consumer is a Priority Consumer; or
 - (ii) the Transporter confirms pursuant to paragraph 2.5.2 that a consumer in relation to which that User is the Registered User is a Priority Consumer

notify that consumer (in terms reasonably specified by the Transporter having regard to Standard Special Condition A8 of the Transporter's Licence) of the circumstances in which it need not comply with instructions to reduce or cease, or in which it may resume or increase, the consumption of gas in a Gas Supply Emergency.

2.5.2 Where the Transporter adds the name of a consumer to the list described in paragraph 1.7(a) it shall inform the Registered User in relation to that consumer of such addition.

2.5.3 The Registered User shall promptly inform the Transporter if it becomes aware (and shall take reasonable steps to ensure that it does become aware) that the consumer at a Priority Supply Point ceases to satisfy the Priority Criteria.

2.5.4 Where the Transporter removes the name of a consumer from the list described in paragraph 1.7(a) it shall inform the User that is the Registered User in relation to that consumer of such removal.

2.5.5 Where the Transporter informs a User that a consumer in relation to which that User is the Registered User has been removed from the list described in paragraph 1.7(a), that User shall notify the consumer of the change to the circumstances in which it may reduce, cease, resume or increase the consumption of gas in a Gas Supply Emergency.

2.5.6 A User may not designate a Priority Supply Point as Interruptible except as otherwise set out in the Priority Criteria.

2.5.7 Each User shall (subject to the other requirements of this Section Q), in respect of each Priority Supply Point of which it is the Registered User, provide to the Transporter the name and/ or title of one representative of the consumer, together with a telephone number by means of which the Transporter may contact such representative during normal working hours on a Business Day.

2.6 Emergency Procedures

2.6.1 Each User shall secure that all of its relevant personnel are familiar with the Emergency Procedures.

2.6.2 For the purposes of paragraph 2.6.1 a User's relevant personnel are personnel employed or engaged by the User whose functions or areas of responsibility are such that (in order to enable the User to comply with any requirement of this Section Q) they are likely to be required to take any decision or action in a Gas Supply Emergency.

2.7 User procedures

2.7.1 Each User shall establish and maintain such procedures as may be necessary:

- (a) to facilitate compliance by the User with the requirements of this paragraph 2;
- (b) to enable the User to comply with the requirements of paragraph 3 in a Gas Supply Emergency.

2.7.2 Each User shall take all reasonable steps within its power to ensure that, in so far as may be necessary to give effect to the requirements of this Section Q and to the Emergency Procedures, the procedures established by it under paragraph 2.7.1 are coordinated:

- (a) with the Emergency Procedures; and
- (b) if the Transporter shall so notify the User identifying the other person(s) and specifying the coordination required, with any procedures established by Delivery Facility Operators or Offtake System Operators or another Transporter relating to Gas Supply Emergencies, or the procedures established by other Users under this paragraph 2.7; and shall consult with such other parties accordingly.

2.7.3 The User shall if requested by the Transporter provide to the Transporter a copy of the procedures from time to time established by it under paragraph 2.7.1; and the Transporter shall be at liberty to disclose to and discuss with any Competent Authority any such procedures provided to it.

3 OCCURRENCE OF A GAS SUPPLY EMERGENCY

3.1 General

3.1.1 Where the NEC declares a Network Gas Supply Emergency National Grid NTS, or where a Local Gas Supply Emergency arises the Transporter, will:

- (a) inform Users, in accordance with the Emergency Procedures and (except in the case of a Gas Supply Incident as described in such Procedures) as

soon as reasonably practicable, of the commencement of the Gas Supply Emergency, whether it is a Local or a Network Gas Supply Emergency, the Stage thereof, and whether it is a Gas Deficit Emergency or a Critical Transportation Constraint Emergency, and (in the case of any Gas Supply Emergency), in so far as reasonably practicable, of the nature, extent and expected duration of the Gas Supply Emergency and the part of the Total System affected thereby;

- (b) thereafter keep Users reasonably informed as to material changes to the information provided under paragraph (a) (including any change in the Stage of a Network Gas Supply Emergency) and material developments in respect of the Gas Supply Emergency (including, without limitation, any determination made by National Grid NTS pursuant to paragraph 3.3.2(b)); and
- (c) inform Users as soon as reasonably practicable when the NEC has informed the Transporter, or (as the case may be) the Transporter has determined (in accordance with paragraph 1.2.6), that the Gas Supply Emergency is no longer continuing.

3.1.2 Upon being informed of a Gas Supply Emergency a User shall brief all relevant personnel (as defined in paragraph 2.6.2) as to the existence and nature of the Gas Supply Emergency.

3.1.3 During a Gas Supply Emergency each User is required:

- (a) to comply with the Emergency Procedures in so far as applicable to the User in the circumstances;
- (b) to comply (in the case of a Network Gas Supply Emergency) with the requirements of paragraphs 3.2.1(b) and 3.2.1(c), and (in the case of any Gas Supply Emergency) with the requirements (insofar as applicable to Users) of paragraphs 3.3.5 and 3.5, as to Emergency Steps in relation to the delivery and offtake of gas to and from the Total System;
- (c) to cooperate with the Transporter, to the extent within the User's power (and without thereby rendering the User unable to comply with any requirement to take Emergency Steps itself), so as to enable the Transporter to take Emergency Steps in accordance with the Emergency Procedures; and
- (d) in so doing to comply with the Transporter's instructions and requests (made for the purposes of paragraphs (a), (b) and (c)) as soon as reasonably practicable.

3.1.4 Where there is any conflict between any requirement under this Section Q or the Emergency Procedures as to anything to be done by a User, the Transporter may decide which requirement is to prevail and will inform the relevant User of its decision, which decision will relieve the User of any obligation under the Code to comply with the conflicting requirement.

- 3.1.5 A User shall not be required to comply with any requirement under this paragraph 3 applying in respect of any Gas Supply Emergency until and unless the User has been informed by the Transporter (or National Grid NTS in the case of Stage 1 of a Network Gas Supply Emergency) of the existence of such Gas Supply Emergency.
- 3.1.6 In a Gas Supply Emergency :
- (a) unless the Transporter notifies a User otherwise, instructions to consumers in relation to interruption of offtake at Interruptible Supply Points will be given by Users;
 - (b) instructions to consumers in relation to the reduction or discontinuance of offtake at Large Firm Supply Points will be given by the Transporter;
 - (c) appeals, directions or other communications to other consumers will be made by the Transporter.
- 3.1.7 Notwithstanding paragraph 3.3.3, where pursuant to the Emergency Procedures the Transporter instructs a User to give any notification or communication to a consumer or supplier, the User shall comply with that instruction.

3.2 Gas Deficit Emergency

- 3.2.1 During Stage 1 (and higher) of a Gas Deficit Emergency:
- (a) National Grid NTS may carry out Interruption, in which case the provisions of paragraph 3.3.3 will apply;
 - (b) each User shall comply with any request from time to time made by National Grid NTS to inform and/or keep informed National Grid NTS of the maximum rates at which and/or quantities in which gas can be delivered to the Total System by the User at any System Entry Point at such time(s) or over such period(s) as National Grid NTS may specify;
 - (c) each User shall, if requested by National Grid NTS, take such steps as may be available (pursuant to contract) to the User to secure any increase in the maximum rates or quantities referred to in paragraph (b), for example by arranging the deferment of maintenance or other works in respect of gas production or processing facilities (but without being obliged pursuant to this paragraph (c) to secure any increase in the actual rates or quantities of delivery);
 - (d) notwithstanding the applicable Gas Entry Conditions at a System Entry Point, Users may be allowed by National Grid NTS to deliver gas to the Total System at that System Entry Point which does not conform with the Gas Entry Conditions but which does conform with the provisions of Part II of Schedule 3 of the Regulations (following approval to do so from the NEC); and/or
 - (e) where the operator of any relevant Storage Facility reduces or ceases the delivery of, or refrains from delivering (as the case may be), gas to the Total System at the relevant Storage Connection Point following a request

to do so by the NEC (through National Grid NTS), then the provisions of paragraph 7 shall apply

3.2.2 During Stage 2 (and higher) of a Gas Deficit Emergency:

- (a) each User shall comply with all instructions by National Grid NTS to deliver gas to the Total System at System Entry Points in such quantities and at such rates as National Grid NTS may specify, up to the maximum quantities or rates which are available (by the exercise of all contractual rights as to the supply of gas or otherwise) to the User, irrespective of the commercial terms of such supplies, and irrespective of the quantities of gas being offtaken from the Total System by the User;
- (b) National Grid NTS may (where appropriate, in lieu of applying paragraph (a) in relation to gas-in-storage) issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or
- (c) the application of Section D (other than paragraph 2.4 thereof) will be suspended and with effect from the time the Gas Deficit Emergency was declared, and in respect of any later Gas Flow Day falling within the duration of a Gas Deficit Emergency, National Grid NTS will not take any Market Balancing Actions; and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to the provisions of this Section Q; in which case, the provisions of paragraph 4.1 shall apply and the clearing of gas balances shall occur in accordance with the provisions of paragraph 4.2.

3.2.3 During Stage 3 (and higher) of a Gas Deficit Emergency, National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.

3.2.4 During Stage 4 (and higher) of a Gas Deficit Emergency, National Grid NTS will allocate available gas to one or more LDZs. It will then be the responsibility of the relevant Transporter to allocate such available gas to within such LDZ. National Grid NTS may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.

3.2.5 In Stage 5 of a Gas Deficit Emergency, the provisions of paragraph 3.6 apply in relation to the return to normal operation.

3.3 Critical Transportation Constraint Emergency

3.3.1 During Stage 1 (and higher) of a Critical Transportation Constraint Emergency:

- (a) National Grid NTS may carry out Interruption, in which case the provisions of paragraph 3.4 will apply;
- (b) each User shall comply with any request from time to time made by National Grid NTS to inform and/or keep informed National Grid NTS of the maximum rates at which and/or quantities in which gas can be delivered to the Total System by the User at any System Entry Point at such time(s) or over such period(s) as National Grid NTS may specify;
- (c) each User shall, if requested by National Grid NTS, take such steps as may be available (pursuant to contract) to the User to secure any increase in the maximum rates or quantities referred to in paragraph (b), for example by arranging the deferment of maintenance or other works in respect of gas production or processing facilities (but without being obliged pursuant to this paragraph (c) to secure any increase in the actual rates or quantities of delivery); and/or
- (d) notwithstanding the applicable Gas Entry Conditions at a System Entry Point, Users may be allowed by National Grid NTS to deliver gas to the Total System at that System Entry Point which does not conform with the Gas Entry Conditions but which does conform with the provisions of Part II of Schedule 3 of the Regulations (following approval to do so from the NEC).

3.3.2 During Stage 2 (and higher) of a Critical Transportation Constraint Emergency:

- (a) National Grid NTS may issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or
- (b) if National Grid NTS determines at any time that the application of Section D may have a detrimental effect on National Grid NTS's immediate ability to take Emergency Steps in accordance with paragraph 1.5.1 above, then the application of Section D (other than paragraph 2.4 thereof) will be suspended with effect from such time as may be determined by National Grid NTS and notified to Users pursuant to paragraph 3.1.1(b) and in respect of any later Gas Flow Day falling within the duration of a Critical Transportation Constraint Emergency. National Grid NTS will not take any Market Balancing Actions from such time and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to paragraph 3.3.3. In the event that National Grid NTS does so determine, the provisions of paragraphs 3.2.2(a), 4.1.1 and 4.2 shall, from the time determined by National Grid NTS pursuant to this paragraph, apply mutatis mutandis to the Critical Transportation Constraint Emergency as if all references in such

paragraphs to a Gas Deficit Emergency were to the Critical Transportation Constraint Emergency.

- 3.3.3 During Stage 3 (and higher) of a Critical Transportation Constraint Emergency, National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.
- 3.3.4 During Stage 4 (and higher) of a Critical Transportation Constraint Emergency, National Grid NTS will allocate available gas to one or more LDZs. It will then be the responsibility of the relevant Transporter to allocate such available gas to within such LDZ. National Grid NTS may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.
- 3.3.5 In Stage 5 of a Critical Transportation Constraint Emergency, the provisions of paragraph 3.6 apply in relation to the return to normal operation.

3.4 Emergency Interruption

- 3.4.1 The relevant provisions of Section G6 will apply for the purposes of Interruption in a Gas Supply Emergency or Local Gas Supply Emergency, except that:
 - (a) the Transporter shall not be required to give 5 hours notice of Interruption but may require Interruption as soon as practicable following the Transporter's Interruption Notice;
 - (b) the User may not request an alteration pursuant to Section G6.8.2 to the Supply Points to be Interrupted;
 - (c) any Day or Days of Interruption pursuant to this Section Q shall not count towards the use of the Interruption Allowance under Section G6.7.5;
 - (d) the provisions of Section G6.9 (other than Section G6.9.2(a)) in respect of a failure to Interrupt shall not apply.
- 3.4.2 In addition, the provisions of paragraph 6 of this Section Q shall apply following Interruption in a Network Gas Supply Emergency) (other than a Critical Transportation Constraint Emergency).

3.5 Firm Load Shedding

- 3.5.1 Where Emergency Steps include the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points (in a Local Gas Supply Emergency or at Stage 3 or above of a Network Gas Supply Emergency), such steps will (insofar as is practicable and as may be required by Standard Special Condition A8(15) of the Transporter's Licence) be applied in the following order:
 - (a) first, at Interruptible Supply Points (insofar as offtake has not already been interrupted at such points);
 - (b) secondly, at Supply Points, other than Priority Supply Points, which include VLDMC Supply Point Components;

- (c) thirdly, at other Large Firm Supply Points other than Priority Supply Points;
 - (d) lastly, at Firm Supply Points (including for the avoidance of doubt Supply Points whose Annual Quantities do not exceed 73,200 kWh (2,500 *therms*)) and at Priority Supply Points.
- 3.5.2 Where a Transporter has taken Emergency Steps that require the reduction or discontinuance of offtake of gas as set out above, and the Transporter subsequently determines that such reduction or discontinuance of offtake of gas is no longer required or will be no longer required at a certain time, then the Transporter will so notify Users specifying the time (where later than the time of such notification) at which such reduction or discontinuance of offtake of gas is no longer required.
- 3.5.3 In addition, the provisions of paragraph 6 of this Section Q shall apply following any reduction or discontinuance of offtake of gas pursuant to paragraph 3.5.1 at any System Exit Point (other than at a System Exit Point which includes an NDM Supply Point Component or at a Priority Supply Point) due to a Network Gas Supply Emergency (other than a Critical Transportation Constraint Emergency).
- 3.5.4 To the extent that Emergency Steps include the isolation of any part of a System in which several Supply Points are located, the order in paragraph 3.5.1 may not apply.
- 3.5.5 The manner in and priority with which Emergency Steps may be taken for the reduction or discontinuance of offtake of gas at a Connected System Exit Point will be in accordance with the relevant Network Exit Provisions (which will where appropriate take account of the requirements of Standard Special Condition A8(15) of the Transporter's Licence); and the Transporter and the Connected System Operator shall be at liberty to take Emergency Steps in accordance therewith.
- 3.5.6 Without prejudice to the Transporter's ability to take any Emergency Step, the Transporter may take steps physically to isolate any Large Firm Supply Point where the consumer does not comply with any instruction given under paragraph 3.1.6(b).
- 3.6 Return to normal operation**
- 3.6.1 The order in which during a Gas Supply Emergency offtake of gas at Supply Points is restored will (so far as is practicable and subject to any requirements in relation to Priority Supply Points) be the inverse of that under paragraph 3.5.1.
- 3.6.2 For the purposes of paragraph 4, a Network Gas Supply Emergency will be considered to have ceased only:
- (a) when integrity of the NTS is restored, such that any loss of pressure in the NTS (or risk of such loss arising as a result of a Gas Supply Emergency) has ceased; and

- (b) where the Transporter is reasonably able to provide forecasts and demand information in accordance with Section H;
- (c) with effect from the start of a Day; and
- (d) upon notice to Users given not later than 10:00 hours on the Preceding Day.

4 CONSEQUENCES OF EMERGENCY

4.1 Suspension of certain provisions of the Code

4.1.1 In respect of each Day or part of a Day during a Gas Deficit Emergency at Stage 2 and higher:

- (a) the provisions of Section B as to Overrun Charges, LDZ CSEP Overrun Charges and Supply Point Ratchets will not apply and the provisions of Section B2 as to Daily NTS Entry Capacity, Interruptible NTS Entry Capacity, surrender of NTS Entry Capacity and curtailment of NTS Entry Capacity shall not apply (and in relation to the first such Day or part of a Day, amounts payable pursuant to the application of those paragraphs on the Preceding Day shall cease to be payable);
- (b) Section C (other than paragraph 5 thereof) will not apply, except to the extent to which National Grid NTS may wish to use the Nomination process as a means for Users to communicate with National Grid NTS;
- (c) in accordance with paragraph 3.2.2, Section D (other than paragraph 2.4 thereof) will not apply (and for the avoidance of doubt the provisions as to Physical Renomination Incentive Charges will not apply);
- (d) Section E will apply, subject to paragraph (f); but the Exit Close-out Date may be deferred;
- (e) Section F2 will apply on the basis in paragraph 4.2; Section F3 will not apply (so that no Scheduling Charges will be payable); Section F4 will apply, modified in accordance with paragraph 4.2 (and in consequence of the provisions of this paragraph 4.1.1); and Sections F5 and F6 will apply;
- (f) the application of Section H will be modified with a view to ensuring (on such approximate basis as is reasonably practicable in the circumstances) that gas is not treated as offtaken at NDM Supply Point Components at which the offtake of gas has been discontinued pursuant to Emergency Steps as described in paragraph 3.5.1;
- (g) Section I3.10 (as to rates of delivery of gas) will not apply, and where the Transporter requests or permits the delivery of gas to the Total System which does not comply with the applicable Gas Entry Conditions, Section I3.4 will not apply;
- (h) the provisions of Sections G and M as to payments by the Transporter to Users in respect of the performance or failure to perform the Transporter's

obligations under those Sections will not apply to the extent any failure in such performance results from the Gas Supply Emergency or the taking of Emergency Steps; and

- (i) the Transporter may by notice to Users suspend the implementation (as respects all Users) of any of the provisions of Section G (other than paragraph 6.6.5 thereof).

4.1.2 In a Gas Supply Emergency any other provision of the Code which would in any particular case conflict with the implementation of this Section Q shall to that extent not apply.

4.2 Clearing of gas balances following a Gas Deficit Emergency

4.2.1 In a Gas Deficit Emergency (at Stage 2 and higher) Section F2 will apply on such modified basis as is appropriate to give effect to paragraph 4.2.2 (and in particular without the application of any tolerances, or of any price other than the relevant price under paragraph 4.2.4).

4.2.2 In respect of each Day during a Gas Deficit Emergency (at Stage 2 and higher):

- (a) National Grid NTS shall pay to each User who delivered on a Day more gas to the Total System than it offtook on such Day an amount determined as the User's Daily Imbalance multiplied by the relevant price, subject to paragraph 4.2.6;
- (b) each User who offtook on a Day more gas from the Total System than it delivered on such Day shall pay to National Grid NTS an amount determined as the User's Daily Imbalance multiplied by the relevant price.

4.2.3 For the purposes of paragraph 4.2.2, a User's Daily Imbalance shall include:

- (a) any Trade Nomination Quantity relating to any Trade Nomination submitted by or on behalf of the User (provided that such Trade Nomination has not been rejected by National Grid NTS and that a corresponding Trade Nomination was submitted); and
- (b) (pursuant to the provisions of paragraph 6.2.1) that User's Emergency Curtailment Quantity.

4.2.4 For the purposes of this paragraph 4.2:

- (a) the “**relevant price**” in respect of paragraph 4.2.2(a) is the System Average Price determined under Section F1.2.1 or F1.2.2; and
- (b) the “relevant price” in respect of paragraph 4.2.2(b) is the System Marginal Buy Price as determined under Section F1.2.1(a);

in each case by reference to the Day on which the Gas Deficit Emergency (at Stage 2 and higher) started.

4.2.5 In applying Section F4 in respect of Days during a Gas Deficit Emergency (at Stage 2 and higher), to the extent amounts payable by National Grid NTS to Users pursuant to paragraph 4.2.6 exceed the amounts payable pursuant to paragraph 4.2.2, the excess amounts will be taken into account as though such

amounts were Market Balancing Action Charges payable by National Grid NTS (for the purposes of Section F 4.4.3).

- 4.2.6 Where a User (the "**claimant**") believes that it will suffer a financial loss by reason of being paid only the relevant price in respect of any gas delivered to the Total System on a Day during a Gas Deficit Emergency (at Stage 2 and higher) (but not in respect of a quantity of gas which exceeds the amount of the claimant's Daily Imbalance if any under paragraph 4.2.2(a)):
- (a) the claimant may within such time as National Grid NTS shall reasonably require submit to National Grid NTS a claim to be paid at a higher price, together with details of the basis on which it believes it will suffer a financial loss and the amount of such loss;
 - (b) National Grid NTS will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the amount which (in the claims reviewer's opinion) the claimant should be paid, in excess of what is payable calculated at the relevant price, so that it will not suffer such financial loss;
 - (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
 - (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid;
 - (e) National Grid NTS will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on National Grid NTS's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to National Grid NTS's paying a different amount).

4.3 Consequences of a Critical Transportation Constraint Emergency

- 4.3.1 Save where paragraph 3.3.2(b) applies (in which event this paragraph 4.3 shall be of no effect), where a User (the "**claimant**") believes that it will suffer a financial loss in respect of any gas delivered to the Total System on a Day during a Critical Transportation Constraint Emergency in accordance with National Grid NTS's instructions to the operator of a Storage Facility (in which the User had gas-in-storage) pursuant to paragraph 3.2.2(b) or 3.3.2(a):
- (a) the claimant may within such time as National Grid NTS shall reasonably require submit to National Grid NTS a claim in respect of such financial loss together with details of the basis on which it believes it will suffer such loss and the amount thereof;

- (b) National Grid NTS will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the amount which (in the claims reviewer's opinion) the claimant should be paid so that it will not suffer such financial loss;
- (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
- (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid; and
- (e) National Grid NTS will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on National Grid NTS's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to National Grid NTS's paying a different amount).

4.3.2 Save where paragraph 3.3.2(a) applies, in applying Section F4 in respect of Days during a Critical Transportation Constraint Emergency:

- (a) amounts payable by National Grid NTS to Users pursuant to paragraph 4.3.1; and
- (b) all such costs as National Grid NTS may reasonably incur pursuant to paragraph 3.3.3;

will be taken into account as though such amounts were Market Balancing Action Charges payable by National Grid NTS (for the purposes of Section F4.4.3).

4.4 Further consequences

The Transporter and Users acknowledge that during any Gas Supply Emergency it may be necessary for each of them to divert resources from other activities which may potentially result in a temporary impairment of their abilities subsequently to perform their respective obligations pursuant to the Code; and acknowledge that any such impairment resulting from such diversion of resources may be Force Majeure for the purposes of GT Section B3.

5 SAFETY MONITOR AND FIRM GAS MONITOR

5.1 Introduction

5.1.1 For the purposes of paragraph 5:

- (a) "**Annual Firm Severe Demand**" means that element of the 1 in 50 Severe Annual Demand which is attributable to all Firm Supply Points;

- (b) **"Annual NDM/Priority Severe Demand"** means the element of the 1 in 50 Severe Annual Demand which is attributable to those Supply Points identified in the National Grid Safety Case as being 'protected by monitor';
- (c) **"Firm Gas Monitor"** means, for each day of the Winter Period and each Storage Facility Type, that portion of the Stored Firm Gas Requirement allocated in aggregate to that Storage Facility Type by National Grid NTS;
- (d) **"Peak Firm Demand"** means the peak day demand at Firm Supply Points;
- (e) **"Peak NDM/Priority Demand"** means the peak day demand at those Supply Points identified in the National Grid Safety Case as being 'protected by monitor';
- (f) **"Safety Monitor"** means, for each day of the Winter Period and each Storage Facility Type, that portion of the Stored Safety Gas Requirement allocated in aggregate to that Storage Facility Type in accordance with the principles set out in the National Grid Safety Case, together with an amount of gas for each Storage Facility Type to permit the safe shutdown of those Supply Points not identified in the National Grid Safety Case as being 'protected by monitor';
- (g) **"Storage Facility Type"** means one of the types (as determined by National Grid NTS from time to time and notified to Users pursuant to paragraph 5.2.1(f) of Storage Facility or (where the context requires) all Storage Facilities of such a type;
- (h) **"Storage Firm Deliverability Requirement"** means the amount by which the Peak Firm Demand exceeds the maximum daily supply;
- (i) **"Storage Safety Deliverability Requirement"** means the amount by which the Peak NDM/Priority Severe Demand exceeds the maximum daily supply;
- (j) **"Stored Firm Gas Requirement"** means the amount (in kWh) by which the Annual Firm Severe Demand exceeds the maximum daily supply;
- (k) **"Stored Safety Gas Requirement"** means the amount (in kWh) by which the Annual NDM/Priority Demand exceeds the level of demand equal to the maximum daily supply; and
- (l) **"National Grid Safety Case"** means the safety case (in accordance with Regulation 2(5)) of National Grid NTS acting in its capacity as a gas transporter in relation to the NTS.

5.2 Information Requirements

5.2.1 National Grid NTS will by 31 May in each Gas Year, notify Users of the following in respect of the coming Winter Period:

- (a) Stored Safety Gas Requirement;

- (b) Storage Safety Deliverability Requirement;
 - (c) Stored Firm Gas Requirement;
 - (d) Storage Firm Deliverability Requirement;
 - (e) maximum daily supply; and
 - (f) the number and designation of Storage Facility Types, together with the classification criteria used in the determination of those Storage Facility Types and (where the classification criteria has changed from that used in respect of the previous Winter Period) details of any change to such classification criteria.
- 5.2.2 National Grid NTS will, by 31 May in each Gas Year, determine whether the available Storage Space and/or Storage Deliverability is in aggregate less than the quantities detailed in paragraph 5.2.1(a) to (d) and shall notify Users of any shortfall and the extent thereof. In this event, the Safety Monitor and the Firm Gas Monitor notified pursuant to paragraph 5.2.3 will reflect the available Storage Space and/or Storage Deliverability.
- 5.2.3 National Grid NTS will, by 1 October in each Gas Year, notify Users of the Safety Monitor and the Firm Gas Monitor for each day of the coming Winter Period in respect of each Storage Facility Type.
- 5.2.4 Calculations of available Storage Space and/or Storage Deliverability made pursuant to this paragraph 5 shall exclude:
- (a) Storage Capacity booked by National Grid for Operating Margins Purposes; and
 - (b) Storage Capacity in respect of Storage Facilities where there are relevant operational and/or physical characteristics that would make use of their Storage Capacity and/or gas-in-storage inappropriate in the calculation of any of the information specified in paragraphs 5.2.1, 5.2.2 and/or 5.2.3.
- 5.2.5 National Grid NTS will keep under review the information previously notified pursuant to paragraphs 5.2.1, 5.2.2 and/or 5.2.3, together with any information available to National Grid NTS in respect of its estimates of expected deliveries to or offtakes from the Total System, and may:
- (a) reallocate the Safety Monitor and/or the Firm Gas Monitor between Storage Facility Types in order to enhance the security provided by current storage stocks;
 - (b) reduce a Safety Monitor and/or a Firm Gas Monitor to reflect longer-term demand forecasts (for example, during the later Days of the Winter Period);
 - (c) adjust a Safety Monitor and/or a Firm Gas Monitor to reflect the occurrence of severe weather; and

- (d) increase or reduce (as the case may be) a Safety Monitor and/or a Firm Gas Monitor to reflect any material change in National Grid NTS's estimates of expected deliveries to or offtakes from the Total System.

5.2.6 Where National Grid NTS undertakes any of the actions specified in paragraph 5.2.5, National Grid NTS will;

- (a) in respect of any of the actions specified in paragraphs 5.2.5(a) to 5.2.5(c), notify Users of any material changes in the information previously notified pursuant to paragraphs 5.2.1, 5.2.2 and/or 5.2.3; and
- (b) in respect of any of the actions specified in paragraph 5.2.5(d), notify Users of the reasons for such action being taken.

5.2.7 National Grid NTS will:

- (a) notify Users, on a weekly basis, of the aggregate physical gas-in-storage level (in kWh) in each Storage Facility Type; and
- (b) where National Grid NTS calculates that the aggregate physical gas-in-storage level in a Storage Facility Type exceeds the Safety Monitor for that Storage Facility Type by a quantity (in kWh) equal to or less than the amount of gas that could be withdrawn from the Storage Facility Type in two (2) Days at the maximum withdrawal rate applicable to that Storage Facility Type, notify Users of:
 - (i) the quantity (in kWh) by which the physical gas-in-storage levels of that Storage Facility Type exceeds the Safety Monitor for that Storage Facility Type; and
 - (ii) the sum of all Storage Withdrawal Nominations for all Storage Facilities of that Storage Facility Type.

These physical gas-in-storage levels and the maximum withdrawal rate may reflect gas-in-storage and other information provided by the relevant Storage Operator(s), as well as Input and Output Nominations.

5.2.8 National Grid NTS shall notify all Users of potential or actual breaches of either a Safety Monitor or a Firm Gas Monitor as a result of:

- (a) insufficient bookings of Storage Space and/or Storage Deliverability as notified to National Grid NTS by the relevant Storage Operator(s);
- (b) anticipated shortfall of gas-in-storage based upon current stock levels and the injection and withdrawal information notified to National Grid NTS by the relevant Storage Operator(s);
- (c) Renominations or other relevant within day information.

5.3 Storage Information

5.3.1 National Grid NTS shall have access to such details of the use of a Storage Facility by all Storage Users as may be provided for under the relevant Storage Connection Agreement.

5.3.2 In particular, each Storage Operator will provide to National Grid NTS:

- (a) where National Grid NTS so requests, the details of the amounts of aggregate Storage Capacity allocated to Storage Users for each Storage Facility for the Storage Year or remaining part of the Storage Year pursuant to applications for Storage Capacity under the relevant Storage Terms;
- (b) on a daily basis throughout the Storage Year, details for each Storage Facility of Storage Users' aggregate Storage Capacity, injections, withdrawals and gas-in-storage; and
- (c) where National Grid NTS so requests, details of the Applicable Total Storage Space, the Applicable Total Storage Deliverability and Maximum Injection Rate of each Storage Facility.

5.3.3 Each Storage Operator shall ensure that its Storage Terms permit the disclosure by the Storage Operator to National Grid NTS of the information referred to in paragraph 5.3.2(a) and (b) and the subsequent publication of this information by National Grid NTS pursuant to the provisions of this paragraph 5 (or as otherwise required by the Code).

5.4 Actions to Prevent Monitor Breaches

5.4.1 Other than notifying Users in accordance with paragraph 5.2.8, and subject to taking such steps as it is required to take under the National Grid Safety Case, National Grid NTS will not take any specific action as a consequence of identifying a potential or actual breach of a Safety Monitor or a Firm Gas Monitor.

5.4.2 Where National Grid NTS has assessed that any actions taken by it pursuant to the National Grid Safety Case and any actions taken by Users in response to the notification made under paragraph 5.2.8 have not been or, in National Grid NTS's opinion, would not be sufficient to prevent a breach of a Safety Monitor, National Grid NTS shall liaise with the Network Emergency Coordinator to declare a Network Gas Supply Emergency.

6 EMERGENCY CURTAILMENT

6.1 Definitions

6.1.1 For the purposes of the Code:

- (a) **“Emergency Curtailment”** means either:
 - (i) Interruption due to a Network Gas Supply Emergency other than a Critical Transportation Constraint Emergency; or
 - (ii) any reduction or discontinuance of offtake of gas pursuant to paragraph 3.5.1 at any System Exit Point (other than at a System Exit Point which includes an NDM Supply Point Component or at a Priority Supply Point) due to a Network Gas Supply Emergency (other than a Critical Transportation Constraint Emergency);
- (b) **“Emergency Curtailment Trade Price”** means:

- (i) the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section [F1.2.1](#) or [F1.2.2](#) but by reference to the 30 Days preceding the Day on which the Emergency Curtailment occurred; and
- (c) “**Emergency Curtailment Quantity**” means, in respect of a User, the quantity of gas calculated by National Grid NTS as being the sum of the aggregate quantities of gas (in kWh) which each Transporter reasonably estimates (based on the information available to it at the time of making such estimate) that User would have offtaken from the relevant Transporter’s System at System Exit Points in respect of which Emergency Curtailment has occurred but for the fact that Emergency Curtailment had occurred at those System Exit Points.

6.2 Emergency Curtailment Trade Arrangements

- 6.2.1 In the event that Emergency Curtailment occurs, then each User that has an Emergency Curtailment Quantity authorises National Grid NTS to make a Disposing Trade Nomination on behalf of the User, and National Grid NTS will make a corresponding Acquiring Trade Nomination, in each case for the User’s Emergency Curtailment Quantity.
- 6.2.2 National Grid NTS will pay to each User an amount determined as the User’s Emergency Curtailment Quantity multiplied by the Emergency Curtailment Trade Price.
- 6.2.3 In the event that further Emergency Curtailment is required in respect of a Day, or Emergency Curtailment that had previously occurred in respect of that Day is removed, then National Grid NTS shall calculate a revised Emergency Curtailment Quantity for each User based on any updated estimates provided to it by the Transporters, and:
 - (a) where the effect is such that a User’s revised Emergency Curtailment Quantity is greater than the User’s previously calculated Emergency Curtailment Quantity, each such User authorises National Grid NTS to make a Disposing Trade Nomination on behalf of the User, and National Grid NTS will make a corresponding Acquiring Trade Nomination, in each case for the difference between the User’s revised Emergency Curtailment Quantity and the User’s previously calculated Emergency Curtailment Quantity; and
 - (b) where the effect is such that a User’s revised Emergency Curtailment Quantity is less than the User’s previously calculated Emergency Curtailment Quantity, each such User authorises National Grid NTS to make a Acquiring Trade Nomination on behalf of the User, and National Grid NTS will make a corresponding Disposing Trade Nomination, in each case for the difference between the User’s previously calculated Emergency Curtailment Quantity and the User’s revised Emergency Curtailment Quantity.
- 6.2.4 In the circumstances set out in:

- (a) paragraph 6.2.3(a), National Grid NTS will pay to the User an amount determined as the difference between the User's revised Emergency Curtailment Quantity and the User's previously calculated Emergency Curtailment Quantity multiplied by the Emergency Curtailment Trade Price;
 - (b) paragraph 6.2.3(b), the User will pay to National Grid NTS an amount determined as the difference between the User's previously calculated Emergency Curtailment Quantity and the User's revised Emergency Curtailment Quantity multiplied by the Emergency Curtailment Trade Price.
- 6.2.5 National Grid NTS will not pay Balancing Charges, Balancing Neutrality Charges, Scheduling Charges or Daily Imbalance Charges as a result of Trade Nominations occurring as a result of the operation of paragraphs 6.2.1 or 6.2.3.
- 6.2.6 For the avoidance of doubt, any amounts payable by National Grid NTS pursuant to paragraph 6.2.2 or 6.2.4 shall not be included in the calculation of the System Marginal Buy Price, the System Marginal Sell Price or the System Average Price pursuant to Section F1.2 for the Day to which the Emergency Curtailment Quantity relates.
- 6.2.7 Where, following the end of a Day, a User (the "**claimant**") believes that it ought to have had a different Emergency Curtailment Quantity to that determined pursuant to this paragraph 6 and applicable at the end of the Day in question:
- (a) the claimant may, within such time as National Grid NTS shall reasonably require, submit to National Grid NTS a claim that it ought to have had a different Emergency Curtailment Quantity, together with details of the basis on which it believes it ought to have had a different Emergency Curtailment Quantity;
 - (b) National Grid NTS will (in consultation with the UNC Committee) appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the Emergency Curtailment Quantity which (in the claims reviewer's opinion) the claimant should have had;
 - (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
 - (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid;
 - (e) in the event that either the claimant or National Grid NTS disagrees with the claims reviewer's decision, it may refer the matter to the Authority, and the Authority may determine either that the claims reviewer's

decision was correct or may direct that a different Emergency Curtailment Quantity to that determined by the claims reviewer should be used; and

- (f) where the claims reviewer advises (or, following a referral by either National Grid NTS or the claimant pursuant to paragraph (e), the Authority determines) that the User's Emergency Curtailment Quantity calculated by National Grid NTS pursuant to this paragraph 6 was larger or smaller than it ought to have been, then the provisions of paragraph 6.3 shall apply.

6.2.8 In respect of any Shared Supply Meter Point, the Registered Users of such Shared Supply Meter Point (or an agent acting on behalf of such Registered Users) shall, not more than one (1) hour after the occurrence of any Emergency Curtailment, notify the relevant Transporter of the proportions in which the relevant Transporter shall allocate between the Registered Users of such Shared Supply Meter Point the quantity of gas that would have been offtaken at such Shared Supply Meter Point but for any Emergency Curtailment. If no such proportions have been provided, the Transporter shall allocate between the Registered Users of such Shared Supply Meter Point the quantity of gas that would have been offtaken at such Shared Supply Meter Point but for any Emergency Curtailment in proportions based on the Transporter's reasonable estimate of the quantity of gas that each Registered User would have offtaken at the Shared Supply Meter Point but for the Emergency Curtailment.

6.2.9 As soon as reasonably practicable after the end of a Day on which Emergency Curtailment occurred (and in event, not later than 20:00 hours on 4th Day after the Day in question), each Transporter shall notify each User of the proportion of that User's Emergency Curtailment Quantity for that Day that relates to System Exit Points on that Transporter's System, together with the methodology used to calculate such proportion.

6.3 Emergency Curtailment Adjustment

6.3.1 Where the provisions of this paragraph 6.3 apply, then:

- (a) where the User's Emergency Curtailment Adjustment Quantity is positive, National Grid NTS will pay the User an amount equal to the User's Emergency Curtailment Adjustment Clearing Charge; and
- (b) where the User's Emergency Curtailment Adjustment Quantity is negative, the User will pay National Grid NTS an amount equal to the User's Emergency Curtailment Adjustment Clearing Charge.

6.3.2 For the purposes of this paragraph 6.3:

- (a) in respect of each Day, a User's "**Emergency Curtailment Adjustment Quantity**" is the amount by which the User's Emergency Curtailment Quantity advised by the claims reviewer (or, following a referral by either National Grid NTS or the claimant pursuant to paragraph 6.2.7(e), determined by the Authority) differs from the User's Emergency Curtailment Quantity estimated by the Transporters;

- (b) **"Emergency Curtailment Adjustment Clearing Charge"** is an amount equal to the User's Emergency Curtailment Adjustment Quantity multiplied by the Emergency Curtailment Trade Price.

6.3.3 A User's Emergency Curtailment Adjustment Quantity is positive where the User's Emergency Curtailment Quantity advised by the claims reviewer (or determined by the Authority) is greater than the User's Emergency Curtailment Quantity established by the Transporters in accordance with this paragraph 6, and is negative where the User's Emergency Curtailment Quantity established by the Transporters in accordance with this paragraph 6 is greater than the User's Emergency Curtailment Quantity advised by the claims reviewer (or determined by the Authority).

6.3.4 In addition to the amounts payable pursuant to paragraph 6.3.1:

- (a) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative, then National Grid NTS shall pay to the User an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant sell price applicable to such Day
- (b) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive (but is less in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then the User shall pay National Grid NTS an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant sell price applicable to such Day;
- (c) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive (and is greater in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then the User shall pay National Grid NTS:
 - (i) an amount equal to the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates multiplied by the relevant sell price applicable to such Day; plus
 - (ii) an amount equal to the sum of the Emergency Curtailment Adjustment Quantity less the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, multiplied by the relevant buy price applicable to such Day;
- (d) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive, then the User shall pay to National Grid an amount equal to the Emergency Curtailment

Adjustment Quantity multiplied by the relevant buy price applicable to such Day;

- (e) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative (but is less in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then National Grid NTS shall pay the User an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant buy price applicable to such Day;
- (f) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative (and is greater in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then National Grid NTS shall pay the User:
 - (i) an amount equal to the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates multiplied by the relevant buy price applicable to such Day; plus
 - (ii) an amount equal to the sum of the Emergency Curtailment Adjustment Quantity less the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, multiplied by the relevant sell price applicable to such Day.

6.3.5 For the purposes of paragraph 6.3.4:

- (a) the **“relevant sell price”** for any Day:
 - (i) in respect of which Stage 1 (but not Stage 2 and higher) of a Gas Deficit Emergency has been declared, is the System Marginal Sell Price determined under Section F1.2.2(b) and;
 - (ii) in respect of which Stage 2 (or above) of a Gas Deficit Emergency has been declared, is the relevant price as specified in paragraph 4.2.4(a);
- (b) the **“relevant buy price”** for any Day:
 - (i) in respect of which Stage 1 (but not Stage 2 and higher) of a Gas Deficit Emergency has been declared, is the System Marginal Buy Price determined under Section F1.2.2(a) and;
 - (ii) in respect of which Stage 2 (or above) of a Gas Deficit Emergency has been declared, is the relevant price as specified in paragraph 4.2.4(b).

7 STORAGE CURTAILMENT

7.1 Definitions

7.1.1 For the purposes of the Code:

- (a) **“Storage Curtailment”** means the reduction or cessation of delivery of gas to the Total System from a Storage Facility at the relevant Storage Connection Point by the Storage Operator following a request to do so by the NEC (either directly or indirectly);
- (b) **“Storage Curtailment Compensation Price”** means the value (in pence/kWh) determined as:

$$\text{SMPBuy} - 30 \text{ Day SAP};$$

Where:

SMPBuy is the System Marginal Buy Price for the Day in question; and

30 Day SAP is the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section F1.2.1 or F1.2.2 but by reference to the 30 Days preceding the Day on which the Storage Withdrawal Curtailment occurred.

- (c) **“Estimated Aggregate Storage Curtailment Compensation Quantity”** means, in respect of a User, the sum of the Estimated Individual Storage Curtailment Compensation Quantities for that User in respect of a Day;
- (d) **“Actual Aggregate Storage Curtailment Compensation Quantity”** means, in respect of a User, the sum of the Actual Individual Storage Curtailment Compensation Quantities for that User in respect of a Day;
- (e) **“Estimated Individual Storage Curtailment Compensation Quantity”** means (subject to paragraph (g)), in respect of a User, the quantity of gas (in kWh) that the User reasonably estimates it would have been allocated as having delivered (in accordance with the relevant Storage Terms) on a Day to the Total System at a Storage Connection Point in respect of which Storage Curtailment has occurred but for the fact that Storage Curtailment had occurred at that Storage Connection Point, less the quantity of gas (if any) that the User estimates will be allocated as having delivered by the User on that Day to the Total System at the Storage Connection Point in question;
- (f) **“Actual Individual Storage Curtailment Compensation Quantity”** means (subject to paragraph (g)), in respect of a User, the quantity of gas (in kWh) that the User reasonably estimates it would have been allocated as having delivered (in accordance with the relevant Storage Terms) on a Day to the Total System at a Storage Connection Point in respect of which

Storage Curtailment has occurred but for the fact that Storage Curtailment had occurred at that Storage Connection Point, less the User's UDQI on that Day at the Storage Connection Point in question;

- (g) a User's Estimated Individual Storage Curtailment Compensation Quantity or Actual Individual Storage Curtailment Compensation Quantity in respect of a Storage Facility for any Day may not exceed a quantity equal to the lesser of:
 - (i) the User's Available Curtailment Quantity on that Day; and
 - (ii) the maximum available deliverability of the Storage Facility for that Day as provided to National Grid NTS by the Storage Operator for the relevant Storage Facility under the relevant Storage Connection Agreement;
- (h) a User's "**Available Curtailment Quantity**" on a Day in relation to each Storage Facility is a quantity equal to the sum of:
 - (i) the User's gas-in-storage in that Storage Facility at the start of the First Curtailment Day; less
 - (ii) the sum of the User's Actual Individual Storage Compensation Curtailment Quantities in respect of that Storage Facility for each Day since the First Curtailment Day; plus
 - (iii) the sum of the User's UDQOs in respect of the Storage Connection Point relating to that Storage Facility for each Day since the First Curtailment Day; less
 - (iv) the sum of the User's UDQIs in respect of the Storage Connection Point relating to that Storage Facility for each Day since the First Curtailment Day;
- (i) the "**First Curtailment Day**" is the first Day in the Gas Year on which Storage Curtailment occurred at the Storage Facility in question.

7.2 Storage Curtailment Compensation Arrangements

- 7.2.1 On each Day that Storage Curtailment occurs, then each User will submit to National Grid NTS by 0400 hours on the Day that Storage Curtailment occurs a CQSCP Statement detailing the User's Estimated Individual Storage Curtailment Compensation Quantity in respect of each Storage Connection Point at which Storage Curtailment occurred and a SCCQ Statement detailing the User's Estimated Aggregate Storage Curtailment Compensation Quantity. Not later than 1700 hours on the first Business Day following the Day that

Storage Curtailment occurs, National Grid NTS will advise each User that submits a SCCQ Statement, in accordance with this paragraph, of the amount payable by National Grid NTS pursuant to paragraph 7.2.2.

- 7.2.2 National Grid NTS will pay each User that submits a SCCQ Statement in accordance with paragraph 7.2.1 an amount determined as the User's Estimated Aggregate Storage Curtailment Compensation Quantity multiplied by the Storage Curtailment Compensation Price.
- 7.2.3 As soon as reasonably practicable after the end of the Day (and in event, not later than the Entry Close Out Date in respect of the Day), the User shall submit to National Grid NTS a revised CQSCP Statement detailing the Actual Individual Storage Curtailment Compensation Quantity in respect of each Storage Connection Point at which Storage Curtailment occurred and a revised SCCQ Statement detailing the User's Actual Aggregate Storage Curtailment Compensation Quantity.
- 7.2.4 In the event that a User's Actual Aggregate Storage Curtailment Compensation Quantity in respect of a Day differs from the User's Estimated Aggregate Storage Curtailment Compensation Quantity in respect of such Day, then:
- (a) where the User's Actual Aggregate Storage Curtailment Compensation Quantity is greater than the User's Estimated Aggregate Storage Curtailment Compensation Quantity, then National Grid NTS will pay to the User an amount determined as the difference between the User's Actual Aggregate Storage Curtailment Compensation Quantity and the User's Estimated Aggregate Storage Curtailment Compensation Quantity, multiplied by the Storage Curtailment Compensation Price; and
 - (b) where the User's revised Actual Aggregate Storage Curtailment Compensation Quantity is less than the User's Estimated Aggregate Storage Curtailment Compensation Quantity, then the User will pay to National Grid NTS an amount determined as the difference between the User's Estimated Aggregate Storage Curtailment Compensation Quantity and the User's Actual Aggregate Storage Curtailment Compensation Quantity, multiplied by the Storage Curtailment Compensation Price.
- 7.2.5 For the avoidance of doubt, any amounts payable by National Grid NTS pursuant to paragraph 7.2.2, 7.2.4 or 7.2.6 shall not be included in the calculation of the System Marginal Buy Price, the System Marginal Sell Price or the System Average Price pursuant to Section F1.2 for the Day to which such amounts relate.
- 7.2.6 For the purposes of Code:

- (a) a “**CQSCP Statement**” is a statement prepared by a User in relation to each Storage Connection Point in respect of which it is a User and at which Storage Curtailment occurred on the Days in question specifying:
- (i) the identity of the User to which the statement relates;
 - (ii) the Storage Connection Point to which the statement relates;
 - (iii) the name of the Storage Operator;
 - (iv) the name of the allocation agent in respect of the Storage Connection Point if different from the Storage Operator;
 - (v) the User’s gas-in-storage in the Storage Facility at the start of the First Curtailment Day;
 - (vi) the User’s prevailing Input Nomination at the time the Storage Curtailment commenced;
 - (vii) the User’s Actual Individual Storage Curtailment Compensation Quantities for the Storage Facility in question (or, where these are not available, the Estimated Individual Storage Curtailment Compensation Quantities or the Storage Facility in question) for all Days since the First Curtailment Day;
 - (viii) the User’s UDQIs at the Storage Connection Point for each Day since the First Curtailment Day;
 - (ix) the User’s UDQOs at the Storage Connection Point for each Day since the First Curtailment Day;
 - (x) the User’s Estimated Individual Storage Curtailment Compensation Quantity or Actual Individual Storage Curtailment Compensation Quantity (as the case may be) for the Storage Facility in respect of the Day in question.
- (b) a “**SCCQ Statement**” is a statement prepared by a User specifying:
- (i) the identity of the User to which the statement relates;
 - (ii) the User’s Estimated Individual Storage Curtailment Compensation Quantity or Actual Individual Storage Curtailment Compensation Quantity (as the case may be) for each Storage Connection Point in respect of the Day in question; and

- (iii) User's Estimated Aggregate Storage Curtailment Compensation Quantity or Actual Aggregate Storage Curtailment Compensation Quantity (as the case may be) in respect of the Day in question.

7.2.7 In addition to the other amounts payable pursuant to this paragraph 7.2, following the determination of the User's Actual Aggregate Storage Curtailment Compensation Quantity and the first 30 consecutive Days following the Day in question on which there was not a Network Gas Supply Emergency, where:

- (a) the Storage Curtailment Reconciliation Price is negative, National Grid NTS will pay each User that submits a SCCQ Statement in accordance with paragraph 7.2.1 an amount determined as the User's Actual Aggregate Storage Curtailment Compensation Quantity multiplied by the Storage Curtailment Reconciliation Price; and
- (b) the Storage Curtailment Reconciliation Price is positive, each User that submits a SCCQ Statement in accordance with paragraph 7.2.1 will pay National Grid NTS an amount determined as the User's Actual Aggregate Storage Curtailment Compensation Quantity multiplied by the Storage Curtailment Reconciliation Price.

7.2.8 For the purposes of the Code, the "**Storage Curtailment Reconciliation Price**" is a price (in pence/kWh) determined as:

$$(30 \text{ Day SAP PE} - 0.0611\text{p}) - 30 \text{ Day SAP}$$

Where:

- (a) 30 Day SAP PE is the value of the arithmetic mean of that determined under Section F1.2.1(c) but by reference to the first 30 consecutive Days following the Day in question on which there was not a Storage Withdrawal Curtailment; provided that where for any Day in such period no Market Transaction was effected (or none other than one excluded for the purposes of paragraph 1.2.1 pursuant to paragraph 1.2.3), such Day shall be excluded from the calculation of 30 Day SAP PE (which shall be calculated on the basis of the System Average Prices of the remaining Days in such period); and
- (b) 30 Day SAP is the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section F1.2.1 or F1.2.2 but by reference to the 30.

Other associated UNIFORM NETWORK CODE changes:-
TRANSITION DOCUMENT

- TD Part IID, paragraph 5.10.1: replace "Section Q3.2.2" with "Section Q3.2.2(c)";
- TD Part IID, paragraph 5.10.1(a): replace "Section Q3.3 and 3.4" with "Section Q3.2, 3.4 and 3.5"

TRANSPORTATION PRINCIPAL DOCUMENT

- TPD K2.1.1(c): Replace "Section Q3.4" with "Section Q3.4 and 3.5"
- TPD Z5.9.1: Replace "Section Q3.3.3" with "Section Q3.2.2(b) and 3.3.2(a)"
- TPD Z6.7.1: Delete "(including a Potential Network Gas Supply Emergency)", and replace "Section Q3.3.3" with "Section Q.3.2.2(b) and 3.3.2(a)"

Representations are now sought in respect of this Draft Report and prior to the Transporters finalising the Report

Subject Matter Expert sign off:

I confirm that I have prepared this modification report in accordance with the Modification Rules.

Signature:

Date :

Signed for and on behalf of Relevant Gas Transporters:

Tim Davis
Chief Executive, Joint Office of Gas Transporters

Signature:

Date :