

Modification 0449: Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures

Legal Text

V3

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION A - SYSTEM CLASSIFICATION

1.8 Interconnection Point

1.8.1 An "Interconnection Point" or "IP" is:

- (a) an Aggregate System Entry Point at which gas is delivered to the Total System through one or more interconnectors connecting the Total System to the national gas transmission system of one or more other EU member states;
- (b) an NTS Exit Point at which gas is offtaken from the Total System through one or more interconnectors connecting the Total System to the national gas transmission system of one or more other EU member states; or
- (c) which is designated as such by the Authority.

SECTION B - SYSTEM USE AND CAPACITY

2.1.15 Certain provisions of this Section B2 applying in respect of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity at an Interconnection Point are subject to the terms of Annex B-3.

3.1.11 Certain provisions of this Section B3 applying in respect of Enduring Annual NTS Exit (Flat) Capacity and Annual NTS Exit (Flat) Capacity at an Interconnection Point are subject to the terms of Annex B-3.

ANNEX B-3 - SYSTEM CAPACITY SURRENDER PROCESS AT INTERCONNECTION POINTS

1 Introduction

1.1 This Annex B-3 contains provisions, applying in respect of relevant System Capacity held by Users at an Interconnection Point, in respect of:

- (a) invitations to Users to make surrender offers;
- (b) information to be specified by a User when making a surrender offer;
- (c) the surrender by a User of relevant System Capacity included in a surrender offer following an annual release process; and
- (d) adjusting a User's Available NTS Entry Capacity or (as the case may be) Registered NTS Exit (Flat) Capacity following the acceptance of surrender offers.

- 1.2 Annex B-3 also contains provisions in respect of the information to be published by National Grid NTS in relation to an Interconnection Point following the surrender of System Capacity in accordance with this Annex B-3.
- 1.3 The provisions of this Annex B-3 apply in relation to each annual release process and in relation to each case in which (and occasion on which) National Grid NTS invites Users to make surrender offers.
- 1.4 References in this Annex B-3 to allocation of System Capacity are to the allocation of the relevant System Capacity in accordance with the relevant provisions of Sections B2 and B3 and this Annex B-3.
- 1.5 For the purposes of this Annex B-3:
- (a) "**allocation process**" means the processes for allocation of System Capacity in accordance with Section B2.6, 2.7, 3.2 and 3.4;
 - (b) "**annual capacity invitation**" is an invitation in accordance with Section B2.2.2(a) for Monthly NTS Entry Capacity and Section B2.2.2(b) for Quarterly NTS System Entry Capacity;
 - (c) "**annual capacity notification**" is an enduring annual capacity notification under Section B3.1.10 and an annual capacity notification under Section B3.4;
 - (d) "**annual release process**" means the release of:
 - (i) NTS Entry Capacity via an annual capacity invitation;
 - (ii) NTS Exit (Flat) Capacity via an annual capacity notification;
 - (e) "**capacity application**" is an application for NTS Exit (Flat) Capacity and "**capacity bid**" is a bid for NTS Entry Capacity;
 - (f) "**capacity period**" is, in relation to a annual release process, the period in respect of which Users may submit capacity bids or make capacity applications for System Capacity;
 - (g) "**excess capacity requirement**" means an excess QSEC requirement, an excess AMSEC requirement, an excess ESEC requirement or (as the case may be) an excess ASEC requirement;
 - (h) "**minimum surrender amount**" is 100,000 kWh/day;
 - (i) "**relevant System Capacity**" is:
 - (i) Quarterly NTS Entry Capacity;
 - (ii) Monthly NTS Entry Capacity;
 - (iii) Enduring Annual NTS Exit (Flat) Capacity;
 - (iv) Annual NTS Exit (Flat) Capacity;

- (j) "surrendered amount" is the amount of System Capacity in respect of which National Grid NTS accepts a surrender offer in accordance with paragraph 4 which may be for a month, quarter or Gas Year;
- (k) "surrender invitation" is an invitation made in advance of an annual release process informing Users they may make surrender offers for relevant System Capacity;
- (l) a "surrender offer" is an offer to surrender relevant System Capacity;
- (m) "surrender period" is the period in respect of which a surrender offer is made (comprising a calendar month(s), calendar quarter(s) or Gas Year(s) in respect of which relevant System Capacity is allocated);
- (n) "surrender price" is the price (in pence per kWh/Day) determined in accordance with paragraph 9 (Forward Agreement and surrender price);
- (o) "surrender window" is the period of not less than five (5) consecutive Business Days specified in a surrender invitation during which Users may submit surrender offers;
- (p) "surrendered capacity" is, in relation to a month, quarter or year and class of System Capacity, the aggregate amount of System Capacity in respect of which Users have submitted surrender offers (which have not been rejected under paragraph 3.5) in response to a surrender invitation.

1.6 A User agrees, by submitting a surrender offer, to surrender the System Capacity comprised in the surrender offer in accordance with this Annex B-3 in exchange for the surrender price for the relevant System Capacity.

2 Surrender invitations

2.1 Not less than fifteen (15) Days before:

- (a) the date on which National Grid NTS issues an annual capacity invitation that includes an Interconnection Point;
- (b) the date from which a User may first submit an application for NTS Exit (Flat) Capacity in a calendar year that includes an Interconnection Point,

National Grid NTS shall issue a surrender invitation to Users in respect of each relevant Interconnection Point for the relevant annual release process.

2.2 A surrender invitation shall specify:

- (a) the Interconnection Point in respect of which the surrender invitation is made;
- (b) the class of System Capacity which Users are being invited to submit surrender offers;
- (c) the allocation process in respect of which the surrender invitation is made;
- (d) the dates comprising the surrender window, the first such date being no earlier than five (5) Days following the date National Grid NTS issued the surrender invitation; and
- (e) the means by which Users may submit surrender offers.

3 Surrender offers

3.1 When submitting a surrender offer a User shall specify:

- (a) the identity of the User;
- (b) the Interconnection Point;
- (c) the class of relevant System Capacity subject to the surrender offer;
- (d) the amount (being not less than the minimum surrender amount) of System Capacity subject to the surrender offer;
- (e) the minimum amount (being not less than the minimum surrender amount) which the User is willing to surrender;
- (f) where the surrender offer is for:
 - (i) NTS Entry Capacity, the surrender period(s) for which the surrender offer is made (and where more than one surrender period is specified such periods need not be consecutive);
 - (ii) Enduring Annual NTS Exit (Flat) Capacity:
 - (aa) the calendar month in Gas Year Y+4, Y+5 or Y+6 with effect from which the surrender offer is made; and
 - (bb) whether the surrender offer is a fixed surrender offer or a flexible surrender offer;
 - (iii) Annual NTS Exit (Flat) Capacity, the Gas Year for which the surrender offer is made;
- (g) the User's confirmation that it will continue to have Available System Capacity in an amount equal to or greater than the amount subject to the surrender offer until completion of the allocation process for the System Capacity and the acceptance of surrender offers under this Annex B-3.

3.2 A User may submit a surrender offer in response to a surrender invitation at any time between 08:00 hours and 17:00 hours on any Day during the surrender window, a surrender offer received after 17:00 hours may be rejected by National Grid NTS.

3.3 In relation to a surrender invitation a User may have at any one time:

- (a) in respect NTS Entry Capacity, no more than one (1) surrender offer for a surrender period;
- (b) in respect of Enduring Annual NTS Exit Capacity no more than four (4) surrender offers commencing from different calendar months in a Gas Year during each of Gas Years Y+4, Y+5 and Y+6;
- (c) in respect of Annual NTS Exit Capacity no more than one (1) surrender offer in respect of each of Gas Years Y+1, Y+2 and Y+3,

which is capable of being accepted by National Grid NTS.

3.4 A User may withdraw or modify a surrender offer at any time prior to (but in accordance with this Annex B-3) 17:00 hours on the last Day in the surrender window.

3.5 National Grid NTS may reject any surrender offer where:

- (a) any of the applicable requirements in paragraph 3.1, 3.2 and 3.3 is not complied with;
- (b) the amount of System Capacity the subject of a surrender offer exceeds the User's Available System Capacity during any surrender period in respect of which the surrender offer is made;
- (c) the surrender offer is made in respect of a surrender period which does not fall within the period for which National Grid NTS may allocate System Capacity in respect of which the surrender invitation is made.

3.6 For the purposes of paragraph 3.1(f)(ii) a "fixed surrender offer" is a surrender offer which if accepted by National Grid NTS shall have effect from the calendar month specified by the User in the surrender offer and a "flexible surrender offer" is a surrender offer which National Grid NTS may accept with effect from:

- (a) the calendar month specified by the User in the surrender offer; or
- (b) such later calendar month in the Gas Year (Y + 4, Y + 5 or Y + 6) specified in the surrender offer as National Grid NTS determines in accordance with this Annex B-3.

3.7 National Grid NTS shall not be required to accept a surrender offer where following completion of an allocation process there remains at the Interconnection Point for the surrender period Unsold NTS Entry Capacity or (as the case may be) Remaining Available Baseline NTS Exit (Flat) Capacity.

4 Acceptance of surrender offers

4.1 National Grid NTS shall accept surrender offers for the purposes of paragraph 5, 6, 7 and 8 in accordance with paragraph 4.2.

4.2 Surrender offers will be accepted as follows:

- (a) all surrendered offers submitted in respect of a surrender invitation will be ranked in order of the time and date at which the surrender offer was received by National Grid NTS (the earliest received surrender offer ranking first);
- (b) subject to paragraphs (c), (d), (e) and (f), National Grid NTS shall accept, for each relevant period at each relevant Interconnection Point, surrender offers, the earliest received surrender offer first, for the amount of System Capacity subject to the surrender offer until such time as the aggregate System Capacity in respect of which National Grid NTS has accepted surrender offers is equal to the lesser of:
 - (i) the excess capacity requirement;
 - (ii) the surrendered capacity;

- (c) subject to paragraphs (d), (e) and (f), where the amount of System Capacity offered for surrender under a surrender offer exceeds the remaining excess capacity requirement ("**remaining capacity requirement**"), National Grid will accept the surrendered offer for an amount of System Capacity equal to the remaining capacity requirement;
- (d) subject to paragraphs (e) and (f), where two or more surrender offers were received at the same time ("**equal timed surrender offers**") and the amount of System Capacity offered for surrender under the equal timed surrender offers exceeds the remaining capacity requirement, National Grid NTS will accept the equal timed surrender offers for an amount of System Capacity pro rata the amounts offered for surrender under each equal timed surrender offer;
- (e) where the amount of System Capacity to be accepted under paragraphs (c) or (d) would be less than minimum amount specified in a surrender offer the surrender offer will be disregarded for the purposes of paragraph (b), and National Grid NTS will accept the next ranked surrender offer; and
- (f) where the remaining capacity requirement is less than the minimum surrender amount National Grid NTS shall not accept any further surrender offers.

4.3 Where a User submits a flexible surrender offer for Enduring Annual NTS Exit (Flat) Capacity, National Grid NTS may for the purpose of this paragraph 4 accept the surrender offer with effect from the calendar month specified in the surrender offer or such later calendar month, provided such later calendar month falls in that Gas Year (Y+4, Y+5 or Y+6).

5 Quarterly NTS Entry Capacity

5.1 National Grid NTS's annual invitation for Quarterly NTS Entry Capacity issued in accordance with Section B2.2.3 shall specify in respect of each Interconnection Point and for each calendar quarter in Capacity Year + 2 to Capacity Year + 16 the aggregate amount (if any) of Quarterly NTS Entry Capacity that is the subject of a valid surrender offer(s).

5.2 Where in relation to an Interconnection Point and a calendar quarter:

- (a) following an annual invitation for Quarterly NTS Entry Capacity, National Grid NTS has received capacity bids for an aggregate amount of Quarterly NTS Entry Capacity which exceeds the Unsold NTS Entry Capacity (such excess amount the "**excess QSEC requirement**") specified in the annual capacity invitation for the Interconnection Point and the calendar quarter; and
- (b) Users have submitted surrender offers for the Interconnection Point and the calendar quarter,

paragraph 5.3 shall apply in respect of the Interconnection Point and the calendar quarter.

5.3 Where this paragraph 5.3 applies in relation to an Interconnection Point and a calendar quarter:

- (a) for the purposes of an allocation of Quarterly NTS Entry Capacity in accordance with Section B2.6, National Grid NTS will in addition to allocating the Unsold NTS Entry Capacity allocate an additional amount of Quarterly NTS Entry Capacity equal to the lesser of:

- (i) the excess QSEC requirement; and
 - (ii) the surrendered capacity;
 - (b) National Grid NTS shall accept surrender offers submitted by Users in respect of the Interconnection Point and calendar quarter in accordance with paragraph 4;
 - (c) where National Grid NTS accepts a User's surrender offer, National Grid NTS and the User shall be deemed to have entered in a Forward Agreement on terms set out in paragraph 9.1 in respect of the surrendered amount.
- 5.4 Following the application of paragraph 5.3 in relation to an Interconnection Point and a calendar quarter:
- (a) in the case of a User allocated Quarterly NTS Entry Capacity under paragraph 4.3(a), the User's Registered Firm NTS Entry Capacity at the Interconnection Point for the calendar quarter shall be increased by the amount of Quarterly NTS Entry Capacity allocated;
 - (b) in the case of a User who submitted a surrender offer which National Grid NTS accepted in accordance with paragraph 4, the User's Available Firm NTS Entry Capacity at the Interconnection Point for the calendar quarter shall be reduced by an amount equal to the surrendered amount.
- 5.5 For the purposes of Section B2.13, and in relation to a Day:
- (a) the Capacity Charges in respect of Quarterly NTS Entry Capacity allocated in accordance with paragraph 5.3(a) shall comprise Relevant Capacity Revenues;
 - (b) the surrender price payable by National Grid NTS to User pursuant to a deemed Forward Agreement entered into pursuant to paragraph 5.3(c) shall comprise Relevant Capacity Costs.
- 5.6 Nothing in this paragraph 5 shall prevent National Grid NTS from offering additional Quarterly NTS Entry Capacity for a calendar quarter (in accordance with Section B2.6.5(a)) provided National Grid NTS shall only do so following its allocation of additional Quarterly NTS Entry Capacity in accordance with paragraph 5.3(a).

6 Monthly NTS Entry Capacity

- 6.1 National Grid NTS's annual invitation for Monthly NTS Entry Capacity issued in accordance with Section B2.2.3 shall specify in respect of each Interconnection Point and for each calendar month from April to September in Capacity Year Y and for each calendar month in Capacity Year Y+1 the aggregate amount (if any) of Monthly NTS Entry Capacity that is the subject of a valid surrender offer(s).
- 6.2 Where in relation to an Interconnection Point and a calendar month:
- (a) following an annual invitation for Monthly NTS Entry Capacity, National Grid NTS has received capacity bids submitted for the fourth invitation date ("**unsatisfied AMSEC bids**") for an aggregate amount of Monthly NTS Entry Capacity which exceeds the amount of Unsold NTS Entry Capacity (such excess amount the "**excess AMSEC requirement**") specified in the annual capacity invitation for the Interconnection Point and calendar month; and

(b) Users have submitted surrender offers for the Interconnection Point and the calendar month,

paragraph 6.3 shall apply in respect of the Interconnection Point and the calendar month.

6.3 Where this paragraph 6.3 applies in respect of an Interconnection Point and a calendar month:

(a) National Grid NTS will in addition to allocating the Unsold NTS Entry Capacity pursuant to Section B2.7 allocate in accordance with paragraph (b) an additional amount of Monthly NTS Entry Capacity equal to:

(i) the lesser of:

(1) the excess AMSEC requirement; and

(2) the surrendered capacity;

plus,

(ii) such additional amount (if any) of Monthly NTS Entry Capacity as National Grid NTS may in its sole discretion determine,

(the "**additional AMSEC amount**")

(b) National Grid NTS will allocate additional Monthly NTS Entry Capacity up to an amount equal to the additional AMSEC amount as follows:

(i) all unsatisfied AMSEC bids (excluding any rejected bids in accordance with Section B2.2.11) will be ranked in order of price (highest ranked first) (for which purposes National Grid NTS shall include all partially unsatisfied AMSEC bids);

(ii) Monthly NTS Entry Capacity will be allocated to unsatisfied AMSEC bids with the highest bid price first until such time as all the unsatisfied AMSEC bids have been satisfied or the amount of Monthly NTS Entry Capacity allocated is equal to the surrendered capacity;

(iii) subject to paragraphs (iv), (v) and (vi), where Monthly NTS Entry Capacity applied for under an unsatisfied AMSEC bid exceeds the amount ("**remaining unallocated amount**") of the surrendered capacity remaining unallocated after allocation of higher priced bids the User will be allocated the remaining unallocated amount;

(iv) subject to paragraphs (v) and (vi), where two or more unsatisfied AMSEC bids ("**equal priced capacity bids**") specify the same bid price, and the amount of Monthly NTS Entry Capacity applied for under the equal priced bids in aggregate exceeds the remaining unallocated amount, the remaining unallocated amount shall be allocated pro rata the amounts applied for in each equal priced bid;

(v) where the amount to be allocated to an unsatisfied AMSEC bid pursuant to paragraph (iii) or (iv) would be less than the minimum amount specified in the unsatisfied AMSEC bid, the unsatisfied capacity bid will be disregarded for

the purposes of paragraph (iii), and an allocation will be made between other unsatisfied AMSEC bids with the same bid price in accordance with paragraph (iv) or (as the case may be) an allocation made in respect of the next ranked unsatisfied capacity bid;

(vi) where the amount to be allocated in respect of any unsatisfied AMSEC bid would be less than the minimum surrender amount, no allocation will be made, and no further allocation will be made for the purposes of this paragraph 5.3(b);

(c) National Grid NTS shall accept surrender offers submitted by Users in respect of the calendar month in accordance with paragraph 4;

(d) where National Grid NTS accepts a User's surrender offer, National Grid NTS and the User shall be deemed to have entered in a Forward Agreement on terms set out in paragraph 9.1 in respect of the surrendered amount.

6.4 Following the application of paragraph 6.3 in relation to an Interconnection Point and a calendar month:

(a) in the case of a User allocated Monthly NTS Entry Capacity under paragraph 6.3(b), the User's Registered NTS Entry Capacity at the Interconnection Point for the calendar month shall be increased by the amount of Monthly NTS Entry Capacity allocated;

(b) in the case of a User who submitted a surrender offer which National Grid NTS accepted in accordance with paragraph 6.3(c), the User's Available Firm NTS Entry Capacity at the Interconnection Point for the calendar month shall be reduced by an amount equal to the surrendered amount.

6.5 For the purposes of Section B2.13, and in relation to a Day:

(a) the Capacity Charges in respect of Monthly NTS Entry Capacity allocated in accordance with paragraph 6.3(b) shall comprise Relevant Capacity Revenues;

(b) the surrender price payable by National Grid NTS to User pursuant to a deemed Forward Agreement entered into in pursuant to paragraph 5.3(d) shall comprise Relevant Capacity Costs.

7 Enduring Annual NTS Exit (Flat) Capacity

7.1 National Grid NTS's enduring annual capacity notification in respect of Enduring Annual NTS Exit (Flat) Capacity issued in accordance with Section B3.1.10 shall specify in respect of each calendar month in a Gas Year commencing Gas Year Y+4 the aggregate amount (if any) of Enduring Annual NTS Exit (Flat) Capacity that is the subject of a valid surrender offer(s) to take effect from such calendar month.

7.2 Where in relation to an Interconnection Point and a calendar month:

(a) following an enduring annual capacity notification for Enduring Annual NTS Exit (Flat) Capacity, National Grid NTS has received applications for an aggregate amount of Enduring Annual NTS Exit (Flat) Capacity which exceeds the Remaining Available Baseline NTS Exit (Flat) Capacity for the calendar month or any later calendar month (such excess amount being the "**excess ESEC requirement**"); and

(b) User have submitted surrender offers for the Interconnection Point to take effect from the calendar month from which there is an excess ESEC requirement;

paragraph 7.3 shall apply in respect of the Interconnection Point and calendar month(s).

7.3 Where this paragraph 7.3 applies in relation to an Interconnection Point and calendar month(s):

(a) for the purposes of an allocation of Enduring Annual NTS Exit (Flat) Capacity in accordance with Section B3.2, National Grid shall in addition to allocating the Remaining Available Baseline NTS Exit (Flat) Capacity allocate an additional quantity of Enduring Annual NTS Exit (Flat) Capacity equal to the lesser of:

(i) the excess ESEC requirement;

(ii) the surrendered capacity.

(b) National Grid NTS shall accept surrender offers submitted by Users to take effect from the relevant month(s) in accordance with paragraph 4;

7.4 Following the application of paragraph 7.3 in relation to an Interconnection Point:

(a) in the case of a User allocated Enduring Annual NTS Exit (Flat) Capacity under paragraph 7.3(a), the User's Registered NTS Exit (Flat) Capacity for the relevant surrender period shall be increased by the amount of Enduring Annual NTS Exit (Flat) Capacity allocated;

(b) in the case of a User who submitted a surrender offer which National Grid NTS accepted in accordance with paragraph 7.3(b), the User's Registered Enduring Annual NTS Exit (Flat) Capacity for the relevant surrender period shall be reduced by an amount equal to the surrendered amount.

7.5 Following the application of paragraph 7.1 National Grid NTS shall, not later than five (5) Business Days after 30 September in the relevant year, notify a User of:

(a) the Interconnection Point in respect of which the notification is made;

(b) the calendar month with effect from which the User's Registered Enduring Annual NTS Exit (Flat) Capacity at the Interconnection Point is reduced;

(c) with effect from the calendar month referred to in paragraph (b) the User's Registered Enduring Annual NTS Exit (Flat) Capacity at the Interconnection Point.

8 Annual NTS Exit (Flat) Capacity

8.1 National Grid NTS's annual capacity notification in respect of Annual NTS Exit (Flat) Capacity issued in accordance with Section B3.4.1 shall specify in respect of Gas Year Y+1, Y+2 and Y+3 the aggregate amount (if any) of Annual NTS Exit (Flat) Capacity that is the subject of a valid surrender offer(s).

8.2 Where in relation to an Interconnection Point and a Gas Year:

(a) following an annual invitation for Annual NTS Exit (Flat) Capacity, National Grid NTS has received applications for an aggregate amount of Annual NTS Exit (Flat)

Capacity which exceeds the Remaining Available Baseline NTS Exit (Flat) Capacity (such excess amount the "excess ASEC requirement") for the Gas Year; and

- (b) Users have submitted surrender offers for the Interconnection Point and the Gas Year,

paragraph 8.3 shall apply in respect of the Interconnection Point and the Gas Year.

8.3 Where this paragraph 8.3 applies in relation to an Interconnection Point and a Gas Year:

- (a) for the purposes of an allocation of Annual NTS Exit (Flat) Capacity in accordance with Section B3.6, National Grid NTS will in addition to allocating the Remaining Available NTS Exit (Flat) Capacity allocate an additional amount of Annual NTS Exit (Flat) Capacity equal to the lesser of:

- (i) the excess ASEC requirement; and
(ii) the surrendered capacity;

- (b) National Grid NTS shall accept surrender offers submitted by Users in respect of the Gas Year in accordance with paragraph 4;

- (c) where National Grid NTS accepts a User's surrender offer National Grid NTS and the User shall be deemed to have entered in a Forward Agreement on terms set out in paragraph 9.1 in respect of the surrendered amount.

8.4 Following the application of paragraph 8.3 in relation to an Interconnection Point and a Gas Year:

- (a) in the case of a User allocated Annual NTS Exit (Flat) Capacity under paragraph 8.3(a), the User's Registered Annual NTS Exit (Flat) Capacity at the Interconnection Point for the Gas Year shall be increased by the amount of Annual NTS Exit (Flat) Capacity allocated;

- (b) in the case of a User who submitted a surrender offer accepted in accordance with paragraph 7.3(b), the User's Available Annual NTS Exit (Flat) Capacity at the Interconnection Point for the Gas Year shall be reduced by an amount equal to the surrendered amount.

8.5 Nothing in this paragraph 8 shall prevent National Grid NTS from offering additional Annual NTS Exit (Flat) Capacity for a Gas Year by way of additional NTS Exit (Flat) Capacity (in accordance with Section B3.4.2(c)), provided National Grid NTS shall only do so following its allocation of additional Annual NTS Exit (Flat) Capacity in accordance with paragraph 8.3(a).

9 Deemed Forward Agreement and surrender price

9.1 In respect of a deemed Forward Agreement entered into pursuant to paragraph 5.3(c), 6.3(d) or 8.3(c):

- (a) the parties shall be National Grid NTS and the User submitting the surrender offer accepted by National Grid NTS;

(b) the period in respect of which the User agrees to surrender capacity shall be the calendar quarter(s), calendar month(s) or Gas Year(s) specified in the User's surrender offer accepted by National Grid NTS;

(c) the System Capacity surrendered shall be the surrender amount; and

(d) the amount payable to the User shall be the surrender price.

9.2 A deemed Forward Agreement under paragraph 4.3(c) and 6.3(d) may cover more than one calendar quarter or calendar month.

9.3 Where National Grid NTS and a User are deemed to have entered into a deemed Forward Agreement under paragraph 5.3(c), 6.3(d) or 8.3(c), National Grid NTS shall within five (5) Business Days of the date on which National Grid NTS completes its acceptance of surrender offers under paragraph 5.3(b), 6.3(c) and 8.3(b), notify the User of the details specified in paragraph 9.1 for the calendar month, calendar quarter or Gas Year that is the subject of the deemed Forward Agreement(s).

9.4 The "surrender price" for the purposes of a deemed Forward Agreement entered into under this Annex B-3 shall be, where such agreement relates to the surrender of:

(a) Quarterly NTS System Entry Capacity, the step price corresponding to the relevant step price group for the calendar quarter;

(b) Monthly NTS System Entry Capacity, the weighted average price in respect of capacity bids for which Monthly NTS Entry Capacity was allocated in accordance with paragraph 6.3(b), calculated as:

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

where:

n is the number of capacity bids in respect of which Monthly NTS System Entry was allocated under paragraph 6.3(a);

Q is the amount in respect of which Monthly NTS System Entry was allocated under paragraph 6.3(a);

p is the bid price of each capacity bid allocated Monthly NTS Entry Capacity;

(c) Annual NTS Exit (Flat) Capacity, the price payable in respect of Annual NTS Exit (Flat) Capacity at the Interconnection Point for the relevant Gas Year as set out in National Grid NTS's prevailing Transportation Statement,

provided no surrender price shall be payable to a User in respect of the surrender by the User of Enduring Annual NTS Exit (Flat) Capacity under this Annex B-3.

9.5 The surrender price shall be invoiced and payable in accordance with Section S.

10 Information

10.1 In respect of each Interconnection Point National Grid NTS will by not later than 17:00hours on the fifth (5th) Business Day following the end of:

- (a) each calendar month notify Users of the information specified in paragraph 10.2;
- (b) each calendar quarter notify Users of the information specified in paragraph 10.3.

10.2 The information to be notified to Users pursuant to paragraph 10.1(a) shall comprise:

- (a) in respect of each application made for Enduring Annual NTS Exit (Flat) Capacity and Annual NTS Exit (Flat) Capacity submitted in the preceding calendar month which was unsuccessful or in respect of which a partial allocation only was made, when the results were published in the preceding calendar month:
 - (i) the amount of NTS Exit (Flat) Capacity applied for;
 - (ii) the surrender period;
 - (iii) in the case of an application in respect of which a partial allocation only was made, the amount of NTS Exit (Flat) Capacity which was allocated;
- (b) in respect of each allocation of Quarterly NTS Entry Capacity and Monthly NTS Entry Capacity undertaken in the preceding calendar month in respect of which capacity bids were accepted for a price in excess of the applicable reserve price:
 - (i) the Interconnection Point in respect of which the allocation was made;
 - (ii) the relevant allocation process;
 - (iii) the applicable reserve price;
 - (iv) in respect of an allocation of Quarterly NTS Entry Capacity, the Reserve Price Bid Amount;
 - (v) in respect of each allocation of Annual Monthly NTS Entry Capacity and Rolling Monthly NTS Entry Capacity, the weighted average price in respect of which capacity bids for NTS Entry Capacity was allocated calculated in accordance with Section B2.14.2(f);
- (c) where in the preceding month no allocation of NTS Entry Capacity (other than Daily NTS Entry Capacity) or NTS Exit (Flat) Capacity (other than Daily NTS Exit (Flat) Capacity) was made;
 - (i) the Interconnection Point in respect of which no allocation was made;
 - (ii) the relevant allocation process.

10.3 The information to be notified to Users pursuant to paragraph 10.1(b) shall comprise the aggregate amount of:

- (a) Enduring Annual NTS Exit (Flat) Capacity in respect of which surrender offers were accepted in the calendar quarter;
- (b) Annual NTS Exit (Flat) Capacity in respect of which surrender offers were accepted in the calendar quarter;
- (c) Annual NTS Exit (Flat) Capacity allocated pursuant to this Annex B-3 by reason of the acceptance of surrender offers for Annual NTS Exit (Flat) Capacity in the calendar quarter;
- (d) NTS Entry Capacity allocated pursuant to this Annex B-3 by reason of the acceptance of surrender offers for:
 - (i) Quarterly NTS Entry Capacity;
 - (ii) Annual Monthly NTS Entry Capacity.