

MODIFICATION 0349

INTRODUCTION OF A FORCE MAJEURE CAPACITY MANAGEMENT ARRANGEMENT

Legal Text 05.08.11

TPD SECTION B: SYSTEM USE AND CAPACITY

Amend paragraphs 2.1.7 (c) and (d) to read as follows:

“2.1.7 For the purposes of this paragraph 2:

- (a)
- (b)
- (c) a reference to the amount of a User’s Available or Registered NTS Entry Capacity (of any class) at an Aggregate System Entry Point for a Day as **“Adjusted”**:
 - (i) pursuant to paragraph 2.8.4
 - (ii) pursuant to paragraph 2.9.4
 - (iii) pursuant to paragraph 2.10.8, is a reference to such amount as determined pursuant to that paragraph; and
 - (iv) pursuant to paragraph 2.17.9 is a reference to such amount as reduced pursuant to that paragraph;
- (d) a reference to the amount of a User’s Available or Registered NTS Entry Capacity (of any class) at an Aggregate System Entry Point for a Day as “Fully Adjusted” is a reference to such amount as adjusted pursuant to paragraphs 2.8.4, 2.9.4, ~~and 2.10.8;~~ and 2.17.9;”

Amend paragraph 2.11.4 to read as follows:

“2.11.4 For the purposes of paragraph 2.11.2, the amount of the User’s Registered NTS Entry Capacity shall be determined Unadjusted pursuant to paragraph 2.9.4 (but for the avoidance of doubt Unadjusted pursuant to paragraphs 2.8.4, ~~and 2.10.8,~~ and 2.17.9).”

Amend paragraph 2.13.2(b) to read as follows:

“2.13.2 (b) “Relevant Capacity Costs” are the aggregate of the amounts payable by National Grid NTS to Users by way of:

- (i) ...
- (ii) ...
- (iii) ...
- (iv) ... ~~and~~
- (v) ... paragraph 2.3.25(c); and
- (vi) amounts payable by National Grid NTS in accordance with paragraph 2.17;”

Add new paragraph 2.17 to read as follows:

“2.17 Force Majeure affecting capacity at an ASEP

2.17.1 Where National Grid NTS issues an ASEP Force Majeure Notice in respect of the affected ASEP it will implement a Force Majeure Capacity Management Arrangement in accordance with this paragraph 2.17.

2.17.2 National Grid NTS will commence the Force Majeure Capacity Management Arrangement:

(a) within 5 Business Days following the date of the ASEP Force Majeure Notice, where the ASEP Force Majeure Notice is issued after the Modification Implementation Date;
or

(b) within 5 Business Days following the Modification Implementation Date, where the Modification Implementation Date occurs after the date of the ASEP Force Majeure Notice.

2.17.3 The Force Majeure Capacity Management Arrangement will continue until such time as the ASEP Force Majeure ceases to apply and National Grid NTS resumes performance of the obligations which have been prevented or delayed by the Force Majeure.

2.17.4 Where Users in aggregate are Registered (on the day that the Force Majeure Notice is issued) as holding Firm NTS Entry Capacity at the affected ASEP that would entitle them to tender gas for delivery in excess of the level that National Grid NTS is able to accept at the affected ASEP as a result of the ASEP Force Majeure, then pursuant to the Force Majeure Capacity Management Arrangement, National Grid NTS will determine one or more Force Majeure Option Arrangements, each being for a Day(s), Month(s) or Quarter(s) during the period of the Force Majeure Capacity Management Arrangement and notify each Relevant User in accordance with paragraph 2.17.5.

2.17.5 National Grid NTS will update its relevant systems with, and following such update will provide to each Relevant User, the following details in respect of each Force Majeure Option Arrangement:

- (a) the affected ASEP in respect of which the Force Majeure Option Arrangement will apply;
- (b) the duration of the Force Majeure Option Arrangement which, at the discretion of National Grid NTS, may be for the period of a Day, Month or Quarter;

- (c) the number of Days in respect of which the Force Majeure Option may be exercised during each Force Majeure Option Arrangement;
- (d) the ASEP Force Majeure Quantity at the affected ASEP;
- (e) the Maximum Option Capacity (kWh/day) that may be exercised in respect of that Force Majeure Entry User at the affected ASEP;
- (f) the Force Majeure Premium Charge (p/kWh/day) payable to the Force Majeure Entry User;
- (g) the latest time by which a Force Majeure Option may be exercised; (which shall be no later than 01:00hours on the Day);
- (h) the Exercise Price, which shall be zero.

2.17.6 Upon the determination of a Force Majeure Option Arrangement, the Force Majeure Entry User, in consideration of the Force Majeure Premium Charge, irrevocably grants to National Grid NTS, in accordance with paragraph 2.17.7, the right to exercise one or more Force Majeure Options.

2.17.7 National Grid NTS may exercise (by no later than the latest exercise time specified in paragraph 2.17.5(g)) a Force Majeure Option in respect of any Day or Days during the period of the Force Majeure Option Arrangement to which the Force Majeure Option pertains and will provide notification of such exercise and the Force Majeure Option Quantity in respect of such Force Majeure Option.

2.17.8 Upon the exercise of the Force Majeure Option in accordance with paragraph 2.17.7, the Force Majeure Entry User will be deemed to have surrendered the Force Majeure Option Quantity in respect of such Force Majeure Option and authorised National Grid NTS to take any actions to give effect to such surrender.

2.17.9 Where pursuant to paragraph 2.17.8 a Force Majeure Option Quantity is deemed to have been surrendered at the affected ASEP in relation to a Day, the amount of the Force Majeure Entry User's Available Firm NTS Entry Capacity at the affected ASEP shall be reduced by such Force Majeure Option Quantity.

2.17.10 For the avoidance of doubt, paragraph 2.17.9 is without prejudice to any actions National Grid NTS may take to agree additional surrender of NTS Entry Capacity where on the same Day National Grid NTS is required to take any actions for the purposes of the management of a capacity constraint (other than related to the Force Majeure event) at the affected ASEP.

2.17.11 When a Force Majeure Option Arrangement(s) is granted, National Grid NTS will provide to all Users:

- (a) the ASEP Force Majeure Quantity (kWh/day);
- (b) the weighted average price (in p/kWh/day) of all Force Majeure Premium Charges calculated in aggregate for all Force Majeure Entry Users at the affected ASEP.

2.17.12 Within one hour following the exercise of a Force Majeure Option National Grid NTS will provide notification to all Users:

- (a) that the Force Majeure Option has been exercised;
- (b) the affected ASEP at which it has been exercised.

2.17.13 All Force Majeure Premium Charges will be invoiced and payable in accordance UNC TPD Section S.

2.17.14 Where National Grid NTS has issued an ASEP Force Majeure Notice and subsequently updates it such that the Force Majeure Amount is increased or decreased, National Grid

NTS will determine one or more replacement Force Majeure Option Arrangements in accordance with paragraph 2.17.4 so as to increase or decrease the Force Majeure Option Quantity and Maximum Option Capacity;

2.17.15 For the purposes of this paragraph 2.17:

- (a) **“ASEP Force Majeure”** is an occurrence of Force Majeure in respect of an Aggregate System Exit Point (the **“affected ASEP”**);

- (b) **“ASEP Force Majeure Notice”** is a notice issued pursuant to General Terms, Section B, paragraph 3.3 in respect of an ASEP Force Majeure, pursuant to which the amount of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity held in aggregate on the date of the ASEP Force Majeure Notice by all Force Majeure Entry Users is greater than the amount of gas tendered for delivery that may be accommodated at the affected ASEP as a result of the ASEP Force Majeure;

- (c) **“ASEP Force Majeure Quantity (kWh/day)”** is determined as:

$$(T - TS) - (B - FMA)$$

where:

T is the total aggregate quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity held by all Force Majeure Entry Users at the affected ASEP on the date of the ASEP Force Majeure Notice;

- TS is the total aggregate quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity which has been surrendered by all Force Majeure Entry Users at the affected ASEP in accordance with paragraph 2.3 and 2.8 on the date of the ASEP Force Majeure Notice;
- B is the NTS SO Baseline Entry Capacity at the affected ASEP on the date of the ASEP Force Majeure Notice;
- FMA is the amount ("**Force Majeure Amount**") being the maximum amount of capacity that National Grid NTS is likely to be unable to accept into the Total System at the affected ASEP, as notified under the Force Majeure Notice and having regard to any updates thereto;
- (d) "**Exercise Price**" is the price payable by National Grid NTS for exercise of a Force Majeure Option, which in all cases will be zero;
- (e) "**Force Majeure Capacity Management Arrangement**" is an arrangement pursuant to which all Force Majeure Entry Users at the affected ASEP will be deemed to have granted National Grid NTS one or more Force Majeure Option Arrangements;
- (f) "**Force Majeure Entry User**" is a User that is registered as holding Quarterly NTS Entry Capacity and/or Monthly NTS Entry Capacity at the affected ASEP on the date of the ASEP Force Majeure Notice;
- (g) "**Force Majeure Option**" is an option granted by a Force Majeure Entry User to National Grid NTS upon the exercise of which National Grid NTS may accept surrender of a quantity of Firm NTS Entry Capacity determined by National Grid NTS

(the “**Force Majeure Option Quantity**”) which quantity may not be greater than the Maximum Option Capacity;

- (h) “**Force Majeure Option Arrangement**” is an arrangement granted in accordance with paragraph 2.17.4, pursuant to which National Grid NTS may accept the surrender of a Force Majeure Option Quantity up to the Maximum Option Capacity by exercising Force Majeure Options during the period of the Force Majeure Option Arrangement.
- (i) “**Force Majeure Premium Charge**” is the price (in p/kWh/day) payable by National Grid NTS to a Force Majeure Entry User for the entitlement of National Grid NTS to exercise a Force Majeure Option Arrangement (whether it is exercised or not) and such price will be the weighted average price (in p/kWh/day) payable to each Force Majeure Entry User at the affected ASEP;
- (j) “**The Maximum Option Capacity**” is a quantity of NTS Entry Capacity determined as:

$$((R - S) \text{ divided by } (T - TS)) * AFMA$$

where:

R is the Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity held by the Force Majeure Entry User at the affected ASEP on the date of the ASEP Force Majeure Notice;

S is the Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity which has been surrendered by such Force Majeure Entry User at the affected ASEP in accordance with paragraphs [2.3](#) and [2.8](#) before the date of

the ASEP Force Majeure Notice and which applies in respect of a period during the Force Majeure Capacity Management Arrangement;

T is the total quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity held by all Force Majeure Entry Users at the affected ASEP on the date of the ASEP Force Majeure Notice;

TS is the total quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity which has been surrendered by all Force Majeure Entry Users at the affected ASEP in accordance with paragraphs 2.3 and 2.8 before the date of the ASEP Force Majeure Notice and which in respect of a period applies during the Force Majeure Capacity Management Arrangement;

AFMA is the Adjusted Force Majeure Amount being the Force Majeure Amount minus any Unsold Capacity at the affected ASEP on the date of the ASEP Force Majeure Notice and minus Daily Firm NTS Entry Capacity that has been allocated prior to the ASEP Force Majeure Notice for a Day within the FM Period and minus TS; but the Adjusted Force Majeure Amount does not include any Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity that has been acquired after the date of the ASEP Force Majeure Notice.

(k) **“weighted average price”** is an amount for each Force Majeure Entry User calculated as:

SRCP - SSCP

SRC - SSC

where:

SRCP is the sum of each quantity of Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity held by such Force Majeure Entry User on the date of the ASEP Force Majeure Notice multiplied by each respective bid price paid by such Force Majeure Entry User for such capacity;

SSCP is the sum of any Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity surrendered by the Force Majeure Entry User before the date of the ASEP Force Majeure Notice, multiplied by the bid price paid by National Grid NTS for such surrender);

SRC is the sum of the Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity held by such Force Majeure Entry User on the date of the ASEP Force Majeure Notice;

SSC is the sum of any surrendered Registered Quarterly NTS Entry Capacity and Registered Monthly NTS Entry Capacity before the date of the ASEP Force Majeure Notice.”

TPD SECTION S – INVOICING AND PAYMENT

Amend paragraph Annex S – 1 to read as follows:

“Annex S – 1

1. NTS Entry Capacity Invoice

An “**NTS Entry Capacity Invoice**” is an Invoice Document in respect of the following separate Invoice Items:

(a) ...

(b) ...

(c)

(d)

(e) ...

(f) ...

(g) ... and

(h) Force Majeure Premium Charge.”