

Modification 0485: Introduction of Long-term use-it-or-lose-it mechanism to facilitate compliance with the EU Congestion Management Procedures

Legal Text

*Amend existing TPD Section B2.1.15 as follows:*

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 and Annex B-4.

*Amend TPD Section B3.1.11 as follows:*

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 and Annex B-4.

*Amend TPD Section B Annex B-3 paragraph 10.3 as follows:*

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) Annual NTS Exit (Flat) Capacity allocated pursuant to Annex B-4 by reason of the acceptance of withdrawal offers for Annual NTS Exit (Flat) Capacity in the calendar quarter;
- (e) 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<sub>1</sub>;
- (f) NTS Entry Capacity allocated pursuant to Annex B-4 by reason of the acceptance of withdrawal offers for Annual Monthly NTS Entry Capacity.

*Insert new Annex B-4 in TPD Section B as follows:*

## **ANNEX B-4**

### **LONG TERM USE-IT-OR-LOSE-IT MECHANISM FOR SYSTEM CAPACITY AT INTERCONNECTION POINTS**

#### **1 Introduction**

1.1 This Annex B-4 contains provisions, applying in respect of relevant Available System Capacity held by Users at an Interconnection Point, in respect of:

- (a) the monitoring that National Grid NTS shall undertake in respect of a User's utilisation of its Available System Capacity held at an Interconnection Point and the process by which National Grid NTS shall notify a User of such level

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of utilisation, including (where appropriate) issuing an underutilisation notification to a User;

- (b) the reporting of certain information to the Authority following the issuing of underutilisation notifications by National Grid NTS; and
- (c) the process that shall apply in respect of any Available System Capacity that the Authority directs National Grid NTS shall be withdrawn from a User.

1.2 References in this Annex B-4 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, Annex B-3 and this Annex B-4. All defined terms contained in Annex B-3 shall have the same meaning herein.

1.3 For the purposes of this Annex B-4:

- (a) “**CMP LTUIOLI Guidance Document**” is the document of such name prepared by National Grid NTS and published on its website from time to time;
- (c) “**directed withdrawal amount**” is in relation to a withdrawal offer, the amount of the relevant User’s Available NTS Entry Capacity or NTS Exit (Flat) Capacity (as the case may be) that National Grid NTS has been directed to withdraw by the Authority;
- (d) “**underutilisation notification**” is a notification issued by National Grid NTS to a User in accordance with the CMP LTUIOLI Guidance Document, where such User has underutilised its Available System Capacity held at an Interconnection Point;
- (e) “**utilisation monitoring period**” is the consecutive period of six (6) months commencing on 1 April up to and including 30 September and 1 October up to and including 31 March;
- (f) “**withdrawal offer**” is an offer to surrender Available System Capacity that is submitted by National Grid NTS on behalf of a User following direction by the Authority;
- (g) “**withdrawal user**” is a User whose Available System Capacity is (or will be) the subject of a withdrawal offer;

## **2 Monitoring of utilisation**

2.1 At the end of each utilisation monitoring period National Grid NTS shall monitor a User’s utilisation of its Available System Capacity held at an Interconnection Point. Such monitoring shall be in accordance with the CMP LTUIOLI Guidance Document.

2.2 The Available System Capacity that shall be the subject of utilisation monitoring in accordance with this paragraph 2 and, where directed, withdrawal, shall be:

- (a) Available NTS Entry Capacity, in the case of an Interconnection Point that is an Aggregate System Entry Point; or
- (b) Available NTS (Exit) Flat Capacity, in the case of an Interconnection Point that is an NTS Exit Point.

2.3 Following each utilisation monitoring period National Grid NTS shall, in accordance with the principles set out in the CMP LTUIOLI Guidance Document, determine

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whether a User has underutilised its Available System Capacity held at Interconnection Point.

2.4 No later than twenty (20) Business Days after the expiry of each utilisation monitoring period National Grid NTS will issue a notification to each User detailing the level of utilisation of its Available System Capacity held at the Interconnection Point during the relevant utilisation monitoring period. Where it is determined by National Grid NTS in accordance with paragraph 2.3 that a User has underutilised its Available System Capacity held at an Interconnection Point the notification issued by National Grid NTS to a User shall be an underutilisation notification.

2.5 Where National Grid NTS issues underutilisation notifications to a User in respect of the same Interconnection Point for two (2) consecutive utilisation monitoring periods then National Grid NTS shall, within the second underutilisation notification, make the User aware that the Authority shall require information to be provided by the User regarding the identified underutilisation which may include (but not be limited to):

- (a) the reason(s) for the identified underutilisation;
- (b) any anticipated change to the User's future utilisation of the relevant Available System Capacity held at the Interconnection Point and the reason(s) for this.

Where the User fails to provide the requested information to the Authority within the period specified by the Authority then National Grid NTS shall withdraw such quantity of the User's Available System Capacity held at the relevant Interconnection Point for such period as the Authority may direct.

2.6 National Grid NTS shall provide a capacity underutilisation report to the Authority no later than the date being twenty (20) Business Days after the expiry of each utilisation monitoring period. This report shall be in accordance with the CMP LTUIOLI Guidance Document and shall contain such information as the Authority shall reasonably require in addition to the information provided by a User pursuant to paragraph 2.5 (if any) for the purposes of determining whether to direct National Grid NTS to withdraw of any Available System Capacity held by a User at an Interconnection Point and if so the quantity of System Capacity that is to be withdrawn and the duration of the withdrawal.

### **3. Withdrawal offers**

3.1 National Grid NTS shall no later than five (5) Business Days after receipt of the relevant direction from the Authority and in any case prior to the commencement of the relevant annual release process notify:

- (a) a withdrawal user that a withdrawal offer will be submitted and of the directed withdrawal amount and duration to be specified therein;
- (b) all Users of the aggregate withdrawal amount and duration directed by the Authority in respect of each Interconnection Point.

3.2 Following notification pursuant to paragraph 3.1, National Grid NTS shall submit a withdrawal offer on behalf of the withdrawal User on the last day of the relevant surrender window as specified in the relevant surrender invitation. Such withdrawal offer shall comprise the information prescribed in paragraph 3.1 of Annex B-3 save that:

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- (a) the minimum surrender amount shall not apply for the purposes of paragraphs 3.1(d) and (e);
- (b) in respect of paragraph 3.1(d) the amount of System Capacity shall be the directed withdrawal amount; and
- (c) paragraph 3.1(f)(ii) shall not apply and insofar as the information specified in respect of paragraph 3.1(f)(i) or (iii) is concerned, this shall be consistent with the withdrawal period directed by the Authority.

3.3 Where National Grid NTS submits a withdrawal offer on a User's behalf in accordance with paragraph 3.2 the User agrees to surrender the System Capacity comprised in the withdrawal offer in accordance with this Annex B-4 in exchange for the surrender price for the relevant System Capacity.

#### **4. Acceptance of withdrawal offers**

4.1 National Grid NTS will accept withdrawal offers for the purposes of paragraphs 5 and 6 of this Annex in accordance with paragraph 4.2 of Annex B-3 provided that withdrawal offers in respect of the same Interconnection Point and being in respect of the same relevant period shall, for the purposes of paragraph 4.2(a) of Annex B-3, be deemed to have been received by National Grid NTS at the same time and date (such time and date being later than the time and date at which the last surrender offer in respect of the relevant Interconnection Point and relevant period was received by National Grid NTS) and paragraphs 4.2 (e) and (f) of Annex B-3 shall not apply in respect of withdrawal offers.

4.2 The withdrawal user undertakes to National Grid NTS that it shall continue to have Available System Capacity in an amount equal to or greater than the amount subject to the withdrawal offer until completion of the allocation process for the System Capacity and the acceptance of surrender offers in accordance with Annex B-3 and B-4.

#### **5. NTS Entry Capacity**

5.1 Where a withdrawal offer comprises NTS Entry Capacity, paragraph 6 of Annex B-3 shall apply and the aggregate amount (if any) of NTS Entry Capacity that is the subject of a withdrawal offer shall be included in the annual invitation for Monthly NTS Entry Capacity that is next issued by National Grid NTS pursuant to paragraph 6.1 of Annex B-3 and Section B2.2.3 following submission of the relevant withdrawal offer.

5.2 For the purposes of paragraph 6 of Annex B-3 a withdrawal offer shall constitute a surrender offer and the aggregate amount of NTS Entry Capacity in respect of which National Grid NTS has submitted withdrawal offers shall constitute surrendered capacity.

5.3 If any NTS Entry Capacity that is the subject of a withdrawal offer is not allocated in accordance with the relevant allocation process then the User's Available NTS Entry Capacity at the Interconnection Point shall not be reduced.

#### **6. NTS Exit (Flat) Capacity**

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- 6.1 Where a withdrawal offer comprises NTS Exit (Flat) Capacity, paragraph 8 of Annex B-3 shall apply and the aggregate amount (if any) of NTS Exit (Flat) Capacity that is the subject of a withdrawal offer shall be included in the annual capacity notification in respect of Annual NTS Exit (Flat) Capacity that is next issued by National Grid NTS pursuant to paragraph 8.1 of Annex B-3 and Section B3.4.1 following submission of the relevant withdrawal offer.
- 6.2 For the purposes of paragraph 8 of Annex B-3 a withdrawal offer shall constitute a surrender offer and the aggregate amount of NTS Exit (Flat) Capacity in respect of which National Grid NTS has submitted withdrawal offers shall constitute surrendered capacity.
- 6.3 If any NTS Exit (Flat) Capacity that is the subject of a withdrawal offer is not allocated in accordance with the relevant allocation process then the User's Available NTS Exit (Flat) Capacity at the Interconnection Point shall not be reduced.

## **7. Information**

- 7.1 Any Available System Capacity held at an Interconnection Point that is withdrawn pursuant to this Annex B-4 shall be included in the information that is published by National Grid NTS in accordance with paragraph 10 of Annex B-3.